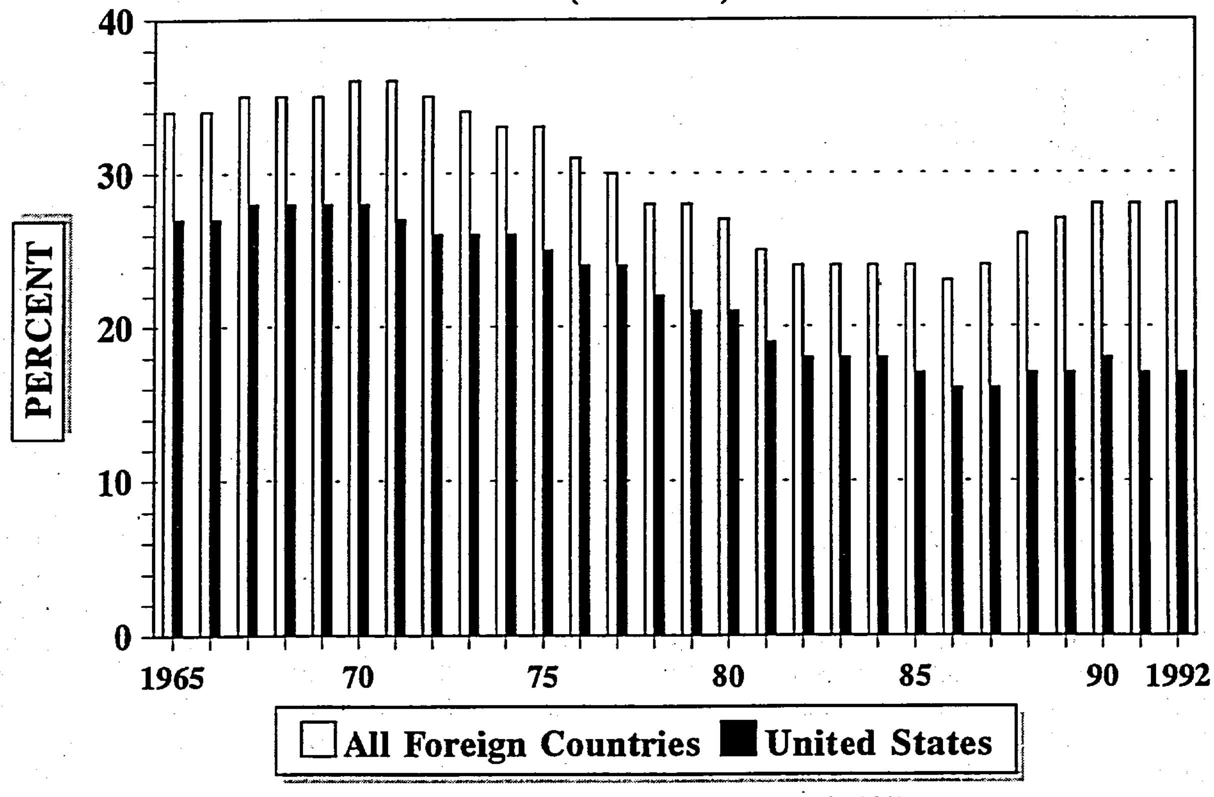
An examination of foreign control of corporate assets in Canada[30] reveals that the percentage of corporate assets of non-financial industries controlled by foreign interests declined significantly over the 1971-1986 period, but has risen modestly over the recent past. As shown in Chart 5, the percentage of foreign-controlled corporate assets peaked in 1971 at 36 percent and fell steadily to 23 percent in 1986. Since 1986, the percentage of foreign-controlled assets rose to 28 percent in 1990 and has remained steady at that level for the past three years. The decline in foreign control was due to a decline in the U.S. control of Canadian corporate assets. From a peak of 28 percent in 1971, the U.S. control of corporate assets fell to 16 percent in 1986. The U.S. share has remained constant at 17 percent for the last 5 years. The recent increase in foreign control is the result of the other countries' share almost doubling from 6 percent in 1986 to 11 percent in 1992. This is consistent with the increase in the share of FDI from non-U.S. countries over the latter half of the eighties and the first three years of the nineties.

Chart 5
Ratio of Foreign Control of Non-Financial Industries in Canada

(1965-1992)



SOURCE: Statistics Canada (Cat. 67-202)

30 *As noted earlier, Statistics Canada defines an enterprise as being foreign-controlled if 50 percent or more of its voting rights are held outside of Canada. In addition, effective control or minority control can result from ownership of the largest block of voting shares. Statistics Canada defines effective control as the ownership of a block of equity which has at least 33 percent of the voting rights and which exceeds the sum of the next two largest blocks.*