

CANADA'S FOREIGN INVESTMENT POLICY

Canada's policy on foreign investment is straightforward - foreign investment is encouraged.

In the past two years, Canada's policy on foreign investment has changed dramatically. Most notable were the repeal of the Foreign Investment Review Act (FIRA) and the phasing out of the National Energy Program (NEP). Now in place are positive policies designed to reflect the global competition for investment capital and technology. Investment Canada commenced operations in the summer of 1985 and is the focal point for the government's efforts to attract more foreign investment to Canada and to stimulate domestic investment. In energy, the Western Accord, Atlantic Accord, an equitable pricing system and a fair tax regime replaced the NEP. Further improvements to Canada's investment environment were made with the passage of the Combines Investigation Act, regulatory reform in the transportation sector, the privatization of Crown corporations for example, Canadair, de Havilland, and Canadian Arsenals, and progressive fiscal measures. Under debate are changes to the Patent Act. Still to come are amendments to the Bankruptcy Act, changes in the corporate tax structure and deregulation in the financial sector.

Canada now has one of the best investment environments in the world. The international investment community has taken notice of this as witnessed by the European Management Forum's latest, "Report on International Competitiveness" which ranked Canada sixth in 1986, up from seventh in 1985 and eleventh in 1984.

Investment Canada works closely with other departments, the provinces, and the private sector to ensure a coordinated approach to attracting foreign investment to Canada.

Investment Canada is encouraging technology-bearing investment. Canadian companies are eager to enter strategic alliances with foreign companies to develop new products, marketing techniques, financial arrangements and other areas.

The gross inflow of foreign direct investment in Canada in the first nine months was very high, at \$3.9 billion. In all of 1985, it was \$3.4 billion and in 1984 it was \$3.8 billion.