

*Foreign Investment Review Act*

[Editor's Note: For texts of above reports, see today's Votes and Proceedings.]

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[English]

**FEDERAL-PROVINCIAL RELATIONS**

**TABLING OF CORRESPONDENCE BETWEEN FEDERAL GOVERNMENT AND GOVERNMENT OF MANITOBA ON SHARED-COST PROGRAMS**

**Right Hon. P. E. Trudeau (Prime Minister):** Mr. Speaker, I should like to table, under Standing Order 41(2), in both official languages, correspondence with the Premier of Manitoba concerning publicity arrangements in respect of shared-cost programs with his province.

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**FOREIGN INVESTMENT REVIEW ACT**

**TABLING OF REGULATIONS AND GUIDELINES RESPECTING NEW BUSINESS PROVISIONS**

**Hon. Alastair Gillespie (Minister of Industry, Trade and Commerce):** Mr. Speaker, pursuant to Standing Order 41(2), I am tabling today copies, in both official languages, of three documents: first, the regulations and, second, the guidelines concerning implementation of the new business provisions under the Foreign Investment Review Act. In addition, I am tabling the new "Principles of International Business Conduct."

**STATEMENT BY MINISTER ON PHASE II OF LEGISLATION**

**Hon. Alastair Gillespie (Minister of Industry, Trade and Commerce):** Mr. Speaker, hon. members know that the first part of the Foreign Investment Review Act, governing takeovers of Canadian business enterprises, was proclaimed into force on April 9, 1974. When the bill was before parliament I undertook, on behalf of the government, that the second part of the act, phase II, relating to the establishment of new foreign-controlled businesses in Canada, would not come into force until the government was satisfied on two scores.

The first was that the government should have gained some experience in the actual administration of the review process under phase I. We have now had well over a year's experience and we are satisfied that the review process is working well.

The other commitment was that phase II would not be introduced until there had been further consultations with the provincial governments. During the past year there have been several meetings with representatives of all provincial governments. Those meetings have involved very full discussions on the administrative procedures for consultation on individual cases between the federal and provincial authorities, and I am pleased to say that there is general agreement that the procedures which have evolved are sound and workmanlike.

Accordingly, the government has now, by proclamation, fixed the date on which phase II is to come into force. That date is October 15 of this year. The lead time we have

[Mr. Turner (Ottawa-Carleton).]

provided will give investors and their advisers the necessary opportunity to become familiar with the phase II guidelines and regulations. It is also intended to avoid disruption in investment plans which are now being developed.

It should be noted in this regard that investments which are under way on October 15 are not reviewable under the act to the extent that they are established businesses. To show that a business was already established by October 15 it will not be necessary to show that the business was fully operational on that date. Where there are one or more employees, together with contractual obligations or other definite commitments relating to the new business, those factors should be enough to show that the new business has been established and is therefore not subject to review.

In the administration of phase II of the act we will, of course, continue to follow the procedures that have been developed for close consultation on individual cases with the provincial governments. We will also ensure that there is effective co-ordination between the Foreign Investment Review Agency and other departments and agencies of the federal government.

In this regard I would like to advise investors who intend to apply for incentives under the Regional Development Incentives Act, and whose investment proposals are also subject to review under the Foreign Investment Review Act, that they should discuss their plans first with the appropriate provincial or regional office of the Department of Regional Economic Expansion. I want to assure hon. members that there will be no unnecessary delay in investment programs important to the development of designated regions of the country through duplication of administrative procedures.

I should again like to emphasize, Mr. Speaker, that the purpose of the Foreign Investment Review Act is not to block foreign investment from any source or to discourage it but, rather, to ensure that such investment is of significant benefit to Canada. Since its beginnings Canada has had to rely heavily on foreign investment to help us develop this country. Clearly, it has been beneficial. We shall continue to need a great deal more investment in Canada by our friends abroad if we are to develop our full potential as this government is determined to do.

● (1210)

A mere glance at the guidelines concerning related business will clearly indicate that great care has been exercised to ensure that there will be no interference with investment for the maintenance and expansion of the ongoing business in Canada. This was clearly parliament's intention when the act was passed into law.

Mr. Speaker, the House is aware that ownership and control of enterprises engaged in the extraction and processing of uranium are matters of important concern to the national interest and to Canadians generally. The government's intention to limit nonresident ownership in this industry is well known. The government is considering alternative measures to consolidate this policy with respect to the ownership of uranium mines within the general ambit of our policy regarding foreign ownership and control of the Canadian economy.