

No other developed country faced this predicament. Indeed, as I look around, it is a predicament tolerated by no country, period. By 1980, the 74% foreign-owned and 81.5% foreign-controlled Canadian oil and gas industry generated almost a third of all the non-financial sector profits in Canada. Without changes, enormous power and influence in Canada was destined to fall into a few foreign hands. We simply decided that we had to act and had to act now.

But, unlike some other countries, Canada has preferred the carrot to the stick. The operations of foreign firms in Canada are still very profitable and, to the extent that they increase Canadian ownership, they can now be even more so.

I want to dispel any impression that the NEP has suddenly made the role of foreign firms in the Canadian hydrocarbon industry uncertain and unpredictable. Certainly the rules of the game have changed from 10, 20, or 30 years ago. Perceptions change; needs change; situations change. Where do they not change? But the changed rules are clear. They can be ignored to the detriment of future balance sheets. Or they can be used advantageously by foreign-owned corporate citizens of Canada who are sensitive to the Canadian environment and to the opportunities there for profitable investment.

I should add that the NEP gives foreign companies an incentive to acquire Canadian shareholders and partners. To the extent that they do, they can benefit from higher exploration grants just like firms which are already more than 50% Canadian-owned. Let's not forget the many foreign-controlled companies who are quietly rearranging their affairs in Canada to take advantage of the NEP, and in so doing, to continue to grow and prosper in Canada.

Before leaving the subject of Canadian energy policy, let me deal with an assertion often made about another aspect of the NEP's impact. I have seen it claimed that the recent takeovers of foreign-controlled Canadian oil and gas subsidiaries by Canadians have been at "fire-sale" prices caused by the NEP.

In fact, the biggest single takeover since the NEP, the purchase of Hudson's Bay Oil and Gas from Conoco, was at a price that Conoco itself has termed fair and reasonable. The price included a premium of 52% above the