SOURCES OF PROTECTION AND ASSISTANCE FOR CANADIAN CORPORATE INVESTORS ABROAD

Canada, for so long a net importer of investment capital, has been since the mid-1970s a net exporter. While much of this capital has flowed into the United States, the latter has by no means been the only significant recipient of Canadian investment. While Canadian companies have been becoming more sophisticated investors abroad, other factors have led to greater global interest in direct equity investment. The crushing burden of debt which confronts many third-world countries has made further debt financing in these countries virtually out of the question. Moreover, a number have changed or are gradually changing their attitude to foreign investment as it becomes the prime vehicle for further development. The current trend to debt-equity swaps is only one aspect of this phenomenon.

Another group of countries that have gradually opened their borders to foreign equity investment is the Communist countries, including both China, and more recently, the USSR. Successful investing, like successful exporting, is a particular challenge in these countries, but Canadian companies have signed a number of joint venture deals and are pursuing others.

As changing attitudes abroad produce an increasingly hospitable environment for foreign investment, more and more Canadian companies are showing interest in investing in other countries, including those in the developing world. At the same time, they naturally seek to protect their investments from such perils as non-transferability of profits, expropriation or revolution/war. This guide has been prepared for such companies.

There are a number of organizations in a position to assist or protect Canadian investments abroad. Investor requirements will vary from case to case, but the relevant agencies can be divided into two main categories, multilateral and bilateral.