



Statements and Speeches

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TRANSNATIONAL CORPORATION, INVESTMENT AND THE NORTH-SOUTH DIALOGUE

An Address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to Brazilinvest, Toronto, September 7, 1982

...I do not have to tell you that Canada and Brazil have historically been the recipients of a great deal of direct foreign investment. This investment has benefited both countries significantly and allowed them to mature more quickly than they otherwise would have.

Canada, after decades of being a net importer of direct foreign investment, has in recent years become a net exporter of direct foreign investment. As a result, Canada is in a position to fully appreciate the advantages and disadvantages of direct foreign investment and to view investment from both sides.

Foreign invest- ment

Those of us who have responsibilities for the management of financial and economic environments – whether in the public or private sector – know that striking a balance between dynamic growth and balanced economic development is essential but never easy. It is essential because economic environments play a major role in the success of any investment decision, regardless of its size or nature. These decisions affect not only the creation of wealth but often of jobs and the well-being of millions of people. It is not surprising, therefore, that countries have actively encouraged foreign investment.

However, there are other considerations besides those of pure economics. Virtually every nation has adopted some form of foreign investment control designed to serve its investment needs and aspirations. In the United States, for example, there is an extensive network of foreign investment regulations and policies administered by some 20 agencies at the federal level. A foreign investor is not eligible to own a house in Indiana, a chicken farm in Connecticut or a mine in Alaska. In the United Kingdom, the Monopolies and Mergers Commission has effectively blocked certain forms of foreign investment. In Germany, the State has reacted on an *ad hoc* basis to forbid foreign participation in many of its industries. Often, these restrictions on foreign investment have been subtle and most have been in existence for decades.

Canada established foreign investment guidelines, in an open comprehensive way, fairly recently with the Foreign Investment Review Act (FIRA). FIRA was designed to permit the federal government to review certain forms of foreign direct investment to determine whether they are of significant benefit to Canada. I would emphasize, however, since its inception FIRA has functioned more as a screen than as a barrier
