

Foreign Investment

too precise either. I refer to the guidelines the minister tabled but did not read to the House. No wonder he did not read them out; they are so vague.

● (1500)

The guidelines deal with the definition of a related business. The foreign ownership bill is in two parts; the first deals with takeovers and the second with expansion into new areas or unrelated businesses. If a business is deemed to be related, then it will not be screened by the foreign investment agency and will be allowed to go ahead. I want, now, to show how vague and how wide open is the definition of "related business". I take here the second guideline,—it is very bureaucratic—which is as follows:

A new business may be related to another business . . . if the new business produces a product to be used as an input for an existing process or activity of the investor, provided that a substantial proportion of the output of the new business is used as an input for the existing process or activity.

What the devil does that mean? Really what it means, in layman's language, is that if a firm is large, if it is multinational or multi-industry, if it is vertically integrated, that firm can expand into almost any area it wishes and be classified as related, and it will not be screened by the foreign investment review agency. Really it means that a huge company such as Imperial Oil could expand into almost any industry in this country without being screened by the foreign investment review agency.

I will give an example of what I mean. Imperial Oil has a subsidiary called DEVCON which is involved in development and the real estate business. According to the guidelines tabled by the minister, Imperial Oil through its subsidiary could become involved in almost any aspect of real estate. They could probably get into the construction business. They could probably, because it is related, get into the land assembly business. They could get into almost any aspect of residential or commercial real estate. Imperial Oil has another subsidiary called Building Products of Canada Limited which constructs building equipment. Through this subsidiary Imperial Oil could construct the building equipment needed to build houses and apartments, commercial buildings and so on which they might be planning to construct.

Imperial Oil has a fertilizer company. It also has a transportation company and could expand in those areas because they are related and would be relevant to the activities of Imperial Oil. They have a great interest in the restaurant business through Voyageur Restaurants. They are also interested in the twine and rope business through a company called Polytwine. One can easily see that under the definition the minister has given us of "related business", international corporations, when they are multi-industry and multiproduct, can expect to get into almost any area without being screened under the provisions of the bill.

Consider a company such as Bell Canada which owns Northern Electric and Microsystems. Microsystems produces all kinds of components in the computer industry. They could expand through Microsystems into almost any aspect of computer technology and not be screened under the provisions of the legislation. Most of the large multinational corporations are concerned with thousands of prod-

ucts; they can claim their expansion to be in a related area and be untouched by the terms of the bill this House passed a few weeks ago.

Another point I wish to comment on is regulation (d) which the minister outlined in his guidelines. It says that a business may be related in the case of a service industry if it is complementary to the existing business of the investor. An example given is that of a wholesale business which could expand by constructing a warehouse. This would be considered related, and therefore not screenable.

I will give an example of how companies can get around this regulation. International Telephone and Telegraph manufactures telephones and telegraphic equipment. Where do people most use telephones? In a hotel. So ITT bought out the shares of the Cavalier Hotel chain. And what do hotels use to a great extent? Toilet paper. So they manufacture toilet paper. What do people who go to hotels use but cars? So they run their own rental car fleet. All this is relative and integrated toward that service industry, and therefore is not screenable.

In conclusion, Mr. Speaker, I suggest very strongly that the guidelines do not mean anything at all. Almost any multinational corporation can get around the guidelines because they are involved in almost every product in use. There is an oil company producing toothpaste, an oil company in the rope business, and so on. The only way to stop foreign investment is to deal with existing firms as they expand their assets or their sales in this country, not as they expand into one product or another.

Parliament will have to enact really tough laws if it intends to slow down or reverse the trend of foreign ownership in our economy which is causing us to lose wealth by the exportation of capital, and to lose jobs by the exportation of processing and manufacturing into other countries around the world. All these guidelines will do is to provide 500 extra jobs for bureaucrats in the Department of Industry, Trade and Commerce as they try to interpret the guidelines and apply them.

[*Translation*]

Mr. Gilbert Rondeau (Shef'ord): Mr. Speaker, on November 26 when the House passed the legislation of foreign ownership, we had expected that it would create more confusion. Now, today the Minister of Industry, Trade and Commerce (Mr. Gillespie) has made a commendable effort to enlighten the House and future investors in Canada.

I am quite disappointed when I realize, to mention one point, that one of the future guidelines which will govern investments in Canada is far from being explicit. The French and English texts of paragraph (e) in the press release are inconsistent. It shows once again that the minister with his guidelines as well as with his bill was trying to give some explanations concerning investments, but he did not succeed in doing so. Today, we are still confused, we are in the fog and note that the government is fumbling.

The English text reads as follows:

(e) the new business uses and existing or similar technical process to that already used by the investor in Canada—

[Mr. Nystrom.]