

Other important features of the Act are: it applies, generally, to all sectors of the economy, except banking; it does not discriminate among investors on the basis of the nationality of the investor; and the legislation is not retroactive. About 92 per cent of the investments reviewed under the Act to date have been found to be of significant benefit to Canada and thus have been allowed. Once foreign investors are established in Canada, they are eligible for the various industrial incentives and assistance offered by the Government of Canada and provincial governments.

Most reviewable investments are eligible for treatment under an abbreviated and simplified review procedure resulting in a substantial savings to investors in both time and in the amount of information that is required to be filed in support of an application. Investment proposals involving less than \$5 million in gross assets and fewer than 200 employees are eligible for the short procedure. Moreover, indirect acquisitions (transactions involving the transfer of control of a Canadian business as a result of the foreign merger or takeover of its foreign parent) involving gross assets of up to \$15 million and fewer than 600 employees are also eligible for treatment under the short procedure. Typically, about 85 per cent of all investments submitted to review are eligible to proceed via the abbreviated review route.

Apart from the formal provisions in the legislation and guidelines that help clarify and interpret difficult aspects of the review process and provide guidance to the investor, officials of the Agency stand ready to provide informal advice and assistance to investors on any aspect of the legislation and its administration. Investors are encouraged to discuss the circumstances of their investment intentions prior to the submission of an application for review. Experience to date indicates that many questions and concerns can be resolved expeditiously with consequent savings of the investor's time and expense.

Additional information on the Foreign Investment Review Act, including operations under the Act may be obtained from the Foreign Investment Review Agency, P.O. Box 2800, Station 'D', Ottawa, Canada, K1P 6A5, or from Canadian missions throughout the world.

Doing Business

Foreign companies can incorporate in Canada under either federal or provincial legislation. The federal and provincial laws are similar enough that there is no compelling legal reason to incorporate under federal rather than provincial legislation. The decision depends on the company. Provincial incorporation may be desirable if a company will be active chiefly in one province and will own substantial real estate. Federal incorporation en-

ures that a company can exercise the same powers in all provinces without discrimination, subject to provincial legislation.

A foreign company is required to register in the province in which it "carries on business". Usually, it must also record a power of attorney, empowering a resident of that province to carry out contracts and accept service of process in all legal proceedings by or against the firm. In addition, foreign companies in Canada are required to abide by legislation and regulations which apply to the type of business activity in which they are engaged. Regulations concerning import documentation, accounting records, and business licenses treat branch, subsidiary, and domestic concerns in exactly the same manner.

While there is no provision in Canadian law requiring Canadian participation, tax incentive measures are available to foreign enterprises with a degree of Canadian ownership. These measures are not regulatory and in no way control foreign participation in the Canadian market. An outline of these measures is contained in the "Federal Incentives to Industry" chapter.

Licensing and Joint Venture Arrangements

Canada welcomes participation from foreign manufacturers through licensing, joint ventures and contract arrangements with Canadian firms. There are no restrictions on the movement of funds into or out of the country. Banks, corporations and individuals deal in foreign funds or arrange payments in any currency they choose. An investor may liquidate his Canadian investment at any time and transfer the proceeds from Canada in whatever currency desired. During the life of the investment, profits, dividends and royalties may be remitted at will.

Often, foreign companies are not able to establish their own production facilities in Canada. In such cases, it is helpful to utilize Canadian production and distribution facilities to secure an optimum share of this growing market through a licensing or joint venture arrangement. In either of these cases, the Canadian manufacturer usually receives an exclusive license for Canada along with technical assistance and patent protection. The foreign firm may prefer to have its products manufactured under contract in Canada whereby a Canadian firm is engaged to manufacture the products and the foreign firm organizes their distribution and sale in Canada through its own or separate facilities. Mutual gains can result with a minimum of capital investment on the part of the foreign company.

Foreign manufacturers interested in Canadian manufacture under license or other arrangement should consult Canadian diplomatic missions.