

to address, in relation to new direct investment coming into Canada. I should emphasize that FIRA applies only to direct foreign investment and covers only the establishment of a new business in an unrelated field or to the takeover of an existing Canadian business. Expansion of existing investment, new investment into a related area, and portfolio investment are not covered by the Act. In fact, FIRA review applies only to between 5% and 10% of the annual growth of foreign investment in Canada.

The Act is not designed to prevent foreign investment from entering Canada, but to maximize the benefits therefrom. The fact that over 90% of cases reviewed to date have been approved demonstrates that this is not only the intent, but also the result of the Act.

While Canada has a formalized foreign investment screening process administered by a single agency, most other OECD countries, including the United States, have a variety of investment restrictions, approval processes, requirements, and informal administrative practices, which control or restrict foreign direct investment. Generally, they are diverse and diffused in a variety of legislation and a range of formal and informal administrative procedures. The diffuse approach of most other industrial countries compared with the more comprehensive administrative system in Canada reflects a distinction more of form than of substance, with little difference in the impact or restrictive effect upon incoming foreign direct investment. For example, while the United States is relatively open in terms of foreign investment, there are a number of sectors where foreign control is prohibited or regulated - e.g. coastal shipping, domestic air carriers, radio, television and telecommunications, nuclear power generation, and many defence contracts. Numerous states have restrictions on foreign investment in specific sectors. Apart from outright prohibitions, the USA also has indirect controls on foreign investment, including anti-trust laws, congressional lobbying, and monitoring by such bodies as the Committee on Foreign Investment. My point in mentioning the practices of other countries is to emphasize that it is important to keep FIRA in perspective.

While we have no apologies for the existence of FIRA, we recognize that there has been much criticism leveled at the Administration of the Act. Since we in Canada are as concerned about ensuring that Canada remains in fact, as well as in perception, an attractive market for foreign investment, we are attempting to render the approach more positive without sacrificing the principle. We are making it work better.

My predecessor, as Minister of State for International Trade and now the Minister of Industry responsible for FIRA, Ed Lumley, is carrying out a review of the administration of the Act and is taking steps to ensure that administration is both efficient and timely. In the