

The FIPB has the power to examine all foreign investment proposals and approve them based on their individual merits. Regulations and procedures which normally govern these proposals may be overridden by the FIPB. In the past, the FIPB has taken a liberal stance toward the approval process.

A submission to the FIPB should be sent directly to the address listed on page 23 of this book. No special application is required.

Proposals should include information pertaining to:

- technology to be used or imported
- the value of the investment
- the foreign exchange balance sheet
- export potential and/or import substitution potential
- employment estimates.

5. Conclusions: Strategies for Canadian Companies

a) Export to India

Despite recent moves to open up the market to imports, domestic producers continue to be sheltered from full competition. At the same time, prices in India are among the world's lowest. Estimates of Indian prices relative to those in the U.S. for example, put average prices at 1/30th of what they are in the U.S. This is due to price controls which continue to regulate about half of all sales, intense domestic competition among the 16,000 domestic producers, low costs of labour, and the lack of patent protection for new products. As a result, it would be very hard for a Canadian manufacturer to undercut existing prices for most products.

This is not to say that Canadian exports to India cannot be competitive. Exporters should look for specialized niche markets characterized by low sales volumes. Vaccines have been mentioned as one area where Canadians have met with success.

Products requiring fermentation such as penicillin are another export possibility. High capital costs keep most indigenous producers out of the market, however local producers continue to enjoy special protection (see section 2-c for details).

Many international companies take advantage of lower Indian labour costs by exporting drug components to India and producing the finished formulations there.