

review measures. Equally, we are very conscious that Americans are at present by far the largest group of outside investors in Canada. I should like, therefore, to explain the background to, and the nature of, our foreign-investment review measures.

The rapid growth in direct foreign investment in Canada is largely a post-1950 phenomenon. In the period 1950-1970, the book value of direct foreign investment rose from \$4 billion to \$26.5 billion. Ten per cent of this total investment is held by residents of Britain. Another 10 per cent, roughly, is held by other European countries and Japan. The United States accounts for about 80 per cent.

It is estimated that close to 60 per cent of our manufacturing industries, about half of our mining and smelting, and just over three-quarters of our petroleum and natural gas industries are controlled by residents of other countries. In certain sectors such as chemicals, automobiles, computers, transportation equipment and machinery, the degree of foreign control runs from 80 per cent to over 90 per cent. In fact, the degree of foreign control of industry is much higher in Canada than in any other industrialized country.

Canada's traditional policy towards foreign investment has been an open and receptive one. Unlike many countries, we did not have machinery to monitor and check investment flows. Indeed, Canada encouraged foreign investment as much as possible, recognizing that it was absolutely essential for its economic development.

Today, Canadians are much more aware than they were in the past of both the costs and the benefits of foreign investment. They want to minimize the costs and maximize the benefits to Canada. At the same time, they recognize that, as in the past, foreign investment has an important and necessary contribution to make to future economic growth.

It is against this background that the Foreign Investment Review Act was conceived. It represents an effort to establish more effective control over the economic environment and to obtain greater benefit for Canada, but on a basis that recognizes our need for foreign investment and our obligations to our economic partners in the international community.

The Foreign Investment Review Act applies across the whole economy and provides the Canadian Government with the authority to screen: