

*The Canadian Economy***PROCEEDINGS ON ADJOURNMENT MOTION**

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Grand Falls-White Bay-Labrador (Mr. Peddle)—External Affairs—Intention of United States respecting renewal of lease of air force base, Goose Bay; the hon. member for Simcoe North (Mr. Rynard)—Health—Request for statement on proposals to combat escalating care costs; the hon. member for Assiniboia (Mr. Knight)—Grain—Action on complaint about grain doors at western delivery points.

• (1700)

[*Translation*]

In accordance with the special order made on May 1, the House will now revert to motions.

[*English*]

The House will now revert to motions. The hon. Minister of National Revenue (Mr. Gray).

ROUTINE PROCEEDINGS**THE CANADIAN ECONOMY**

STATEMENT ON FOREIGN INVESTMENT POLICY

Hon. Herb Gray (Minister of National Revenue): Mr. Speaker, I should like at this time to announce to the House the government's decision to review foreign takeovers of Canadian business. I wish also to table a background document on the general subject of foreign investment. In order to make it immediately clear as to the legislative steps the government wishes to take, I shall also be tabling a draft bill which will read exactly the same as the legislation to be introduced formally later this week.

While Canada has generally welcomed foreign investment over the years, we have adopted a number of measures to foster and protect the national interest. Foreign investment in banks and other key financial institutions has been limited by law. Our broadcasting facilities, newspapers and magazines are subject to specific laws which effectively keep them under Canadian control. During the past decade we established voluntary guidelines for good corporate behaviour by foreign businesses operating in this country. This government has also set up the Canada Development Corporation to help develop and maintain strong Canadian controlled businesses. The tax reform of last year contained several measures deliberately designed to encourage Canadians to invest in their own country rather than abroad, and to encourage the growth of Canadian controlled business. And the government has announced its intentions concerning the production and trade of uranium.

[Mr. Orlikow.]

Parliament will now be asked to add an important new measure to these policies. Foreign companies seeking to buy out or take over an existing Canadian business above a certain size will be required to demonstrate that the purchase will result in significant benefit to Canada. The government is introducing legislation to establish a review process under the authority of the Minister of Industry, Trade and Commerce (Mr. Pepin). In general terms the purpose will be to examine proposals for takeovers of Canadian businesses, to approve those that, on balance, will be of significant benefit to Canada, to negotiate with the proposed acquirer in those cases where he can reasonably be expected to make a greater contribution to Canadian development, and to refuse to allow those takeovers that would not bring significant benefit to Canada.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Gray: Mr. Speaker, foreign investment plays an important role in Canadian development, but it brings with it costs as well as benefits. While there are a variety of opinions among Canadians about the balance of benefits and costs of foreign direct investment, there is certainly no disagreement that foreign investment should work in the interests of this country.

[*English*]

Takeovers are the form of foreign investment least likely to add significant benefits to the Canadian economy. The extent of foreign control of a number of industries in Canada is large enough to make the acquisition of more Canadian businesses a matter of concern to the government and to Canadians generally. If takeovers created only problems it would be a simple matter to deal with them—they could all be blocked. But takeovers can be of benefit to Canada, and it was this fact that persuaded the government that as a general policy a review process is preferable to other approaches such as the designation of additional key sectors or mandatory Canadian shareholdings. This decision, of course, does not rule out entirely the possibility that other approaches might be required at some time in the future.

[*Translation*]

A takeover review process is more flexible in its ability to take into account both the benefits and costs of a foreign acquisition. Through its operation, it would permit the negotiating of greater benefits for Canada and increase the level of economic activity in Canada. Most other industrialized countries, even with lower levels of foreign ownership and control, have some kind of mechanism to ensure that foreign takeovers are in their national interest. Our review process will be familiar to the international business and investing community.

[*English*]

In order to clarify the government's intentions, Mr. Speaker, I shall now briefly describe the review process and how it will be administered. A foreign investor—and that includes any enterprise which is foreign controlled—will be required to file notice of any proposed takeover of a business with assets valued at more than \$250,000 or with gross revenues exceeding \$3 million. Investors will be required to provide relevant information with the