

Administration's priorities regarding a free and open trading system are in almost every case similar to our own. Canada and the U.S. may not share the same sense of urgency on every issue, nor do we necessarily agree on the approach to be taken. However our objectives are much the same and our mutual support and continuing dialogue will be important factors in our efforts to maintain the world trading system.

I recently had the opportunity along with the Prime Minister and several of my Cabinet colleagues to participate in a series of discussions, held in Ottawa, with the Chief Executive officers and Presidents of some of the most important and influential U.S. companies. At these meetings a number of Canadian domestic policies which concern American businessmen were openly discussed and addressed. The issue which commanded the most attention was Canada's policy concerning foreign investment.

Successive Canadian governments have traditionally had to face the challenge of strengthening control by Canadians of their own economy, while attempting to improve the performance of Canadian industry, including foreign controlled firms, without discouraging the flows of capital needed for our development. We recognize that foreign capital has an important and positive role to play in Canada in the future, as it has in the past. Therefore, we will continue to welcome foreign investment that brings significant benefit. But since we also know that foreign direct investment has costs as well as benefits, so too must we retain the capacity to deal with this kind of situation.

Canada has long had the highest level of foreign ownership and control of industry among industrial nations. Currently almost 29 per cent of our industry is foreign controlled and in certain specific industries this figure is much higher. This compares to 3 per cent for the United States and an even lower figure for Japan. In some other industrialized countries foreign control of industry is so insignificant that it is not officially recorded.

Because of the magnitude of foreign investment, Canadians have had to ensure that new foreign investors conduct their affairs in a manner not detrimental to Canadian economy as a whole. I've explained to you the importance which exporting has for Canada's economy. Let me give you an example of how foreign control over Canadian industry can hinder Canada's capacity to export. There have been cases where foreign-owned businesses have abstained from pursuing export opportunities in circumstances where their Canadian-owned competitors experienced considerable success in selling abroad. Such export inactivity by foreign controlled firms, if practised on a large scale, could have a significant adverse effect on Canada's merchandise trade balance and economic performance. This is one of the concerns which the Foreign Investment Review Act is designed