

There are, however, four sectors that for all foreign investors continue to be subject to review at the lower thresholds. Acquisitions of businesses engaged in the financial services, transportation, uranium and cultural industries are subject to the \$5 million threshold for direct acquisitions and \$50 million for indirect acquisitions. Acquisitions in the cultural industries are the most sensitive. Transactions below these thresholds, and the establishment of new businesses in this sector, may be reviewable if the government so decides.

For WTO investors, the review threshold is adjusted annually to reflect economic growth and inflation in Canada. For non-WTO investors, the review thresholds are fixed.

In cases requiring a review process, the investment is judged on the basis of its "net benefit" to Canada. The Minister of Industry makes the final decision, after receiving a recommendation from the department. The Act provides for an initial review period of 45 days.

Trade-Related Investment Measures

The Agreement on Trade-Related Investment Measures (TRIMS) deals with investment measures that have an adverse effect on trade. This agreement reaffirms that foreign governments cannot require enterprises to operate in a way that restricts or distorts trade as a condition of investment (for example, requiring them to use products of domestic origin in their production). Such measures must be eliminated within a defined time frame.

TABLE 3.1
Sectoral Limitations on Foreign Investment

Sector/activity	Description of limitations
Banking	No single entity can own more than 10 percent of shares in a Schedule I bank.
Broadcasting	Foreign ownership in broadcasting facilities, including television stations, radio stations, cable systems and networks is limited to 20 percent.
Fishing	Canadian fish processing companies with more than 49 percent foreign ownership are not permitted to hold commercial fishing licences.
Uranium	Foreign ownership of uranium mining and processing projects is limited to 49 percent. Exceptions are permitted if effective control is Canadian.
Telecommunications	Direct foreign ownership is limited to 33 1/3 percent (for holding companies which control subsidiaries that are common carriers). For common carriers, which are firms that provide telecommunication services on facilities they own (e.g., a firm that provides basic telecommunications such as local telephone service on its own facilities), the limit is 20 percent. There are no restrictions on foreign ownership for firms providing "value-added" or "enhanced" services on leased facilities (e.g., electronic data transfer or long distance telephone services by a firm that is leasing facilities).
Transportation	Foreign ownership is limited to 25 percent in air transportation. Maritime cabotage is restricted to Canadian flag vessels, although there is no foreign ownership restriction on such vessels. Cabotage for bus and truck transport is reserved for Canadian drivers. However, foreign-owned companies can and do operate in Canada by hiring such drivers.