

As a Minister in the Canadian Government, I want to suggest to you that in this admittedly imperfect world Canada adheres to the principles of free trade and accessibility of international investment as well as other developed industrial countries.

In almost every sector of the economy Canada has permitted a higher percentage of foreign ownership than any other industrialized country. While foreign control of non-financial industries in Canada has declined in recent years, it remains at 27%, the highest in the industrial world. It is particularly high in important industries; oil and gas - about 60%; transportation equipment - 70%; electrical equipment - 60%; and mining - 38%. In the U.S. foreign investment controls about 2% of non-financial industries: 18% of petroleum; 5% of mining and 3% of manufacturing. While 19 of the 50 largest firms in Canada are foreign controlled, this is the case for only two out of the largest 50 firms in the U.S.A. The stock of foreign investment is now higher in the U.S.A. than Canada, but of course the U.S.A. economy is 10 times as large. The U.S. has six times as much foreign investment in Canada, comprising 80 percent of the total, as we have in the U.S.A.

Again, we have allowed as great or greater access into our market of the foreign goods than most other countries in many sectors. Because the Canadian industrial structure is not as diversified as other larger countries, we generally import a greater percentage of manufactured goods in relation to our total needs than other countries.

The policies adopted by countries will vary greatly depending on their economic size, commercial competitive advantages, position as capital importer or exporter, or host or home country to MULTINATIONAL ENTERPRISES (MNEs) and their international political role and perceptions. Canada and Australia, as primarily host countries to foreign investment, employ investment screening mechanisms and may restrict foreign involvement in some sectors for cultural or economic reasons. The investment restrictions of large home countries, like the U.S., and U.K., are often on a sectoral basis and involve considerations of security and defense as well as economic considerations. France and Japan employ a variety of administrative measures to protect their trade and investment interests.

These differences in circumstances and policies must be considered when attempting to define international norms of behaviour: within the GATT system with respect to trade and in the various OECD and U.N. investment