

The case of Fujitsu-Fairchild is an example not only of the means by which foreign investment can be restricted in the United States, but also as an example of how the national security rationale can serve other objectives aside from those of defense policy. The acquisition of Fairchild by a Japanese company was seen by a number of senior U.S. trade officials as a precursor of future foreign acquisitions in the U.S. semiconductor industry and other high-technology sectors. Such issues appear from press reports to have been of particular concern to Commerce Secretary Baldrige. Despite the Commerce Secretary's opposition, as well as similar concerns voiced by other cabinet officers, it is quite possible the President would not have tried to block the acquisition. Thus, in spite of the heated rhetoric related to the acquisition, there was a good probability that the acquisition by Fujitsu could have been completed.

Canadian investors in the United States to date have generally not been subjected to the type of restrictive actions experienced by Fujitsu. There is no reason to believe, however, in the absence of an agreement on investment that Canadian investors will be immune from such actions in the future.