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The key elements of the NEP have now been enacted by Parliament. There is a flexible and comprehensive framework in place for the development of the petroleum industry in Canada in which Canadian, as well as foreign firms, will more actively participate. Oil prices, interest rates and general economic conditions will of course affect the pace of development of this sector. We are also on schedule with our Canadianization target. Canadian participation has increased about 10 per cent in the sector. The 50 per cent target for 1990 remains and is achievable, but we do not wish to press the pace of Canadianization of foreign energy holdings in the years ahead. It is expected that increases in Canadian ownership will come largely through participation in joint ventures and active involvement of Canadian companies in exploring for and developing new oil and gas resources.

The third approach to foreign investment is our system of monitoring or reviewing as embodied in the Foreign Investment Review Agency [FIRA]. FIRA and its Australian counterpart are the best known one-stop integrated processes for reviewing foreign investment activities in the world. Most other countries have taken a diffuse approach and have put in place a multiplicity of legislative provisions, regulations and administrative procedures to prohibit, restrict or otherwise control the activities of foreign investors in their territories. Our view is that the integrated approach, while it can be improved, is the better one for us.

Let me give you some facts. Fact one is that the scope of the FIRA process is quite limited. In 1981, proposed direct investment reviewed by FIRA amounted to \$2.6 billion. In the same year, however, the value of Canadian assets held by foreign-owned companies already doing business in Canada increased by \$25 billion primarily due to new investments in current and related business not subject to review. Portfolio investment or non-controlling share ownership, and bonds and debentures issued by Canadian businesses and governments totalled \$10.8 billion in 1981, none of which was subject to FIRA review.

Fact two: FIRA approves the great bulk of foreign investment proposals, over 91 per cent on average over the eight years of FIRA operations.

Fact three: The FIRA process is not arbitrary nor uncertain although the weight given to five factors considered in each case may vary. These factors include: (1) the effect on economic activity, including the use of Canadian inputs and exports; (2) the degree and significance of participation by Canadians; (3) the effect on productivity, industrial efficiency, technological development and innovation and product variety; (4) the effect on competition; and (5) the compatibility with national industrial policies, taking into account provincial policies.

Fact four: During the past year a number of announcements have been made to streamline FIRA. The processing time on cases has been reduced and the review process expedited through increasing the small business size limits, the issuance of inter-

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