

Foreign Investment Review Agency

establishment on productivity, industrial efficiency, technological development, product innovation and product variety in Canada. The fourth point is effect of the acquisition or establishment on competition within any industry or industries in Canada. The final consideration is the compatibility of the acquisition of the new business establishment with national industrial and economic policies, taking into account industrial and economic policy objectives enunciated by the government or legislature of any province likely to be significantly affected by the acquisition or establishment.

● (1730)

The minister responsible for the act has the responsibility of recommending to the government which of the foreign investment proposals that come before him can properly be allowed and which should not be allowed. It cannot be a rubber stamp operation. I think it is obvious from what is required of the minister that he has to be fully briefed about each and every foreign investment proposal that comes before him. To accomplish this task effectively, he needs adequate information and analysis on which to base his recommendations; unfortunately, that can take time.

The review process in itself can be complex and often time-consuming. As soon as an application outlining an investment proposal is received by the Foreign Investment Review Agency, it is scrutinized by FIRA's compliance branch to determine whether or not the proposal is reviewable and whether the notice contains the information prescribed by the Foreign Investment Review Agency's regulations. That is to say, it ensures that the investor has met the basic legal information requirements. If the proposal is found to be reviewable, it is passed on to the assessment bureau for an evaluation based on the significant benefit criteria to which I referred earlier. Frequently, at this stage, relevant information additional to that contained in the notice is sought through contacts with the applicant and consultations with appropriate federal departments. The notice is also circulated to the province, or provinces, significantly affected by the proposal with a request for their views and comments so that the agency knows how the proposal is received regionally and locally.

When all the necessary information has been assembled, the case is then referred to the minister, together with an assessment by the agency of the perceived effects of the investment. If the minister concludes that the investment is likely to result in significant benefit to Canada, he must make a recommendation to the governor in council or cabinet, that the investment be allowed. If not, he must so inform the agency, which in turn informs the applicant accordingly. The applicant then has the opportunity to make further representations. When those representations are completed, the case is referred to the minister a second time for a decision on what his final recommendation would be.

In reaching his decision the minister must frequently take into account the representations he receives from other members of Parliament which reflect the concerns of their constituents about particular investments and the impact thereof. The

agency, too, receives numerous representations from third parties including competitors, labour unions, and employee or management groups which have a direct interest in the outcome of a takeover bid and the terms on which it takes place. In addition, with increasing frequency, Canadian companies are coming forward to make known their interest in competing against foreign takeover bids. These interests of Canadians cannot be ignored by the government. They must be taken into account in any assessment of the benefit to Canada of a foreign investor's proposal.

I mention all of this not to justify the delay in dealing with investment proposals under the act but to make the point that the process is one that very often requires a number of months to complete. There is obviously no advantage to the government in unnecessary delay. If the government is not satisfied that an investment is of significant benefit it can—and has—disallow it.

The government has taken a number of steps to expedite the review process. In 1977 the regulations under the act were amended to provide for a much abbreviated form of notice for small business investments, that is, investments involving assets of less than \$2 million and involving fewer than one hundred employees. The procedures for dealing with those investments were streamlined to permit the minister to judge, within a matter of days, whether on the basis of the information available in the notice, he was able to recommend allowance. Roughly 60 per cent of all the investment proposals reviewed by the agency are dealt with under these streamlined procedures which enable government to reach a decision. The investor is advised of this decision usually within 20 days of the date his application was filed. I cannot think of many administrative processes with that sort of record, whether at the federal, provincial or municipal level. But, of course, the longer more complex cases take a longer period of time to deal with, for the reasons I have mentioned.

The time taken in reviewing investment proposals must be measured against the results of the review process, that is, the benefits to Canada of investments that are allowed to proceed. Indeed, most of the work of the agency centres on the effort to improve original proposals and to negotiate additional firm commitments which will bring economic benefits to Canada. It is not in the interest of the department to be adverse to these proposals but rather to bring the best proposal forward.

An analysis carried out by the research staff of FIRA has revealed that since the agency was created, investment proposals reviewed and allowed have involved 70,000 new jobs and \$5 billion of investment. These statistics obviously have only a limited meaning as indicators of FIRA's performance. For one thing, the figures do not show what FIRA has achieved through negotiating with applicants to upgrade the quality of investment proposals as a condition of allowance.

Using jobs as an example, I should like to speak about how the agency's work has improved the quality of employment in Canada. FIRA's negotiations have helped to increase Canadian participation in the direction, management and ownership of the firms involved and to create opportunities for Canadians