

Minister of Finance



Ministre des Finances

Ottawa, Ontario
May 12, 1988

The Honourable James A. Baker III
Secretary of the Treasury
Washington, D.C.

Dear Mr. Baker:

I have the honour to inform you, pursuant to paragraph 4 of Annex 1607.3 of the Free Trade Agreement between Canada and the United States of America signed on January 2, 1988, that the policies described below constitute the published policies respecting Canada's oil and gas and uranium mining industries referred to in that paragraph.

1. The Oil and Gas Industry

Canadian published policy respecting the acquisition by foreign investors of oil and gas businesses in Canada contains the following provisions of relevance to the Investment Canada Act. The policy provides that, in reviewing acquisitions, the Minister responsible for Investment Canada will:

- a) disallow the direct acquisition of a healthy Canadian-controlled business with assets of at least \$5 million;
- b) consider allowing the direct acquisition of a Canadian-controlled business with assets of at least \$5 million that is in clear financial difficulty. In such cases the Minister would review the proposed foreign acquisition to evaluate its net benefit to Canada and could negotiate, as necessary, undertakings by the acquirer in relation to the review criteria;