



Minister for  
International Trade

Ministre du  
Commerce extérieur

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# STATEMENT DISCOURS

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Statement in the House of Commons  
by the Honourable Pat Carney,  
Minister for International Trade,  
on the Canadian Investment Policy

May 22, 1987

OTTAWA

May 29, 1987.

Canada

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Mr. Speaker, the motion that we are discussing today has no basis in fact or in logic. Let me once more, as I have in this House before, make the record clear.

I am informed that there is no, and I repeat no, U.S. demand for unlimited or unfettered investment freedom in Canada on the negotiating table. If there were, it would be rejected. We would refuse. Our negotiator knows that. Any such arrangement would have to be reciprocal, and the U.S. itself is in no position to deliver. Indeed, the U.S. itself limits foreign investment in certain key sectors. It restricts access in such areas as aviation, broadcasting and telecommunications, to name but a few.

The trade Bill which recently passed the American House of Representatives calls for a review of foreign investment on the grounds of "national security" and "essential commerce". That Bill would empower the administration to block those investments which might have a negative impact in those areas. This is symbolic of the growing protectionist mood in the United States.

My Cabinet colleagues, including the Prime Minister and the Secretary of State for External Affairs, Mr. Clark, other Ministers and myself, have repeatedly said in this House and elsewhere that any free trade deal with the United States will protect our political sovereignty and our cultural identity. In fact, just two months ago this House overwhelmingly passed a resolution saying just that.

Part of that political sovereignty, of course, is to make decisions in the best economic interests of Canada. Unlike those in the Opposition, this Government does not believe that foreign investment is automatically evil. We believe that foreign investment can create jobs, which we all need in Canada. That is why we dismantled the National Energy Program. That is why we changed the Foreign Investment Review Agency to Investment Canada and welcomed foreign investment from all countries to Canada. Last year we had record levels of foreign investment. I spend a lot of my time, as do my Cabinet colleagues, travelling to countries saying, please bring your money to Canada, invest and create new jobs for Canadians.

The more accurate way to describe what is happening to the economy is to state that 60 per cent of the investment transactions recorded by Investment Canada were acquisitions, and 40 per cent were new businesses. The Opposition has focused, of course, on the asset values and not on the business values. Acquisitions are usually made up of businesses with well established asset bases. Business values reflect only the modest short-term start up costs of new businesses which are established by foreign investment. They do not reflect the growth potential and the employment potential of a new business.

In this regard, from July 1, 1985, to December 31, 1986, the number of new businesses under the Investment Canada Act totalled 573. That is 573 new employers. Those new businesses created new jobs. It shows that the investment climate which this Government has created is attracting investment and creating those jobs which we promised Canadians.

What we have now, by our choice and through our policies, is an open investment climate with protection for key areas. We are having a hard time getting over the bad image left by the previous administration in this area. When I do travel abroad I am always told, "Well, Canada is supposed to be unfriendly to foreign investment. It expropriated property under the National Energy Program and turned away investment". We lost jobs and capital, which we needed, at a great rate. Our oil industry got shut down, which created devastation for whole sectors of our economy.

I want to deal with our negotiator's mandate, which I have dealt with in this House in a very open way on many occasions. As I have said, Mr. Reisman has a mandate from Cabinet to discuss trade-related investment measures and to listen to any U.S. proposals that go beyond that. We encourage him to do that. In the last negotiating session, the Americans did not present a paper but suggested orally, as reported to us by our negotiators, some of the features on investment which might be incorporated into a bilateral agreement.

To summarize, yes, some investment measures are being discussed. Those are the trade-related investment measures which negotiators have a mandate to discuss. That should be no surprise to members of the Opposition. In fact, they should welcome it because they are proponents, as are we, of multilateral trade negotiations. They also know that TRIMs, trade-related investment measures, are part of the Uruguay round. We signed the Uruguay round and therefore we are committed to deal with trade-related investment measures on a world-wide scale. Of course we will carry out that commitment on a bilateral basis.

As for other investment issues, as I have said, our negotiators have been given a mandate by Cabinet to listen to the U.S. and find out exactly what is proposed. Of course we know, and this House knows, that the Americans are asking for a broader agreement on investment. The House knows that because I said that here two months ago. I said investment is also on the table. All countries around the world are loosening their investment policies. We did so when FIRA became Investment Canada. The result was a record \$6.8 billion worth of investment for 1986.

So far we are dealing only with trade-related investment measures. The Americans want more. We are listening but we have not given the negotiators a general investment mandate. When the negotiating team is

satisfied that the U.S. proposals are clearly understood and the implications for Canada have been fully considered by Cabinet, a decision will be taken. As in all areas of negotiations, the mandate of the negotiators is determined by Cabinet and discussed with First Ministers and the provinces. My colleagues and I regularly review all aspects of these negotiations.

Let me say in closing that the opposition Parties do a disservice to the people of Canada. They are making baseless accusations and raising unnecessary fears. I suggest that Members opposite let us and the negotiators get on with the job of securing Canada's future through a free trade agreement in our best interests. Canada will judge whether a deal is in the national interest.