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ANNUAL REPORT

Investment Canada Act

2016-17

Canada

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MESSAGE FROM THE DIRECTOR OF INVESTMENTS TO THE MINISTER OF INNOVATION, SCIENCE AND ECONOMIC DEVELOPMENT

Dear Minister:

I am pleased to present to you the annual report on the administration of the *Investment Canada Act* (ICA or the Act) for fiscal year 2016-17. As responsibility for the net benefit review of foreign investment proposals in cultural business rests with the Minister of Canadian Heritage, the information in this report on net benefit reviews relates only to investments in non-cultural Canadian businesses.

The Act continues to be an important part of a broader policy and legal framework to encourage foreign investment that contributes positively to the growth of a more innovative and inclusive economy and the long-term prosperity of Canadians. Canada consistently ranks among the top countries in the world in which to invest and this is in large part due to our stable macroeconomic environment and strong rule of law. The administration of the ICA in a more open and transparent way is fundamental to this.

In this regard, I am pleased to include detailed discussion on the national security review process as well as reporting on the administration of the national security review provisions. Information on the numbers of transactions reviewed under the national security provisions; the numbers of notices and orders issued; and the actions taken to protect national security is provided herein.

This reporting will ensure ongoing accountability to Canadians and investors and adds to information published, in December 2016, in the Guidelines on the National Security Review of Investments. The Guidelines provided, for the first time, public information on how the national security review provisions are administered including a non-exhaustive list of factors that may give rise to a national security order on an investment. As importantly, they strongly advise investors and their advisors involved in proposed investments that may involve those factors, to contact the Investment Review Division at the earliest stage of their investment planning. Early engagement will increase regulatory certainty around those investments.

Fiscal year 2016-17 was a busy year in administering the Act with the increased outreach to investors and their advisors, an increase in notifications as well as net benefit reviews and Governor in Council orders under the national security review provisions. This was in addition to the introduction of amendments to accelerate the increase in the net benefit review threshold for WTO private sector investors to $1 billion (in force as of June 22, 2017) and amendments to increase the threshold to $1.5 billion for Canada-European Union Comprehensive Economic and Trade Agreement and other bilateral trade partners.

I look forward to continuing to support you over the coming year in administering the Act in a manner that encourages investment, economic growth and employment opportunities in Canada.

Yours sincerely,

John Knubley, Director of Investments

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INTRODUCTION

The Act is the primary mechanism for reviewing foreign investment in Canada. Its purpose is twofold: to review significant foreign investments to determine if they are likely to be of net economic benefit to Canada and to review investments that could be injurious to national security.

NET BENEFIT

Under the Act, a foreign investor seeking to acquire control of an established Canadian business valued at or above the relevant threshold must apply for review of that acquisition, which is an assessment of the investment's likely net benefit to Canada. In 2016–17, the threshold for private-sector investors from World Trade Organization (WTO) member countries was $600 million in Enterprise Value. For state-owned enterprises from WTO member countries, the relevant threshold was $375 million in Asset Value. For investments valued below the relevant threshold, investors must file a notification, but the investment is not reviewable under the net benefit provisions. A notification also has to be filed when an investor from a WTO member country indirectly acquires control of an existing Canadian business and when a foreign investor establishes a new business in Canada[i].

In examining the likely net benefit of a proposed investment, the Minister considers six factors set out in the Act that provide predictable guidance for investors while maintaining the flexibility required to ensure economic benefit to Canada:

1. the investment's effect on the level and nature of economic activity in Canada, including employment, resource processing, and the utilization of parts, components and services;
2. the degree and significance of participation by Canadians in the Canadian business;
3. the investment's effect on productivity, industrial efficiency, technological development, and product innovation and variety;
4. the investment's effect on competition;
5. its compatibility with industrial, economic and cultural policies; and
6. its contribution to Canada's ability to compete in world markets.

The Minister has issued Guidelines to assist investors in understanding how the Act's provisions are applied in specific circumstances. For example, where an investor is owned, controlled or influenced by a foreign state, the Minister considers the Guidelines on Investments by State-owned Enterprises[ii] (SOE) as part of the net benefit review process. Pursuant to the Guidelines, the Minister takes into account the investor's adherence to free enterprise principles, the foreign state's degree of influence over the investor and the likely commercial orientation of the Canadian business, if acquired.

NATIONAL SECURITY

In 2009, the Act was amended to include Part IV.1- Investments Injurious to National Security[iii]. Part IV.1 provides the Government of Canada with the authority to review a foreign investment for potential harm to national security. Under this Part, the Governor in Council has the authority to take any measure with respect to an investment that it considers advisable to protect national security, including the following:

- directing the investor not to implement the investment;

- authorizing the investment on condition that the investor (i) give written undertakings that the GiC considers necessary in the circumstances, or (ii) implement the investment on the terms and conditions ordered by the GiC; or
- requiring the investor to divest control of the Canadian business or of its investment in an entity.

The national security provisions apply to a broader set of investments by non-Canadians than the net benefit provisions, including the acquisition of control of a Canadian business valued below the relevant net benefit review threshold, the establishment of a new Canadian business, and the acquisition of an interest in a Canadian business that represents less than a controlling interest. All these investments are subject to a multi-step national security review process led by Canada's national security agencies.

HIGHLIGHTS FROM FISCAL YEAR 2016-17

- The Government announced plans to accelerate the threshold increase to $1 billion for net benefit reviews for private sector World Trade Organization (WTO) investors (which was implemented on June 22, 2017).
- In total, 737 investment filings were processed representing $50.31 billion in Enterprise Value and $20.09 billion in Asset Value. Of the 737 transactions, 22 applications for net benefit review were approved, a significant increase to the 15 applications that were approved over each of the last two fiscal years, and 715 notifications were certified under the Act, 74 more than last year.
- Guidelines on the National Security Review of Investments were issued providing investors with more information and transparency on the national security review process under the Act.
- All filings under the ICA, as well as additional investments, were subject to review by Canada's national security agencies for potential national security concerns. A total of five reviews under s. 25.3 were conducted, and in each of those cases a final order was issued on the investment under s. 25.4 to protect national security. In three cases the investor was ordered to divest control of the Canadian business. In two cases the investment was permitted to proceed with the imposition of conditions that mitigated the national security concerns.

ACTIVITIES UNDER THE INVESTMENT CANADA ACT IN 2016-17:

RECENT POLICY DEVELOPMENTS

During the fiscal year 2016-17, the following policy changes were introduced:

- As part of the 2016 Fall Economic Statement, the Government announced that it would be publishing national security review guidelines. On December 19, 2016, the Minister issued Guidelines on the National Security Review of Investments[iv]. The Guidelines include factors that the Government considers when assessing whether an investment poses a national security risk;

- In Budget 2017, the Government reaffirmed a commitment originally made in the 2016 Fall Economic Statement to increase the net benefit review threshold for private sector WTO investors to $1 billion in Enterprise Value in 2017, two years ahead of schedule. The enabling legislation was introduced as part of the Bill C-44, the Budget Implementation Act. The $1 billion threshold is in force as of Royal Assent of Bill C-44, on June 22, 2017. This threshold will be adjusted annually according to nominal gross domestic product, as of January 1, 2019;

- Also in Budget 2017, the Government announced that it would make reporting on the administration of the national security provisions of the Act mandatory. Similar reporting requirements were already in place for reviews conducted under the Act's net benefit provisions. This amendment also came into effect upon Royal Assent of Bill C-44, and will ensure continued transparency and accountability while protecting commercial confidentiality and national security;

- As part of the Canada-European Union Comprehensive Economic and Trade Agreement (CETA), the net benefit review threshold for private sector CETA investors will increase to $1.5 billion in Enterprise Value. Private sector investors from other free trade agreement partners with relevant most-favoured nation provisions will also receive the same threshold: Chile, Colombia, Honduras, Mexico, Panama, Peru, South Korea and the United States. Required legislative amendments were introduced in Bill C-30, CETA Implementation Act, which received Royal Assent on May 16, 2017, and associated regulatory amendments will be made. The new threshold will come into force on the date agreed upon by Canada and the European Union for application of the Agreement.

NET BENEFIT ACTIVITY UNDER THE INVESTMENT CANADA ACT[v]

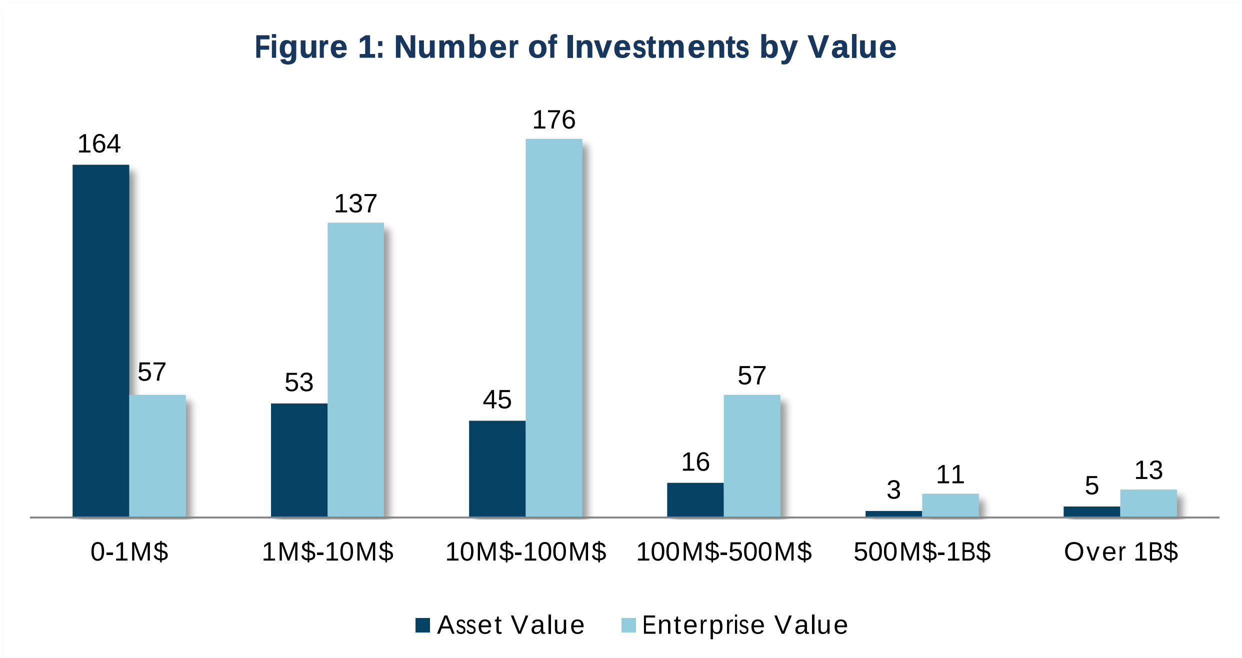
Asset Value and Enterprise Value:

In 2015, the Act was amended to include the concept of "Enterprise Value" for determining the threshold for net benefit reviews of direct investments by WTO member countries' private sector investors. In contrast, establishments of new businesses, direct investments by state-owned or non-WTO investors to acquire control of a Canadian business, and indirect investments by any investor, continue to be measured by Asset Value. This report distinguishes between Enterprise and Asset Value. Asset Value is based on the value of the assets according to the business' financial statements (book value) whereas Enterprise Value is a calculation that takes into account market value, debt and cash.

Total Investments:

In fiscal year 2016-17, a total of 737 investment transactions were approved or certified under the Act with a total Asset Value of $21.09 billion and a total Enterprise Value of $50.31 billion.[vi] Figure 1 provides a breakdown on the number of investment transactions over a range of Asset Values and Enterprise Values.

Of the 737 transactions, 286 investments, or just under 40 percent, were of the type whose value is measured by Asset Value as described above and 451 investments, just over 60 percent, were of the type whose value is measured by Enterprise Value. The vast majority, approximately 92 percent, of the Asset Value transactions were valued below $100 million. The number of Enterprise Value investments, as measured by value, was more varied than Asset Value investments, peaking in the $10 million - $100 million dollar range with 176 out of a total of 451 investments.



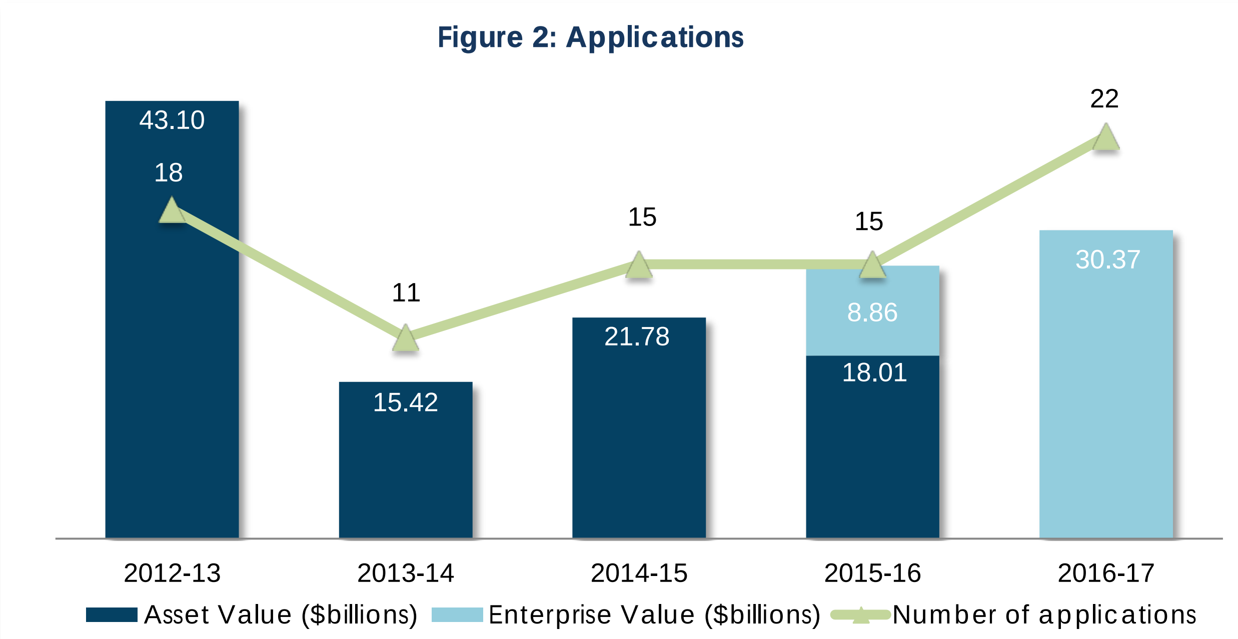
Applications for Review:

In 2016-17, 22 applications for review were approved (Figure 2). This is the highest number in the last five years, representing seven more applications than in each of the last two years.

All of the approved applications in 2016-17 were based on Enterprise Value, with a total value $30.37 billion. The average value of approved applications was $1.38 billion, slightly higher than the 2015-2016 average value of $1.27 billion.

The five largest applications for review accounted for approximately $12.05 billion, or 40 percent, of the total Enterprise Value for all applications. By comparison, in 2015-16 the five largest Enterprise Value applications totaled approximately $7.49 billion, or 84.5 percent.

With respect to review time, in 2016-17, of the 22 applications reviewed, it took an average of 84.6 days to complete a net benefit review. However, the average was significantly affected by three reviews that were unusually long, in which cases the investors consented to the extended review period. The median review period in 2016-17 was 74 days. The average period in 2015-16 was 71.5 days.



Notifications:

In 2016-17, a total of 715 notifications were processed worth $21.09 billion for those measured in Asset Value and $19.94 billion for those measured in Enterprise Value (Figure 3). Both of these values represent an increase over the previous year. In 2015-16, the total value of notifications was $12.49 billion in Asset Value and $17.34 billion for Enterprise Value.

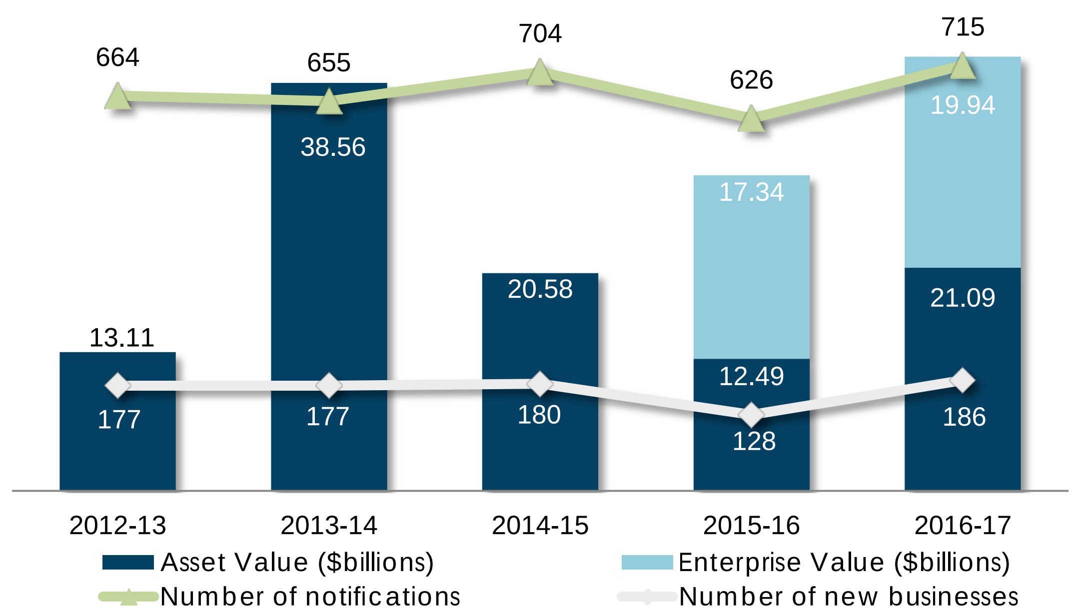
Of the 715 notifications, 186 were for the establishment of a new business and the remaining 529 notifications were for the acquisition of control of an existing Canadian business.

The average value of notifications filed by Asset Value in 2016-17 was $73.76 million, an increase from the 2015-16 average of $45.75 million. For notifications filed by Enterprise Value, the average value was $46.49 million, a slight decrease from the previous year's average of $49.12 million.

The five largest Asset Value notifications in 2016-17 accounted for 64 percent, or $13.53 billion, of the $21.09 billion total. The five largest notifications measured by Enterprise Value totaled $2.52 billion or 13 percent of the $19.94 billion total.

In 2016-17 there were five notifications with an Asset Value over $1 billion dollars. These investments were not reviewable because they were indirect investment by a private WTO-investor and, therefore, only subject to notification under the Act.

Figure 3: Notifications



Investment by Sector:

For confidentiality reasons, investments subject to the Act are characterized as belonging to one of five broad sectors.[vii] The five sectors, outlined below and in Figure 4, are based on the North American Industry Classification System codes and consist of numerous subsectors.

Resources: 67 investments were processed in 2016-17 in the resources sector. The total value of the investments was $686.88 million in Asset Value and $7.28 billion in Enterprise Value. While the number of transactions was consistent with 2015-16 (65 total investments), the values differed significantly. In 2015-16, resource investments accounted for $6.55 billion in Asset Value and $1.41 billion in Enterprise Value. The larger Asset Value total in 2015-16 can be attributed to two large resource sector investments that occurred prior to the introduction of the Enterprise Value threshold.

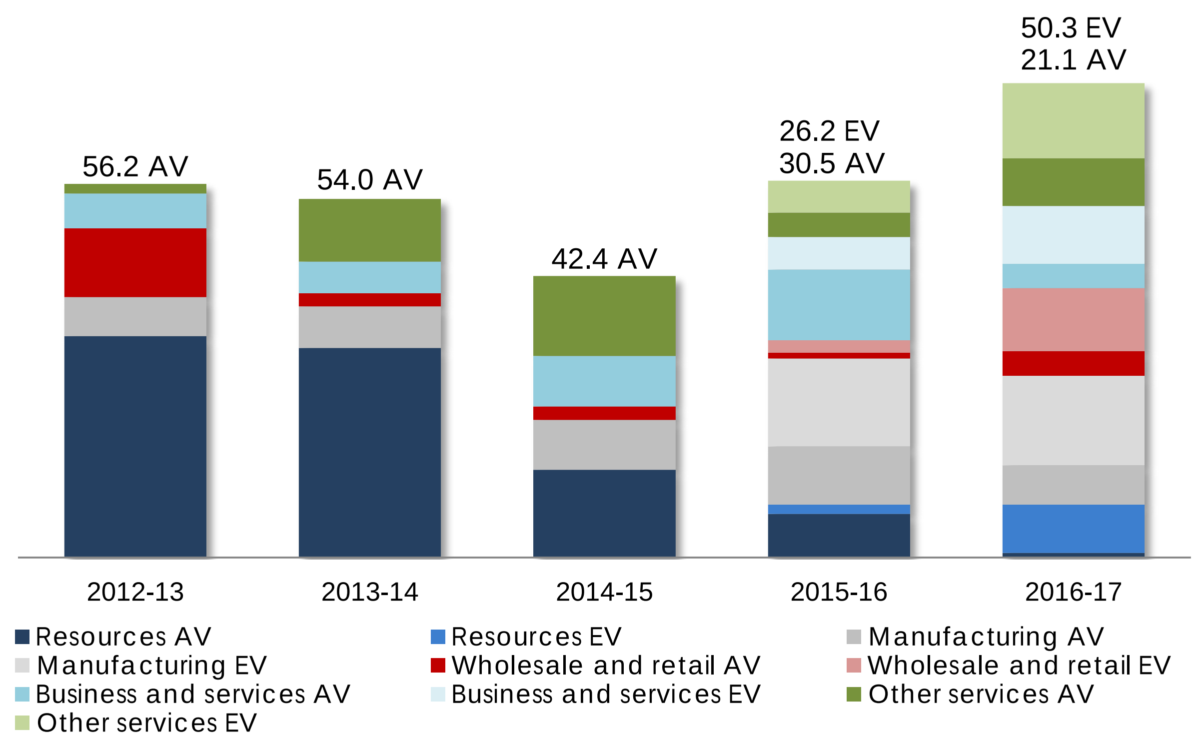
Manufacturing: This sector accounted for 175 investment transactions with a total Asset Value of $5.93 billion and a total Enterprise Value of $13.49 billion, the highest Enterprise Value of all five sectors in 2016-17. This sector remained relatively consistent with the previous year which saw 142 investments with a total Asset Value of $8.74 billion and $13.24 billion in total Enterprise Value.

Wholesale and retail: Total investment transactions filed in this sector were 116 representing values of $3.67 billion in Asset Value and $9.51 billion in Enterprise Value. While the number of transaction was nearly the same as in 2015-16 (111 total transactions), the value of the investments was much lower in the previous year with a total of only $878.11 million in Asset Value investments and $1.87 billion in Enterprise Value investments.

Business and services: In 2016-17, this sector accounted for 232 investment transactions, the highest number of the five sectors. In terms of value, the investments totalled $3.64 billion in Asset Value and $8.70 billion in Enterprise Value. By comparison, in 2015-16, 191 investment transactions were processed in this sector representing $10.64 billion in Asset Value and $4.89 billion in Enterprise Value.

Other services: 147 investments transactions were filed with value totals of $7.17 billion in Asset Value and $11.34 billion in Enterprise Value. The other services sector had the largest Asset Value total of the five sectors. While the number of transactions did not change significantly from the 132 filed the previous year, the value rose considerably from $3.70 billion in Asset Value and $4.79 billion in Enterprise Value in 2015-16.

Figure 4: Asset Value (AV) and Enterprise Value (EV) by Sector (in $billions)



Investment by Country or Region of Origin:

In 2016-17, consistent with previous years, the United States continued to be the number one source of investments subject to the Act (Figure 5). The United States accounted for 397 investments or approximately 54 percent of total processed investments in 2016-17. Investments from the United States accounted for $7.15 billion in Asset Value and $30.36 billion in Enterprise Value, or approximately 34 percent and 60 percent, respectively of total investment values in 2016-17.

Investors from the European Union (EU) made a total of 184 investments in 2016-17 totalling $3.49 billion in Asset Value and $5.62 billion in Enterprise Value. EU investments represented 25 percent of the total number of investments, 17 percent of the total value of Asset Value investments and 11 percent of the total value of Enterprise Value investments.

Of the EU investors, the investment by country was as follows:

> United Kingdom: 41 total investments worth $115.51 million in total Asset Value and $3.30 billion in total Enterprise Value.
>
> Germany: 36 total investments worth $435.92 million in total Asset Value and $512.55 million in total Enterprise Value.
>
> France: 32 total investments worth $836.44 million in total Asset Value and $272.36 million in total Enterprise Value.
>
> Netherlands: 15 total investments worth $46.44 million in total Asset Value and $375.87 million in total Enterprise Value.
>
> Ireland: 10 total investments worth $133.03 million in total Asset Value and $213.52 million in total Enterprise Value.
>
> Rest of EU: 50 total investments worth $1.93 billion in total Asset Value and $941.60 million in total Enterprise Value.

China accounted for a total number of 46 investments representing $9.79 billion in total Asset Value and $10.72 billion in total Enterprise Value investments or, 46 percent and 21 percent, respectively. China's investments, on a value basis, were the highest of all countries in terms of Asset Value and were second only to the United States in terms of Enterprise Value.

Other noteworthy sources of investment in 2016-17 included:

Japan: 21 investments worth a total of $180.38 million in Asset Value and $1.84 billion in Enterprise Value.

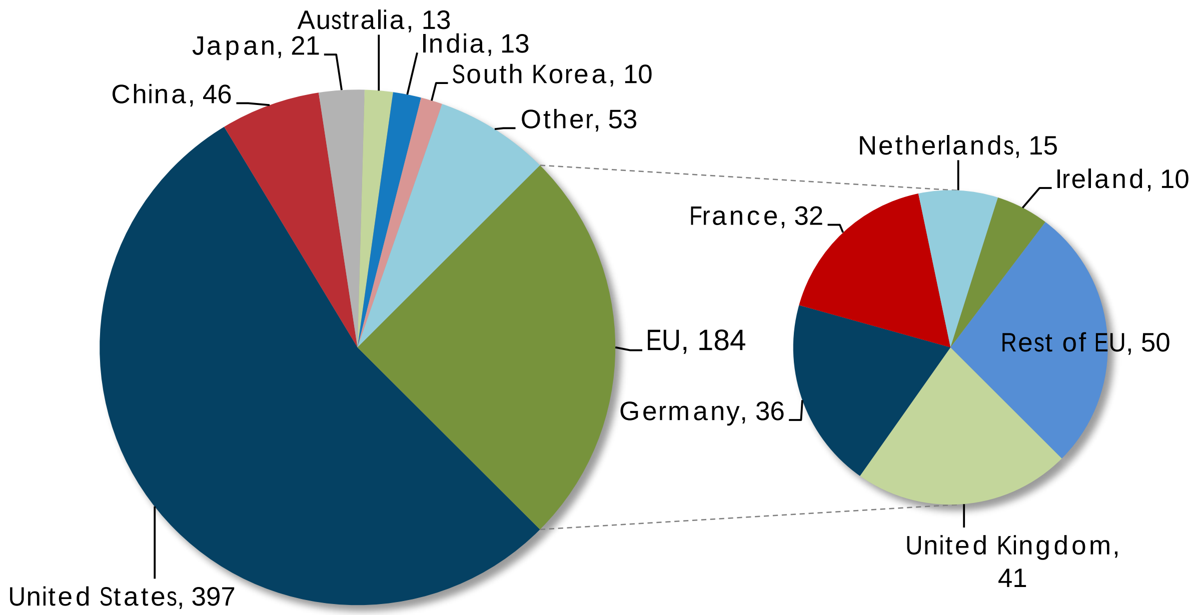
Australia: 13 investments worth a total of $86.49 million in Asset Value and $56.33 million in Enterprise Value.

India: 13 investments worth a total of $42.3 million in Asset Value and $173.6 million in Enterprise Value.

South Korea: 10 investments worth a total of $14.36 million in Asset Value and $45.65 million in Enterprise Value.

Switzerland: 7 investments worth a total $3 million in Asset Value and $43.03 million in Enterprise Value.

Figure 5: Investments by Country or Region of Origin



Sectoral Investment by Top Countries or Regions:

In 2016-17, the top six countries or regions for investment (United States, EU, China, Japan, Australia, and India) accounted for 674 out of 737 total investments, approximately 91 percent. Of the 674 investments, 31 percent were in the business and services sector, 24 percent were in the manufacturing sector, 20 percent were in the other services sector, 16 percent were in the wholesale and retail sector and, 9 percent were in the resources sector.

In terms of each top country or regions' investment by sector (Figure 6), the breakdown was as follows:

United States: 32 percent, or 129 investments, were in the business and services sector. This was followed by 95 investments in the manufacturing sector, 77 investments in the other services sector and 67 investments in wholesale and retail sector. The remaining 29 investments were in the resources sector.

EU: Like the United States, the business and services sector represented the largest area of investment for EU members. 57 out of 184 investments, or 31 percent, were in this sector. This was followed closely by the manufacturing sector with 49 investments. Other services accounted for 33 investments, wholesale and retail sector for 26 investments and 19 investments in the resources sector.

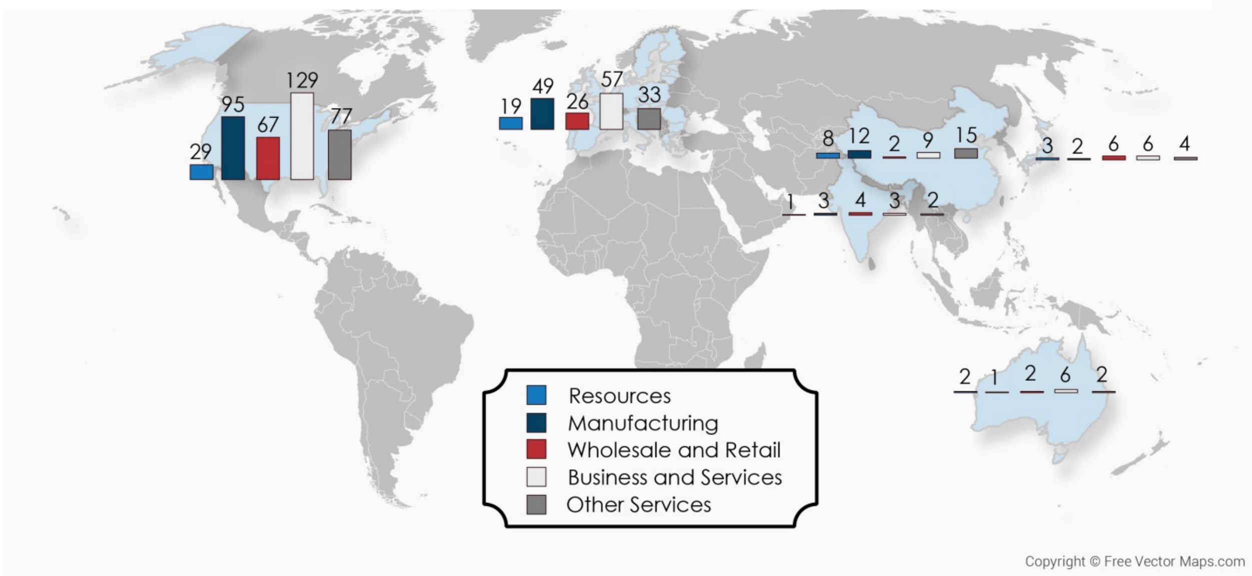
China: Other services sector was the highest ranking sector with 15 investments out of a total of 46 investments. This was followed closely by manufacturing with 12 investments. The business and services sector accounted for nine investments which were followed closely by eight investments in the resources sector. The wholesale and retail sector accounted for only two investments.

Japan: Sectoral investments were more evenly distributed with both the wholesale and retail sector and the business and services sector each accounting for six investments out of 21 total investments. This was followed by four investments in the other services sector, three investments in the resources sector and two in the manufacturing sector.

Australia: Business and other services led the other sectors with six investments out of 13, or nearly 50 percent. The resources sector, the wholesale and retail sector and the other services sector each had two investments. The remaining investment was in the manufacturing sector.

India: Wholesale and retail sector accounted for four out of 13 total investments. This was followed closely by three investments in both the manufacturing sector and the business and other services sector. Two investments were made in the other services sector and one investment was in the resources sector.

Figure 6: Investments by Country or Region of origin and Sector



NATIONAL SECURITY ACTIVITY

In 2015-16, for the first time and in furtherance of its commitment to transparency, the Government proactively provided information on national security reviews as part of the Annual Report. Through the 2017 *Budget Implementation Act, no. 1* and to ensure ongoing accountability to Canadians, the Act was amended to require annual reporting on the administration of the national security provisions of the Act, *Part IV.1 Investments Injurious to National Security*. This is the first report since the reporting requirement was enshrined in law on June 22, 2017. The information herein is published in accordance with confidentiality and privileged information requirements and the need to safeguard national security.

Additional information on the administration of Part IV.1 was published in 2016-17, under the Minister's authority to issue guidelines and interpretation notes (under section 38) with respect to the application and administration of any provision of the Act or its regulations. In December 2016, the Minister issued Guidelines on the National Security Review of Investments.

The Guidelines describe the national security review process; include factors that the Government may consider when assessing whether an investment poses a national security risk; and provide practical guidance to foreign investors and their advisors on national security reviews. In this regard, the Guidelines advise investors, particularly in cases where the factors listed in paragraph 6 of the Guidelines may be present, to contact the Investment Review Division at the earliest stages of the development of their investment projects to discuss their investment and, where applicable, to file a notification or an application for net benefit review at least 45 days prior to planned implementation to ensure clearance of the national security review process before closing.

Information on the National Security Review Process:

In 2016-17, there were 22 applications and 715 notifications filed under the Act. These filings, in addition to other investments, which are not subject to the notification or application requirements in the Act, were subject to review by Canada's national security agencies and the other investigative bodies prescribed in the National Security Review of Investments Regulations for potential national security concerns.

The initial period of review begins when the Minister becomes aware of the investment, which may be pre-filing, and ends 45 days after certification of the application or notification as complete, unless it is extended. During the initial period of review and throughout the review process, the security agencies and the other relevant prescribed investigative bodies assess information and intelligence related to the Canadian asset being acquired or business being established, and the foreign investor, and may consult with Canada's allies in order to determine whether the investment could cause injury to national security. The Minister may also require the investor or the Canadian business or entity to provide any information considered necessary for purposes of the review of the investment.

At any time before the end of the 45 day period following the certification of the filing:

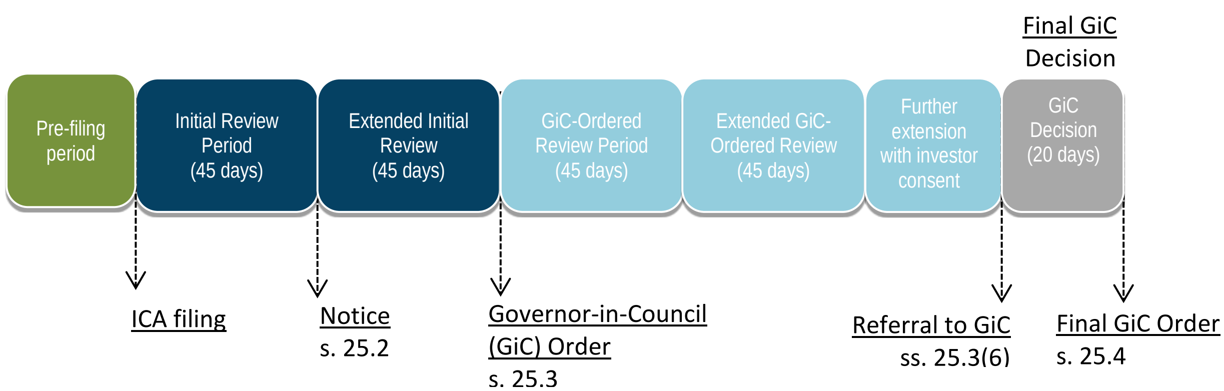
i) The Minister may send the non-Canadian a notice under section 25.2 that an order for review of the investment may be made by the Governor in Council under section 25.3 of the Act. A notice under section 25.2 may be issued if there are reasonable grounds to believe the investment could be injurious to national security. The effect of the notice is to prohibit implementation of the investment if it has not yet been implemented. The notice triggers an additional 45 day period for review, by the end of which either a notice of no further action is issued under paragraph 25.2(4)(a) or an order is issued by the GiC under section 25.3. Or,

ii) The GiC may issue an order under section 25.3. A section 25.3 order may be issued on the recommendation of the Minister, if, after consultation with the Minister of Public Safety, the Minister considers the investment could be injurious to national security. The effect of the order is to prohibit implementation of the investment if it has not yet been implemented. It triggers an up to 90 day (or longer with the investor's consent) period for review, by the end of which either a notice of no further action is issued under paragraph 25.3(6)(b) or an order containing measures to protect national security may be issued by the GiC under section 25.4.

A section 25.3 order is required to have been made by the GiC before the GiC can impose an order on the investment under section 25.4 either to block the investment, order divestiture, impose conditions on the investment, or impose other measures to protect national security. However, a section 25.3 order is not required for the security and intelligence agencies and other prescribed investigative bodies to review the investment. The legal authorities under the

Act to investigate are the same throughout each period of the review process. Whether and when in the process orders are sought and issued by the GiC is driven by the relevant facts surrounding the particular investment and in consideration of the recommendation of the security and intelligence agencies and other prescribed investigative bodies to the Minister of Public Safety, and then the Minister, based on their review and threat assessment. This includes consideration of the application of other domestic legal frameworks which protect against threats to national security and apply to both Canadian and non-Canadian controlled businesses. If each stage of the ICA national security review process is engaged, a national security review of an investment can last over 200 days.

Investment Canada Act
National Security Review Process



Notes: The initial period of review may begin during the pre-filing period but the statutory clock begins with a certified filing (or implementation, where a filing is not required). Time periods are prescribed in the *National Security Review of Investments Regulations* and reflect maximums.

Statistical Information on National Security Reviews in 2016-17:

In 2016-17, of the 22 applications and 715 notifications, and other investments that that were subject to review by Canada's national security agencies for potential national security concerns, there were four notices issued under section 25.2 to prevent implementation of non-implemented investments and to extend the period of review by up to 45 days. Two notices were subsequently issued under subsection 25.2(4)(a) advising that no order would be made under section 25.3.

There were five national security reviews conducted under section 25.3. Four of those were the result of GiC Orders. One was pursuant to the November 9, 2016 Federal Court order which set aside a July 9, 2015 GiC order for divestiture and remit the matter back to the Minister for a new review under section 25.3.

A final section 25.4 order was issued in all five cases in which reviews were conducted under section 25.3. In three cases, the non-Canadian was ordered to divest itself of control of the Canadian business. In two cases, the investment was authorized with the imposition of conditions that mitigated the identified national security risks to a degree that allowed the investment to proceed. See Table 1 for data on section 25.2 notices and section 25.3 and section 25.4 orders for 2016-17. Table 2 provides the 2016-17 data in historical context.

Several national security factors, as identified in the Guidelines on the National Security Review of Investments, gave rise to the sections 25.3 and 25.4 orders issued since 2012, including: the potential for injury to Canada's defence capabilities; the potential for transfer of sensitive dual-use technology or know-how outside of Canada; the potential impact of the investment on the supply of critical goods and services to Canadians; the potential to enable foreign surveillance or espionage; the potential for injury to Canada's international interests; and the potential of the investment to involve or facilitate organized crime. The most common among these were: the potential for transfer of sensitive dual-use technology or know-how outside of Canada; the potential to negatively impact the supply of critical services to Canadians or the Government; and the potential to enable foreign surveillance or espionage.

Table 1: Notices and orders issued under Part IV.1, Fiscal Year (FY) 2016-17

s.25.2 Notice of potential s.25.3 order for review	para.25.2(4)(a) Notice of no further action	s.25.3 Order for review	s.25.4 Final order**	Content of final order
4	2	5*	5	3 divestitures 2 conditions imposed

The fiscal year runs April 1, 2016 to March 31, 2017.
*One review was pursuant to a Federal Court Order.
**The s.25.4 final order may have been issued in the following fiscal year, but is further to the s.25.3 Order for review issued in FY2016-17.

Table 2: Fiscal Year (FY) 2016-17 orders in historical context

	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17
s.25.3 order for review	2	1	4	1	5*
s.25.4 final order**	1 blocked	1 blocked	1 divestiture 1 blocked 2 conditions imposed	1 divestiture	3 divestitures 2 conditions imposed
Withdrawal following s.25.3 order for review**	1				

The fiscal year is the 12 month period from April 1 in one calendar year to March 31 the next calendar year.
*One review was pursuant to a Federal Court Order.
**The s.25.4 final order/withdrawal may have been in another fiscal year, but is further to the s.25.3 Order for review made in the identified fiscal year.

APPENDIX

INTERPRETIVE NOTES

- All references to the 2016–17 fiscal year in data, tables, charts and explanations mean from April 1, 2016, to March 31, 2017.
- Acquisitions are recorded by the Asset Value or the Enterprise Value of the Canadian business to be acquired, based on its most recent audited financial statements, not by the purchase price. The value of a new business proposal is recorded on the basis of the planned amount of investment over the first two years.
- The actual number and value of acquisitions and new business starts by international investors may not be wholly reflected for the following reasons:
    - From time to time, two or more investors may submit applications for review to acquire the same Canadian business. In such cases, each proposal is recorded as a separate transaction.
    - In June 1999, responsibility under the Act for investments related to cultural activities listed in Schedule IV of the *Investment Canada Regulations* was transferred to Canadian Heritage. Accordingly, our statistics since that time do not include foreign investments in Canadian businesses engaged strictly in activities listed in Schedule IV.
    - Most notifications and applications are submitted to Innovation, Science and Economic Development Canada at the proposal stage and processed promptly under the terms of the Act. However, for commercial or other reasons, the investor may subsequently choose not to implement the investment or to implement it at a later time.

DATA COMPARISON WITH OTHER STATISTICAL SOURCES

The principal purpose of the Act is the regulation of investment activity by foreign investors. Innovation, Science and Economic Development Canada data on the value of foreign investments for a given period therefore reflect operations under the Act. Only data on new business proposals and acquisitions of control by foreign investors are collected. The value of "planned investment" is tabulated from new business notifications and the book value of "assets acquired" from transactions requiring notification or review. Aggregated figures are published quarterly.

Innovation, Science and Economic Development Canada data cannot be compared with either the foreign direct investment flows or stock figures published by Statistics Canada because the data represent a portion of the value of foreign investment in Canada. For example, the value of major plant expansions by established foreign investors in Canada is not captured.

ENDNOTES

[i] Effective June 22, 2017, the review threshold for private-sector WTO investors is $1 billion in Enterprise Value. This threshold will be adjusted annually to reflect the change in the nominal gross domestic product starting on January 1, 2019. The review threshold for state-owned enterprise WTO investors is adjusted annually to reflect the change in nominal gross domestic product in the previous year. The threshold for non-WTO investors is $5 million for direct and $50 million for indirect acquisitions (Asset Value). Indirect investments by WTO investors are not subject to review, but the investor must file a notification. An indirect acquisition is an acquisition of a foreign company that has Canadian subsidiaries. Also, in cases where a foreign investor starts a new business, the investor must file a notification.

[ii] https://www.ic.gc.ca/eic/site/ica-lic.nsf/eng/lk00064.html#p2

[iii] http://laws-lois.justice.gc.ca/eng/acts/I-21.8/page-6.html#h-10

[iv] https://www.ic.gc.ca/eic/site/ica-lic.nsf/eng/lk81190.html

[v] Information provided by investors is confidential and made public only under certain circumstances. Consequently, this report does not provide information on individual investments. To protect investor identity, data on fewer than four investments are not reported if doing so could jeopardize confidential information. Note that the Asset Value and Enterprise Value of Canadian businesses acquired or newly established is in nominal dollar terms and is not adjusted for Asset Value changes over time.

[vi] Acquisitions are recorded by the Asset Value or Enterprise Value of the Canadian business to be acquired, based on its most recent audited financial statements.

[vii] The five sectors are based on North American Industry Classification System codes, with each sector composed of subsectors. The business sector mainly includes service-providing businesses, such as computer services, engineering services, employment agencies and advertising agencies. The manufacturing sector includes businesses that produce or manufacture different types of goods, such as machinery, equipment, parts, food, beverages, etc. The resource sector includes agriculture and related services, oil, mining and quarrying industries, crude petroleum and natural gas industries, etc. Wholesale trade includes the sale of different types of equipment, machinery, supplies and chemicals. Retail trade includes clothing, prescription drugs, automobiles and other consumer goods. The other services sector includes businesses in the finance and insurance industries, real estate operators, insurance agent industries, communications, and transportation and storage.