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ANNUAL REPORT

Foreign Investment Review Act

THE HONOURABLE DON JAMIESON
Minister responsible for the administration of the Act



Foreign Investment
Review Agency

Agence d'examen de
l'investissement étranger

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The Honourable Don Jamieson
Minister of Industry,
Trade and Commerce

The Minister of Industry, Trade and Commerce was designated on April 4, 1974, as the Minister responsible for the administration of the Foreign Investment Review Act.

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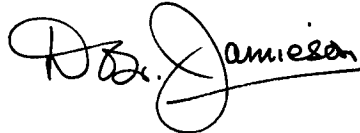
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To His Excellency,
The Right Honourable Jules Léger,
Governor General of Canada

Sir:

I have the honour to present to your Excellency the First Annual Report under the Foreign Investment Review Act for the fiscal year ended March 31, 1975.

Respectfully submitted,

A handwritten signature in black ink that reads "Don Jamieson". The signature is written in a cursive style with a long horizontal stroke at the end.

DON JAMIESON
Minister of Industry, Trade and Commerce

Ottawa, Canada
October 1975

The Honourable Don Jamieson,
Minister of Industry, Trade and Commerce,
Ottawa, Canada

Sir:

I have the honour to submit the First Annual Report under the Foreign Investment Review Act for the fiscal year ended March 31, 1975.

Respectfully submitted,

A handwritten signature in black ink that reads "B. G. Barrow". The signature is written in a cursive style with a long horizontal stroke at the end.

B. G. BARROW
Commissioner

Ottawa, Canada
October 1975

CONTENTS

	Page
Letters of Transmittal	iii
Highlights	1
Chapter	
1. Proclamation of the Act	3
2. The Review Process	5
3. Sources of Initiative for Acquisitions of Control	13
4. Compliance Functions	15
5. Research and Analysis	19
Statistical Tables	21
Appendix	
1. Organization and Principal Officers of the Agency	43
2. Chronological List of Allowed and Disallowed Cases	45

HIGHLIGHTS

Substantial benefits have been achieved for Canada as a result of the first year of federal government screening of foreign investment under the Foreign Investment Review Act. The benefits include some 7,000 new jobs and over \$500 million in new investment. Additional benefits include increased exports, more purchases of Canadian goods and services, improved efficiency and technology, strengthened research and development, and greater variety of goods and services produced in Canada.

Improved efficiency and technology were obtained in 94% of the allowed cases. In 86% of the allowed cases, increased levels of economic activity, such as increased employment, new investment, greater resource processing, more use of Canadian goods and services, and additional exports were undertaken.

The screening process is providing Canadians with greater opportunities to participate in the direction and management of Canadian industry. For example, roughly two-thirds of the assets transferred to foreign owners were already foreign controlled. In the great majority of these cases the new owners undertook to provide a significant net increase in Canadian participation as shareholders, directors, and/or managers. Only one-third of the assets transferred to foreign owners were accounted for by Canadian controlled firms. The acquired Canadian controlled firms were smaller on the whole than foreign controlled vendor companies and were, in many instances, facing immediate and serious problems. Without a change in ownership a sizeable proportion of these businesses would have been in jeopardy, with the prospect of financial losses and loss of jobs for employees. The screening process has resulted in a strengthening of their financial and employment prospects.

It is also interesting that less than 35% of the assets of Canadian controlled companies considered by the Agency were allowed to come under foreign control. Almost no large Canadian controlled companies were acquired by foreign investors. Of the total of 36 Canadian controlled companies allowed to be acquired, only 3 had assets of over \$5 million. By contrast, 93% of the total assets of foreign controlled Canadian companies (in resolved cases) were allowed to be transferred to new foreign owners.

Of the total of 92 resolved cases, including both Canadian controlled and foreign controlled vendor companies, 63 were allowed, 12 were disallowed, and 17 were withdrawn by the applicants. With respect to the 17 withdrawals, it appears that about half occurred because the applicant decided he would not be able to satisfy the test of significant benefit to Canada. Thus, the failure to

proceed of roughly 20 of the proposed acquisitions—12 disallowances plus 8 withdrawals—can be attributed to the requirements of the Foreign Investment Review Act.

In the administration of the Act, the Foreign Investment Review Agency has worked in close cooperation with other federal departments and agencies and with provincial governments.

1

PROCLAMATION OF THE ACT

COVERAGE OF ACT

This report reviews operations under the Foreign Investment Review Act from April 9, 1974,* to March 31, 1975. The Act provides for a governmental review of certain forms of foreign investment in Canada, namely

- (1) certain acquisitions of control of Canadian business enterprises,
- (2) investments to establish new businesses in Canada by persons who do not already have an existing business in Canada, and
- (3) diversifications of existing foreign controlled firms into unrelated businesses.

The investor is required to show that the transaction will be of significant benefit to Canada as a condition of allowance.

IMPLEMENTATION

The Act is being implemented in two phases. The provisions on takeovers of Canadian businesses with gross assets of \$250,000 or more or gross revenues of \$3 million or more have been in effect since April 9, 1974. The second phase, relating to reviewable investments to establish new businesses, was not yet in force at the end of the 1974/75 fiscal year.**

The Minister of Industry, Trade and Commerce was designated on April 4, 1974, as the Minister responsible for the administration of the Act.

To advise and assist the Minister in the administration of the Act, the Foreign Investment Review Agency was established and Mr. Richard Murray was appointed Commissioner. He served in that capacity throughout the 1974/75 fiscal year. Details of the organization of the Agency are shown in Appendix 1.

REGULATIONS AND GUIDELINES

Regulations concerning foreign takeovers of Canadian businesses were tabled in Parliament on March 7, 1974. They deal with the definition of "non-eligible person", the manner of calculating the gross assets and gross revenues

*The first phase of the Act was proclaimed into force on April 9, 1974.

**The second phase of the Act was proclaimed on July 18, 1975, to come into force on October 15, 1975.

of the business enterprise being acquired, and information required from the applicant. At the end of the fiscal year, changes in the Regulations were being prepared that would expedite the processing of applications, particularly where the intended acquisition was relatively small.*

Guidelines Concerning Real Estate Businesses were issued on March 22, 1974.**

On April 9, 1974, the Minister issued Terms and Conditions for the Venture Capital Exemption. These prescribe the length of the divestment period and the other conditions for satisfying the exemption that the Act provides for venture capital investments.

Guidelines on corporate reorganizations were prepared during the year to clarify which transactions are reviewable and which are not.***

*The amended Foreign Investment Review (Acquisition) Regulations were tabled in Parliament on April 10, 1975. The major advantage of these new Regulations is a provision permitting applicants to file a much abbreviated form of notice in cases where the Canadian business enterprise being acquired has less than \$2 million in gross assets and fewer than 100 employees. On July 18, 1975, the Minister issued the Foreign Investment Review (New Business) Regulations, for purposes of the second phase of the Act.

**On May 6, 1975, the Hon. Alastair Gillespie, then Minister of Industry, Trade and Commerce advised the House of Commons Standing Committee on Finance, Trade and Economic Affairs that the government was studying the application of the Act to real estate transactions. He indicated that, in the meantime, transactions involving rental real estate were being assessed in the context of the government's objective of encouraging the availability of rental accommodation at reasonable cost and that, since most acquisitions of rental real estate were likely to be compatible with that objective, they would generally be regarded as offering significant benefit to Canada and thus allowed.

***The Guidelines Concerning Corporate Reorganizations were issued on April 10, 1975.

2

THE REVIEW PROCESS

INFORMATION CONCERNING DECISIONS

The Governor in Council makes the decision whether or not an investment proposal offers significant benefit to Canada in the light of an analysis and recommendation from the Minister. The Minister is advised by the Foreign Investment Review Agency. A list of applicants and vendor companies involved in all cases that were either allowed or disallowed in fiscal 1974/75 is provided in Appendix 2.

Decisions on cases reviewed are published in the Canada Gazette. In addition, the Minister issues from time to time press releases reporting the government's decisions and, with respect to cases allowed, indicating wherever possible the principal reasons for the decision. It is often not possible, however, to reveal fully the reasons for a decision to allow, since frequently the information, intentions, and undertakings supplied by an applicant are of a highly confidential nature and their premature disclosure could jeopardize the future of the businesses concerned. The need to protect confidentiality of information between two private contracting parties was recognized by Parliament. Section 14 of the Act explicitly states that "all information with respect to a person, business or proposed business obtained by the Minister or an officer or employee of Her Majesty in the course of the administration of this Act is privileged and no person shall knowingly, except as provided in this Act, communicate or allow to be communicated to any person not legally entitled thereto any such information . . .".

Similarly, with respect to disallowances, the specific reasons for the government's decision are ordinarily not published, as such disclosure could be damaging to the interests of the parties concerned.

THE REVIEW PROCEDURE

Applications from non-eligible persons to acquire control of Canadian businesses are first examined to ensure that they contain the required information. They are also considered with a view to determining whether the transaction is, in fact, reviewable under the Act. If the application is reviewable and complete, the applicant is sent a certificate of receipt. If it is not complete, a request for the complete data is forwarded as quickly as possible. If an application is not reviewable, it is promptly returned to the applicant with the view of the Agency to that effect.

As soon as an application is received from an investor, views are sought from departments and agencies of the federal government that have particular information and expertise relevant to the proposed transaction. The file is sent to the government of any province that would be significantly affected by the transaction. Views of provincial authorities are an important factor in the formulation of decisions.

Applicants' demonstrations of significant benefit to Canada have included specific, enforceable performance undertakings. If, on the basis of the information that has been submitted, the Minister is unable to complete his assessment or considers that significant benefit has not been shown, and provided the 60-day period has not elapsed, a notice is issued advising the applicant of his right to make further representations. If the applicant wishes to avail himself of this right to make further representations, he must inform the Agency within 30 days after the notice was sent. No reviewable transaction can be disallowed before the applicant has been given an opportunity to make further representations.

NUMBER OF APPLICATIONS

A total of 230 applications were received by the Agency during the fiscal year (see Table 1). Of these, 55 were returned as non-reviewable, the great majority being "internal" corporate reorganizations in which there was no real change in control. Many of the other non-reviewable cases involved real estate, where the property being acquired was not considered to constitute a "Canadian business enterprise" within the meaning of the Act.

Of the 150 reviewable cases, 92 had been resolved and 58 were still under assessment at the end of the fiscal year. Of the 92 resolved, 63 were allowed, 12 were disallowed, and 17 were withdrawn by the applicant prior to a decision having been reached. The 63 allowed transactions included 3 that were deemed to have been allowed under section 13.

With respect to the 17 withdrawals, it appears that about half occurred because the applicant decided he would not be able to satisfy the test of significant benefit to Canada. Thus, the failure to proceed of roughly 20 of the proposed acquisitions—12 disallowances plus 8 withdrawals—can be attributed to the requirements of the Act.

SIZE AND OTHER CHARACTERISTICS

Vendor companies were predominantly small companies (see Table 2). In 60% of the reviewable cases, the assets of the vendor companies were less than \$2 million. At the other end of the scale, in only 13% were assets above \$15 million. The latter group of cases, however, accounted for over two-thirds of all the assets of all the vendor companies in reviewable cases.

Ninety-seven of the 150 vendor companies were Canadian controlled, while 53 companies were foreign controlled. The predominance of small companies was particularly noticeable among Canadian controlled vendor companies.

Among the 53 cases involving foreign controlled companies, there were 9 in which the proposed transfer of control of the Canadian companies arose out of transactions involving the acquisition or merger of the foreign parents of the Canadian companies. None of the cases considered in the 1974/75 fiscal year

involved the purchase by foreign governments or their agencies of foreign-based companies with subsidiaries in Canada.

PRIVATE AND PUBLIC COMPANIES

As might be expected in view of the predominance of small vendor companies, a large majority of the vendor companies were private corporations (see Table 4). Of 150 cases, 122 involved proposals to acquire private companies and 28 involved public companies. Average assets of the public companies were about \$15 million, and of the private companies, somewhat below \$5 million.

(A) PATTERNS OF APPLICANT INTEREST

COUNTRY ORIGINS OF APPLICATIONS

Of the 150 reviewable applications, 94 were from the United States, 23 were from the United Kingdom, 23 were from other European countries, and 10 were from all other countries (see Table 5).

INDUSTRIAL DISTRIBUTION

In the 150 reviewable cases, 22 of the vendor companies were in primary industries, 65 companies were in manufacturing, and 63 companies were in other industries (service industries and construction). Details are shown in Table 6.

Average assets of vendor companies amounted to about \$6 million in manufacturing, about \$5 million in primary industries, and between \$5 million and \$6 million in wholesale and retail trade. The average was considerably higher in finance, insurance, and real estate (over \$10 million) and considerably lower in transportation, communication, and other utilities (only \$1.4 million) and in construction.

The largest number of the vendor companies in manufacturing were in transportation equipment, non-metallic mineral products, food and beverages, and chemicals. Details are shown in Tables 7 and 8.

REGIONAL DISTRIBUTION

Table 9 provides data on the provinces of principal location of the vendor companies. In many cases the vendor company had operations in more than one province. Only the province which had the largest part of the vendor company's business activity is included for statistical purposes in the table.

Of the 150 reviewable applications, Ontario was the principal location of 59 vendor companies and Quebec was the principal location for 39. Alberta accounted for 23 vendor companies, and British Columbia for 17.

Table 10 shows details on the regional interests of applicants by apparent country of control.

(B) PATTERNS OF OUTCOME OF CASES

Figures on allowances, disallowances, and withdrawals are presented in Tables 11 and 12.

It was noted earlier that, of the total of 92 resolved cases, 63 were allowed, 12 were disallowed, and 17 were withdrawn. In the 58 resolved cases involving Canadian controlled vendor companies, 36 were allowed. In the 34 resolved cases involving foreign controlled vendor companies, 27 were allowed.

Canadian controlled companies allowed to be acquired were generally much smaller than Canadian controlled companies not allowed to be acquired. In many instances, the smaller Canadian firms were facing immediate and serious problems. Without a change of ownership, a sizeable proportion of these businesses would have been in jeopardy, often resulting in serious financial losses for the Canadian owners and loss of jobs for their employees. The options available to small Canadian controlled firms in this sort of situation were usually very limited. Meanwhile, almost no large Canadian controlled companies were acquired by foreigners. In fact, less than 35% of the total assets of Canadian controlled companies in resolved cases were allowed to come under foreign control. Of the 36 Canadian controlled companies allowed to be acquired, only 3 had assets of over \$5 million.

By contrast, where the vendor companies were foreign controlled, average assets were much larger for allowed cases than for disallowed. Foreign controlled companies that were allowed to pass into the hands of new owners represented almost 93% of the assets of all foreign controlled vendor companies in resolved cases. In these allowed cases there was an important increase in Canadian participation as shareholders, directors, and/or managers. Generally, an applicant can offer a significant increase in "Canadian participation" when the vendor company is foreign controlled. In addition, it is often easier to arrange increased Canadian shareholder participation when a foreign controlled vendor company is large than when it is small.

The Act does not contemplate discrimination among applicants on the basis of the country of apparent control. The administration of the Act has been consistent with this policy objective, as tends to be borne out by the figures. In resolved cases, approximately 70% were allowed for each of the major applicant areas of origin—the United States, Britain, and other Europe.

(C) ANALYSIS OF BENEFITS TO CANADA

Subsection 2(2) of the Act sets out the factors to be taken into account by the government in determining whether a proposed takeover of a Canadian business enterprise is likely to be of significant benefit to Canada. These factors may be summarized as follows:

- (a) the effect on the level and nature of economic activity in Canada including employment, resource processing, purchasing of Canadian goods and services, exports, and so on;
- (b) the effect on the degree and significance of participation by Canadians as shareholders, directors, and managers;

- (c) the effect on industrial efficiency, technology development, and product innovation and variety;
- (d) the effect on competition; and
- (e) compatibility with the industrial and economic policy objectives of the federal government and of any provincial government likely to be significantly affected by the proposed acquisition.

Details on the frequency with which various types of benefit to Canada have been obtained are presented in Tables 13 and 14.

The assessment of benefits is in every case made not only by reference to the situation of the vendor company as it is at the time the assessment is being made, but also by reference to how the vendor company might be expected to develop in the absence of a takeover. For example, if it appears that employment will increase at the vendor company even if the proposed acquisition of control is not allowed, the applicant cannot show benefit in terms of number of employees unless he can show that his plans will bring about a further increase in employment beyond that which would otherwise occur. The other assessment criteria too are applied by reference to a dynamic rather than static view of the situation.

Some of the criteria lend themselves to application, and have been applied, in a variety of ways. For example, "effect on employment" can pertain not only to number of jobs, but also to quality and terms of employment. Benefits have been obtained regarding quality of employment, job security, and pension or other employee benefits, as well as simply in terms of the overall number of employees.

The criterion which refers to "the degree and significance of participation by Canadians" is somewhat different from the other assessment criteria, which describe direct "economic" objectives, such as increases in employment, exports, resource processing, and productivity. Increased Canadian participation as shareholders, directors, and managers has many social, as well as economic, implications for the future of Canadians and of businesses in this country. The participation and influence of Canadians is often more important in key management positions or directorships than as shareholders. An especially important consideration, therefore, in assessing a proposed takeover is the degree of autonomy and authority that the proposed new owners would extend to their Canadian managers.

The Canadian participation criterion relates to the industry of which the vendor business is a part, as well as to the vendor business itself. While the achievement or maintenance of significant Canadian participation is always important, it is particularly important in an industry which already has a high degree of foreign control or which has a special significance or sensitivity with respect to Canada's federal and provincial objectives.

The importance attached to increased Canadian participation in industries that now have a high degree of foreign control may have a seemingly paradoxical result. The rate of allowances of proposed takeovers in such industries may be considerably higher than in many other industries because the vendor companies are more likely to be already foreign controlled. The rate of allowances for proposed takeovers has been much higher where the vendor companies were already foreign controlled than where they were Canadian controlled. When foreign controlled businesses are allowed to be sold to other foreign owners, it is

often possible to obtain undertakings for greater shareholder participation by Canadians and a substantially greater role for qualified Canadians in the management and direction of the businesses concerned.

BENEFITS OBTAINED

In 94% of allowed cases, benefits to Canada were obtained in terms of productivity, industrial efficiency, technological development, product innovation, or product variety.

Another group of criteria under which benefits were frequently obtained relates to the effect on the level and nature of economic activity. About 86% of allowed cases offered benefits in this category, with increased employment showing about 68%, new investment 59%, and increased resource processing or use of Canadian goods and services about 41%. In manufacturing, undertakings were obtained in 60% of the cases to increase exports.

Increased employment too was offered frequently in the manufacturing industries—in over 70% of allowed cases. As might be expected, benefits in terms of improved product variety or innovation were obtained more frequently in the manufacturing industry cases—in roughly 60% of such cases—than in other major industry groups.

In the primary industries, the most frequently offered types of benefit were new investment, increased resource processing, greater use of Canadian supplies, and improved productivity and efficiency. Each of these types of benefit was provided in about two-thirds of allowed cases.

One illustration of how, in an actual case, the review and negotiating process has significantly altered an original proposal, especially with respect to Canadian participation, might be cited. In that case, an application was received to acquire a manufacturing company wholly owned by foreign interests. In the initial proposal there was no suggestion of increased Canadian participation. The applicant indicated only that he planned to maintain the existing character of the business. Following negotiations, the applicant undertook to bring about significant Canadian participation in the business through a majority of directors being Canadian citizens and through qualified Canadians being hired to fill management vacancies; to issue immediately 20% of the voting shares in the business to Canadians; and within seven years to issue an additional 35% of the voting shares to the Canadian public. Other important benefits were also obtained in this case. It should be noted that no two cases are identical, and consequently the benefits obtainable will vary from case to case.

Not all types of benefit under the various assessment criteria can be quantified. Two types of benefit which lend themselves to quantification are employment and new capital investment. The benefits to Canada offered in the 63 cases that were allowed in fiscal 1974/75 included totals of almost 7,000 jobs and over \$500 million in new capital investment.

(D) REASONS FOR DISALLOWANCE

There were 12 disallowed cases, of which 2 involved foreign controlled vendor companies and 10 involved Canadian controlled vendor companies. In the 10 disallowed cases involving Canadian controlled vendor companies, the

primary reason for disallowance was most frequently a reduction in Canadian ownership without any or sufficient offsetting benefit. The prospect of a major reduction in competition was the primary reason for disallowance in other cases.

In one of the cases involving a foreign controlled vendor company, the applicant's plans for the vendor company did not seem much different from the course of development that the company could be expected to achieve under its existing ownership and management. Thus, the applicant could not be seen as offering anything that could possibly be regarded as being of significant benefit to Canada. In the other case, there was a distinct prospect of a major lessening of competition.

In addition, in approximately half the 17 applications withdrawn, the applicants appear to have felt that they could not meet the test of significant benefit to Canada.

(E) AVERAGE REVIEW TIME

For the 75 cases that were either allowed or disallowed during fiscal 1974/75, the average elapsed time between receipt in the Agency of complete notices and decisions by the Governor in Council was approximately 100 days. Considerable effort has been expended to shorten the time, but it would appear from an analysis of the causes of delay that certain factors are beyond the control of the Agency. It is expected that, as those in the private sector who are concerned with the screening process become more familiar with the process, many of the delays experienced can be shortened. Principal causes of delay included:

- (1) delays on the part of some applicants in bringing forward sufficient information to allow for a proper assessment of the benefits to Canada;
- (2) delays attributable to mistaken initial assumptions on the part of some applicants that there is no need to demonstrate significant benefit to Canada in specific terms;
- (3) delays caused in a number of cases by the need for applicant companies to refer back to their parent organizations (sometimes to the Board of Directors or Executive Committees) for approval of undertakings they proposed to give; and
- (4) delays attributable to changed conditions—in borrowing rates of interest, the availability of funds, market conditions, etc.—causing the applicant to delay in completing his submission pending clarification or another change in conditions.

Under the terms of the Act, it is virtually impossible, within the 60-day period, to make a decision to disallow. Where the Minister is unable to complete his assessment through lack of information, or considers that he is unable on the facts as shown to make a recommendation to allow, he is bound to give the applicant the opportunity to make further representations before the case can go forward for a decision. If the applicant then indicates his intention to make further representations, the Act imposes no limit on the period within which he may do so.

3

SOURCES OF INITIATIVE FOR ACQUISITIONS OF CONTROL

Some acquisition proposals develop primarily out of initiatives on the part of owners of Canadian business enterprises to sell their businesses. Others stem primarily out of initiatives on the part of investors. While nearly all such transactions involve both a willing buyer and a willing seller, it is frequently important for purposes of administration of the Act to ascertain which of the parties took the initiative and for what reasons. Table 15 provides data, based on available evidence, concerning the sources of initiative for cases reviewed. Of the 75 acquisition proposals either allowed or disallowed, roughly two-thirds stemmed primarily from initiatives on the part of the owners of the Canadian businesses and just under one-third from the prospective buyers.

VENDOR INITIATIVES

Where the initiative came primarily from the vendor company, the principal reason most often given (see Table 16) was "business in a loss position", which accounted for 21 of the 51 cases. Next in order of frequency was "inability to raise capital for expansion", accounting for 10 cases. Thus, financial difficulties of the vendor company accounted for 31 of the 51 cases.

Personal reasons of the owner, such as "desire of owner to retire" or "ill health" accounted for 11 cases. The final two reasons, "desire of parent of vendor company to raise capital" and "desire of parent to dispose of this area of business" might be grouped as "desire of parent of vendor company to dispose of vendor company", which accounted for 9 cases.

APPLICANT INITIATIVES

Where the initiative originated primarily with applicants (see Table 17), "vertical integration" was the primary reason in 5 cases, "horizontal integration" in 3 cases, and "diversification into new areas" in 3 cases. These various reasons, accounting for 11 of the 24 cases, might be thought of as "expansion-in-Canada" objectives.

Other primary reasons were "increase in degree of ownership" (in 5 cases) "indirect takeover through acquisition of foreign parent" (in 4 cases), "corporate reorganization" (in 2 cases), and "division of assets among former partners" (in 2 cases). These considerations did not necessarily have any objective of expansion in Canada. This group accounted for 13 of the 24 cases in which the initiative for the acquisition stemmed primarily from the applicant.

It is the first of the above two groups of reasons ("expansion-in-Canada" objectives) which is the group that constitutes what is most commonly thought of as typical of "acquisition activity"—the activity of an acquisition-minded investor who wishes to buy a company through which to expand into a particular geographic or industrial area. As it turns out, this kind of activity was quite untypical of cases that came up during the first year of operation of the Foreign Investment Review Agency. The "expansion-in-Canada" applications accounted for only 11 of the 75 cases that were either allowed or disallowed.

4

COMPLIANCE FUNCTIONS

The Compliance Branch has responsibilities for the legal, surveillance, investigative, enforcement, and general administrative functions of the Agency.

OPINIONS

There are two types of opinions. The first type consists of opinions the Minister issues under subsection 4(1) of the Act, as to whether a person is or is not a non-eligible person and as to whether a business is or is not related to a non-eligible person's existing business in Canada. These opinions are binding on the Minister for a two-year period from the time the written request for an opinion is submitted, so long as the facts of principal relevance do not change substantially.

The second type consists of Agency views as to whether a particular transaction is or is not reviewable under the Act. Such views are not binding on the Minister.

In the course of assisting the Minister in the formulation of opinions under subsection 4(1) and in preparing Agency opinions, the Compliance Branch endeavours to provide the fullest possible assistance to those seeking guidance. Applicants are encouraged to discuss the circumstances of their particular case with the Agency before submitting a formal request for an opinion. The Agency has carried out a large number of formal and informal consultations with investors and their legal counsel and welcomes such consultations.

MINISTERIAL OPINIONS

During the fiscal year, opinions under subsection 4(1) of the Act dealt only with the question of the "eligible" or "non-eligible" status of particular applicants. Thirty-six applications for "eligibility" opinions were received, of which 8 obtained a favourable ruling by the Minister, 10 were withdrawn, and 18 applications were in process as of March 31, 1975.* Where it became apparent that the applicant was unlikely to receive an opinion that he was an "eligible" person, the application was generally withdrawn.

*As of September 1, 1975, a total of 19 favourable opinions had been issued by the Minister.

AGENCY OPINIONS

The Branch also provided Agency opinions as to reviewability on a large number of applications for acquisition of control of a Canadian business enterprise. Of a total of 230 notices of acquisition received by the Agency during the fiscal year, 55 were returned to the applicant as non-reviewable, the great majority of these being corporate re-organizations in which no change was involved in ultimate control. In addition, a large number of opinions were given with respect to reviewability of other prospective transactions. These opinions covered questions such as whether or not the enterprise to be purchased was a business, whether gross assets and gross revenues were calculated correctly and whether the threshold exemptions applied, whether acquisition of control had in fact taken place, whether a portion of a business to be acquired was capable of being carried on as a separate business, whether assets being acquired comprised all or substantially all of the property used in carrying on a business in Canada, and whether a right existed prior to the Act coming into force which would exempt the transaction from review.

SURVEILLANCE AND ENFORCEMENT

Under subsection 8(3) of the Act, the Minister is authorized to issue a demand requiring a non-eligible person who has effected a reviewable takeover without filing a notice, to file the appropriate notice. During the Agency's first year of operation, a random sample of some 1,300 reports of acquisitions of Canadian business enterprises were investigated by the Compliance Branch. Where reasonable and probable grounds were found for believing that a reviewable transaction had taken place, these transactions were discussed with the corporations involved. As a result, 7 notices of acquisition were subsequently filed with the Agency. It would appear from the small number of reviewable transactions found in this relatively large sampling, that corporations and legal counsel are generally well informed of the provisions of the Act.

The Compliance function also includes the monitoring and follow-up of undertakings given to the government by applicants in connection with takeovers which have been allowed by the Governor in Council. Because most undertakings need at least a year before implementation is sufficiently advanced to allow meaningful monitoring and follow-up, the Agency did not commence this monitoring process until early in its second fiscal year. For each allowed case, the monitoring of undertakings will start on the first anniversary of the date of allowance and will continue from year to year as required. Procedures for effective monitoring were put in place during fiscal 1974/75.

ADMINISTRATION

During fiscal 1974/75 the primary administrative concern was the "setting up" of the Agency. Arrangements were made for staffing, training of personnel, and provision of office accommodation. Security procedures were implemented, and Conflict of Interest Guidelines were prepared. Every effort was made to avoid duplication of services which could be provided effectively from existing government departments, particularly the Department of Industry, Trade and Commerce.

For fiscal 1974/75, the Agency expended \$1,857,000 and 91 man-years from its allotment of \$2,017,000 and 102 man-years.

BILINGUAL PROGRAM

In September 1974 the Agency submitted its plan to the Treasury Board identifying bilingual positions and designating the dates by which language training for incumbents would be completed in accordance with the government's official language policy for the Public Service stemming from the Official Languages Act 1969. Of the total of 102 man-years allotted to the Agency, 64 positions were identified as bilingual, and the plan was approved by the Treasury Board in October 1974. As of March 31, 1975, the Agency had 32* bilingual employees and was proceeding with its bilingual training program.

*As of September 1, 1975, the Agency had 43 bilingual employees.

5

RESEARCH AND ANALYSIS

The major responsibilities of the Research and Analysis Branch can be summarized under the following four headings; (1) industry and company research, largely in support of the review process, but also in support of guideline drafting and other policy functions; (2) policy research; (3) evaluation of the Agency's operations and of the various external factors that affect trends in foreign investment; and (4) briefing and information services related to the administration of the Act and to the government's policies concerning foreign ownership and control.

INDUSTRY AND COMPANY RESEARCH

Much of the corporate information needed by the assessment officers is contained in the notice forms filed by the applicant. The notices provide information on the applicant company, the Canadian business being acquired, and the applicants's plans for this Canadian business. There is a need, however, for background information which can assist the assessment officers and facilitate the review process and which the Research and Analysis Branch provides. For example, it is desirable for the assessment officers to know the position of the vendor company in relation to the industry in which it operates.

Since the information supplied by the Research and Analysis Branch to the Assessment Branch must be supplied quickly and in the required format, the Research and Analysis Branch is developing a systematic information system on Canadian and foreign companies. The Branch works closely with various departments of the federal government in order to utilize existing services and sources of information.

POLICY RESEARCH

Some of the industrial research and analysis conducted by the Branch is related to the Agency's policy functions. Furthermore, both as an aid to policy formulation and in order to assess the potential affect on Canada, it is necessary to be aware of international developments in the area of foreign investment and capital flows. Accordingly, the Branch monitors international investment and other economic trends, reviews the relevant activities and reports of such international bodies as the OECD, and surveys the foreign investment policies of foreign governments.

Finally, the policy function of the Branch includes liaison and coordination with other government departments. The federal government has for several years been placing increased emphasis on the need for consistency and coherence among its various industrial and other economic policies. Thus, when other evolving economic policies have a bearing on foreign investment policy, or when the evolving foreign investment policy has a bearing on other economic policy, inter-departmental liaison and co-ordination is needed and is, on the part of the Agency, carried on largely by the Research and Analysis Branch.

EVALUATION

The Branch participates in the evaluation of ideas and proposals in the area of foreign investment and in other areas which have a bearing on foreign investment policies. It also assembles, classifies, and analyzes data on applications, allowances and disallowances, patterns by industry and province, factors which affect these patterns, and so on.

BRIEFING AND INFORMATION SERVICES

The carrying out of the various kinds of research and analysis that have been described in relation to companies, industries, policies, Agency operations, and domestic and international economic trends place upon the Research and Analysis Branch a large part of the responsibility for the briefing and information services that need to be performed concerning these subjects. Thus, the Branch prepares briefing and information materials on these various subjects for the Minister and other members of the government and Parliament, for senior officers of the Agency, and for other government officials. Many of these materials are prepared for meetings with foreign parliamentarians, investors, and other non-residents, and similar information is also, of course, provided for the public in Canada.

**STATISTICAL
TABLES**

TABLE 1
ALL APPLICATIONS: OUTCOME OR STATUS
Fiscal 1974/75

	<u>Number</u>
Applications received from April 9, 1974, to March 31, 1975	230
Withdrawn prior to certification	7
Returned as non-reviewable	55
Decision as to reviewability pending at year-end	18
Certified as reviewable	150
Resolved	92
Allowed	63
Disallowed	12
Withdrawn	17
Under assessment at year-end	58

TABLE 2
REVIEWABLE CASES: VENDOR COMPANIES CLASSIFIED BY
ASSET RANGES AND BY WHETHER
CANADIAN CONTROLLED OR FOREIGN CONTROLLED

Fiscal 1974/75

Asset range	All vendor companies		Canadian controlled vendors		Foreign controlled vendors	
	Number of cases	Assets	Number of cases	Assets	Number of cases	Assets
		(\$ mil.)		(\$ mil.)		(\$ mil.)
Less than \$0.5 mil.	24	7.9	21	6.9	3	1.0
\$ 0.5 mil.—\$ 1 mil.	34	25.1	24	17.4	10	7.7
\$ 1.1 mil.—\$ 2 mil.	32	48.9	20	28.6	12	20.3
\$ 2.1 mil.—\$ 3 mil.	12	27.7	7	15.7	5	12.0
\$ 3.1 mil.—\$ 5 mil.	10	38.4	6	23.5	4	14.9
\$ 5.1 mil.—\$10 mil.	13	91.1	7	47.2	6	43.9
\$10.1 mil.—\$15 mil.	6	76.5	2	27.2	4	49.3
\$15.1 mil.—\$25 mil.	9	172.9	4	71.2	5	101.7
Over \$25 mil.	10	482.2	6	312.4	4	169.8
TOTAL	150	970.7	97	550.1	53	420.6

TABLE 4
REVIEWABLE CASES: VENDOR COMPANIES CLASSIFIED BY WHETHER
PRIVATE OR PUBLIC AND BY WHETHER
CANADIAN CONTROLLED OR FOREIGN CONTROLLED

Fiscal 1974/75

Private or public	Number of cases	Assets of vendors	Average assets of vendors	Distribution by number of cases	Distribution by assets of vendors
		(\$000)	(\$000)	(%)	(%)
All vendor companies	150	970,727	6,472	100.0	100.0
Private	122	554,075	4,542	81.3	57.1
Public	28	416,652	14,880	18.7	42.9
Canadian controlled vendors	97	550,093	5,671	100.0	100.0
Private	79	243,955	3,088	81.4	44.3
Public	18	306,138	17,008	18.6	55.6
Foreign controlled vendors	53	420,634	7,936	100.0	100.0
Private	43	310,120	7,212	81.1	73.7
Public	10	110,514	11,051	18.9	26.3

TABLE 5
REVIEWABLE CASES: APPLICANTS CLASSIFIED
BY COUNTRY OF APPARENT CONTROL
AND VENDOR COMPANIES CLASSIFIED BY ASSETS

Fiscal 1974/75

Applicant's country of apparent control	Number of cases	Assets of vendors (\$000)	Distribution by number of cases (%)	Distribution by assets of vendors (%)
United States	94	589,097	62.7	60.7
United Kingdom	23	145,181	15.3	15.0
West Germany	7	83,756	4.7	8.6
France	5	8,255	3.3	0.8
Switzerland	5	75,063	3.3	7.7
Liechtenstein	3	4,245	2.0	0.4
Australia	3	12,891	2.0	1.3
Japan	3	24,543	2.0	2.5
Belgium	2	(c)	1.3	(c)
Bermuda	1	(c)	0.7	(c)
India	1	(c)	0.7	(c)
Panama	1	(c)	0.7	(c)
Sweden	1	(c)	0.7	(c)
Hong Kong	1	(c)	0.7	(c)
TOTAL	150	970,727	100.0	100.0

SUMMARY

United States	94	589,097	62.7	60.7
United Kingdom	23	145,181	15.3	15.0
Other Europe	23	172,570	15.3	17.8
All other countries	10	63,879	6.7	6.6

(c) Where number of cases is less than 3, asset figures are excluded to preserve confidentiality.

TABLE 6
REVIEWABLE CASES: VENDOR COMPANIES CLASSIFIED BY
ASSETS AND BY INDUSTRY SECTOR

Fiscal 1974/75

Industry sector	Number of cases	Assets of vendors	Average assets of vendors	Distribution by number of cases	Distribution by assets of vendors
		(\$000)	(\$000)	(%)	(%)
Mines, mineral fuels, and incidental services	17	96,135	5,655	11.3	9.9
Other primary	5	16,463	3,293	3.3	1.7
Manufacturing	65	406,402	6,252	43.3	41.9
Construction	2	(c)	(c)	1.3	(c)
Transportation, communication and other utilities	8	11,015	1,377	5.3	1.1
Wholesale and retail trade	31	169,581	5,470	20.7	17.5
Finance, insurance, and real estate	16	167,974	10,498	10.7	17.3
Community, business, and personal services	6	(c)	(c)	4.0	(c)
TOTAL	150	970,727	6,472	100.0	100.0
<u>SUMMARY</u>					
Primary	22	112,598	5,118	14.7	11.6
Manufacturing	65	406,402	6,252	43.3	41.9
Other	63	451,727	7,170	42.0	46.5

(c) Asset figures are excluded to preserve confidentiality.

TABLE 7
REVIEWABLE CASES: VENDOR COMPANIES IN MANUFACTURING CLASSIFIED BY
ASSETS AND BY TYPE OF MANUFACTURING
Fiscal 1974/75

Type of manufacturing	Number of cases	Assets of vendors	Average assets of vendors	Distribution by number of cases	Distribution by assets of vendors
		(\$000)	(\$000)	(%)	(%)
Food and beverage	8	21,895	2,737	12.3	5.4
Tobacco products	1	(c)	(c)	1.5	(c)
Rubber and plastic products	2	(c)	(c)	3.1	(c)
Leather	1	(c)	(c)	1.5	(c)
Textiles	2	(c)	(c)	3.1	(c)
Knitting mills	1	(c)	(c)	1.5	(c)
Clothing	—	—	—	—	—
Wood	6	50,680	8,447	9.2	12.5
Furniture and fixture	—	—	—	—	—
Paper and allied	2	(c)	(c)	3.1	(c)
Printing, publishing, and allied	—	—	—	—	—
Primary metal	—	—	—	—	—
Metal fabricating	3	11,320	3,773	4.6	2.8
Machinery	7	34,416	4,916	10.8	8.5
Transportation equipment	9	27,590	3,066	13.8	6.8
Electrical products	4	74,828	18,707	6.2	18.4
Non-metallic mineral products	9	87,894	9,766	13.8	21.6
Petroleum and coal products	—	—	—	—	—
Chemical	8	8,965	1,121	12.3	2.2
Miscellaneous manufacturing	2	(c)	(c)	3.1	(c)
TOTAL	65	406,402	6,252	100.0	100.0

(c) Where number of cases is less than 3, asset figures are excluded to preserve confidentiality.

TABLE 8
REVIEWABLE CASES: VENDOR COMPANIES CLASSIFIED BY
INDUSTRY SECTOR AND APPLICANTS CLASSIFIED BY
COUNTRY OF APPARENT CONTROL

Fiscal 1974/75

Industry sector	"U.S." applicants		"U.K." applicants		"OTHER EUROPE" appl.s		"ALL OTHER" appl.s	
	Number	Distribution of cases	Number	Distribution of cases	Number	Distribution of cases	Number	Distribution of cases
		(%)		(%)		(%)		(%)
Mines, mineral fuels, and incidental services	13	13.8	1	4.3	3	13.0	—	—
Other primary	3	3.2	1	4.3	1	4.3	—	—
Manufacturing	41	43.6	7	30.4	10	43.5	7	70.0
Construction	—	—	2	8.7	—	—	—	—
Transportation, communi- cation and other utilities	6	6.4	2	8.7	—	—	—	—
Wholesale and retail trade	20	21.3	7	30.4	2	8.7	2	20.0
Finance, insurance, and real estate	8	8.5	2	8.7	6	26.1	—	—
Community, business, and personal services	3	3.2	1	4.3	1	4.3	1	10.0
TOTAL	94	100.0	23	100.0	23	100.0	10	100.0
<u>SUMMARY</u>								
Primary	16	17.0	2	8.7	4	17.4	—	—
Manufacturing	41	43.6	7	30.4	10	43.5	7	70.0
Other	37	39.4	14	60.9	9	39.1	3	30.0

TABLE 9
REVIEWABLE CASES: VENDOR COMPANIES CLASSIFIED BY
ASSETS AND BY PROVINCE OF PRINCIPAL LOCATION

Fiscal 1974/75

Region	Number of cases	Assets of vendors (\$000)	Distribution by number of cases (%)	Distribution by assets of vendors (%)
Newfoundland	—	—	—	—
Prince Edward Island	—	—	—	—
Nova Scotia	3	(c)	2.0	(c)
New Brunswick	2	(c)	1.3	(c)
Quebec	39	222,201	26.0	22.9
Ontario	59	430,363	39.3	44.3
Manitoba	5	(c)	3.3	(c)
Saskatchewan	2	(c)	1.3	(c)
Alberta	23	151,129	15.3	15.6
British Columbia	17	72,370	11.3	7.4
The Territories	—	—	—	—
TOTAL	150	970,727	100.0	100.0

SUMMARY

Atlantic provinces	5	26,059	3.3	2.7
Quebec	39	222,201	26.0	22.9
Ontario	59	430,363	39.3	44.3
Western provinces	47	292,104	31.3	30.1

(c) Asset figures are excluded to preserve confidentiality.

TABLE 10
REVIEWABLE CASES: VENDOR COMPANIES CLASSIFIED BY
PROVINCE OF PRINCIPAL LOCATION AND APPLICANTS BY
COUNTRY OF APPARENT CONTROL

Fiscal 1974/75

Region	"U.S." applicants		"U.K." applicants		"OTHER EUROPE" appl.s		"ALL OTHER" appl.s	
	Number	Distribution of cases	Number	Distribution of cases	Number	Distribution of cases	Number	Distribution of cases
		(%)		(%)		(%)		(%)
Newfoundland	—	—	—	—	—	—	—	—
Prince Edward Island	—	—	—	—	—	—	—	—
Nova Scotia	2	2.1	—	—	1	4.3	—	—
New Brunswick	1	1.1	—	—	—	—	1	10.0
Quebec	18	19.1	5	21.7	12	52.2	4	40.0
Ontario	42	44.7	9	39.1	7	30.4	1	10.0
Manitoba	4	4.2	1	4.3	—	—	—	—
Saskatchewan	1	1.1	1	4.3	—	—	—	—
Alberta	18	19.1	2	8.7	3	13.0	—	—
British Columbia	8	8.5	5	21.7	—	—	4	40.0
The Territories	—	—	—	—	—	—	—	—
TOTAL	94	100.0	23	100.0	23	100.0	10	100.0
SUMMARY								
Atlantic provinces	3	3.2	—	—	1	4.3	1	10.0
Quebec	18	19.1	5	21.7	12	52.2	4	40.0
Ontario	42	44.7	9	39.1	7	30.4	1	10.0
Western provinces	31	33.0	9	39.1	3	13.0	4	40.0

TABLE 11
OUTCOME OF RESOLVED CASES: APPLICANTS CLASSIFIED BY
COUNTRY OF APPARENT CONTROL AND VENDOR COMPANIES BY WHETHER
CANADIAN CONTROLLED OR FOREIGN CONTROLLED
Fiscal 1974/75

Applicant's country of apparent control and outcome of case	Canadian controlled vendors		Foreign controlled vendors		All vendor companies	
	No. of cases	Percent	No. of cases	Percent	No. of cases	Percent
United States	29	100.0	26	100.0	55	100.0
Allowed	19	65.5	20	76.9	39	70.9
Disallowed	5	17.2	2	7.7	7	12.7
Withdrawn	5	17.2	4	15.4	9	16.4
United Kingdom	14	100.0	4	100.0	18	100.0
Allowed	9	64.3	4	100.0	13	72.2
Disallowed	2	14.3	—	—	2	11.1
Withdrawn	3	21.4	—	—	3	16.7
Other Europe	10	100.0	4	100.0	14	100.0
Allowed	7	70.0	3	75.0	10	71.4
Disallowed	2	20.0	—	—	2	14.3
Withdrawn	1	10.0	1	25.0	2	14.3
All other countries	5	100.0	—	—	5	100.0
Allowed	1	20.0	—	—	1	20.0
Disallowed	1	20.0	—	—	1	20.0
Withdrawn	3	60.0	—	—	3	60.0
All countries	58	100.0	34	100.0	92	100.0
Allowed	36	62.1	27	79.4	63	68.5
Disallowed	10	17.2	2	5.9	12	13.0
Withdrawn	12	20.7	5	14.7	17	18.5

TABLE 12
OUTCOME OF RESOLVED CASES: VENDOR COMPANIES CLASSIFIED BY
INDUSTRY SECTOR AND BY WHETHER
CANADIAN CONTROLLED OR FOREIGN CONTROLLED

Fiscal 1974/75

Industry sector	Canadian controlled vendors		Foreign controlled vendors		All vendor companies	
	No. of cases	Percent	No. of cases	Percent	No. of cases	Percent
Mines, mineral fuels, and incidental services	3	100.0	6	100.0	9	100.0
Allowed	2	66.7	6	100.0	8	88.9
Disallowed	1	33.3	—	—	1	11.1
Withdrawn	—	—	—	—	—	—
Other primary	2	100.0	—	—	2	100.0
Allowed	1	50.0	—	—	1	50.0
Disallowed	—	—	—	—	—	—
Withdrawn	1	50.0	—	—	1	50.0
Manufacturing	27	100.0	18	100.0	45	100.0
Allowed	14	51.9	13	72.2	27	60.0
Disallowed	6	22.2	2	11.1	8	17.8
Withdrawn	7	25.9	3	16.7	10	22.2
Other	26	100.0	10	100.0	36	100.0
Allowed	19	73.1	8	80.0	27	75.0
Disallowed	3	11.5	—	—	3	8.3
Withdrawn	4	15.4	2	20.0	6	16.7
All industries	58	100.0	34	100.0	92	100.0
Allowed	36	62.1	27	79.4	63	68.5
Disallowed	10	17.2	2	5.9	12	13.0
Withdrawn	12	20.7	5	14.7	17	18.5

TABLE 13
63 ALLOWED CASES: SIGNIFICANT BENEFITS TO CANADA
SUMMARIZED BY PRINCIPAL FACTORS OF ASSESSMENT
Fiscal 1974/75

Type of benefit	Number* of cases in which that type of benefit was obtained	
	Number	Percent
(a) Positive effect on level and nature of economic activity	54	85.7
Increased employment	43	68.3
New investment	37	58.7
Increased resource processing or use of Canadian goods and services	26	41.3
Additional exports	22	34.9
(b) Increased Canadian participation (as shareholders/ directors/managers) in foreign-controlled companies (total of 27 cases)	17	63.0**
(c) Improved efficiency, technology, etc.	59	93.7
Improved productivity & industrial efficiency	46	73.0
Enhanced technological development	29	46.0
Improved product variety or innovation	30	47.6
(d) Beneficial impact on competition	19	30.2
(e) Compatibility with national and provincial industrial and economic policies	63	100.0

*Numbers of component benefits add up to more than the overall total because any one case can involve several component benefits under the same heading. The overall total is larger than the number for any one component because no one component was always part of the overall type of benefit.

**As a percent of the 27 cases involving foreign-controlled vendor companies.

TABLE 14
ALLOWED CASES: SIGNIFICANT BENEFITS TO CANADA
SUMMARIZED BY PRINCIPAL FACTORS OF ASSESSMENT
AND BY INDUSTRY SECTOR

Fiscal 1974/75

Type of benefit	Number* of cases in which that type of benefit was obtained					
	Primary ind.s (9 cases)		Manufacturing ind.s (27 cases)		Other ind.s (27 cases)	
	(No.)	(%)	(No.)	(%)	(No.)	(%)
(a) Positive effect on level and nature of economic activity	8	88.9	25	92.6	21	77.8
Increased employment	4	44.4	19	70.4	20	74.1
New investment	6	66.7	16	59.3	15	55.6
Increased resource processing or use of Canadian goods and services	6	66.7	8	29.6	12	44.4
Additional exports	2	22.2	16	59.3	4	14.8
(b) Increased Canadian participation (as shareholders/directors/ managers) in foreign-controlled companies (6 cases in primary, 13 in manufacturing, 8 in other industries)	5	83.3**	8	61.5**	4	50.0**
(c) Improved efficiency, technology, etc.	8	88.9	26	96.3	25	92.6
Improved productivity & industrial efficiency	6	66.7	16	59.3	24	88.9
Enhanced technological development	5	55.6	16	59.3	8	29.6
Improved product variety or innovation	2	22.2	16	59.3	12	44.4
(d) Beneficial impact on competition	2	22.2	6	22.2	11	40.7
(e) Compatibility with national and provincial industrial and economic policies	9	100.0	27	100.0	27	100.0

*Numbers of component benefits add up to more than the overall total because any one case can involve several component benefits under the same heading. The overall total is larger than the number for any one component because no one component was always part of the overall type of benefit.

**As a percent of the cases involving foreign controlled vendor companies in that industry.

TABLE 15
RESOLVED CASES CLASSIFIED BY APPARENT
SOURCE OF INITIATIVE FOR PROPOSED ACQUISITION

Fiscal 1974/75

Source of initiative	Number of cases
Primarily vendor company	51
Canadian controlled	36
Foreign controlled	15
Primarily applicant	24
Canadian controlled vendor company	10
Foreign controlled vendor company	14
TOTAL	75

TABLE 16
CASES IN WHICH INITIATIVE WAS PRIMARILY FROM VENDOR:
PRIMARY REASON WHY VENDOR WANTED TO SELL

Fiscal 1974/75

Primary reason for wanting to sell	Number of cases
Business in loss position	21
Inability to raise capital for expansion	10
Desire of owner to retire	8
Ill health of owner	3
Desire of parent of vendor company to raise capital	3
Desire of parent to dispose of this area of business	6
TOTAL	51

TABLE 17
CASES IN WHICH INITIATIVE WAS PRIMARILY FROM APPLICANT:
PRIMARY REASON WHY APPLICANT WANTED
TO MAKE ACQUISITION

Fiscal 1974/75

Primary reason for wanting to make acquisition	Number of cases
Forward vertical integration	4
Backward vertical integration	1
Horizontal integration	3
Diversification into new areas	3
Increase in degree of ownership	5
Indirect takeover through acquisition of foreign parent	4
Corporate reorganization creating new company	2
Division of assets among former partners	2
TOTAL	24

APPENDICES

APPENDIX 1
ORGANIZATION AND PRINCIPAL OFFICERS OF THE AGENCY
September 30, 1975

Minister

The Hon. Don Jamieson

Commissioner

B. G. Barrow 995-9601

Deputy Commissioner

G. Howarth 995-9605

Assessment Branch

Deputy Commissioner
G. Howarth 995-9605

Director, Primary and Tertiary Industries
G. F. G. Hughes 995-9456

Director, Secondary Industries
J. Clermont 995-9455

Compliance Branch

Director
J. B. P. Mahony 995-9997

Senior Legal Advisor
W. P. Rosenfeld 996-0695

Legal Advisor
J. M. Spence 992-5478

Research and Analysis Branch

Director
G. H. Dewhirst 992-3847



APPENDIX 2
CHRONOLOGICAL LIST OF
ALLOWED AND DISALLOWED CASES

Fiscal 1974/75

<i>No.</i>	<i>Applicant/vendor company and its business</i>	<i>Allowed</i>	<i>Disallowed</i>
1.	Cargill Grain Co. Ltd./National Grain Ltd., National Feeds and Livestock Ltd., Bosco and Bower Ltd., and Mighty Peace Grain Ltd., which purchase, store, and sell agricultural grains, operate terminal elevators, and manufacture and sell animal feed.	X	
2.	Firestone Tire & Rubber Co. of Canada Ltd./Dunlop Tire & Rubber Co. of Canada Ltd., a manufacturer of tires, tubes, and related rubber products.	X	
3.	Babcock & Wilcox Refractories Ltd./Holmes Insulations Co. Ltd., a manufacturer and seller of refractory products.	X	
4.	American General Insurance Co./Financial Life Assurance Co., a life insurance company.	X	
5.	Memrad Holdings Ltd./Curb Enterprises Ltd., which has apartment buildings.	X	
6.	Royal Industries Inc./Pacer Trailer Manufacturing Ltd., a manufacturer of logging trailers.	X	
7.	Delaware Brunswick Corp./Ozite Corp. of Canada Ltd., a manufacturer of floor-covering products.	X	
8.	Suntract Manufacturing Ltd./Mulder (Canada) Ltd., a custom steel fabricator and welding shop.	X	
9.	Maremont Corp./Van der Hout Associates Ltd., a holding company and manufacturer, distributor, and servicer of equipment, tools, and supplies for the automotive and machinery industries.	X	
10.	O & K Orenstein & Koppel Aktiengesellschaft/Industrial Machinery Division of Clark Equipment of Canada Ltd., a manufacturer of industrial machinery.	X	

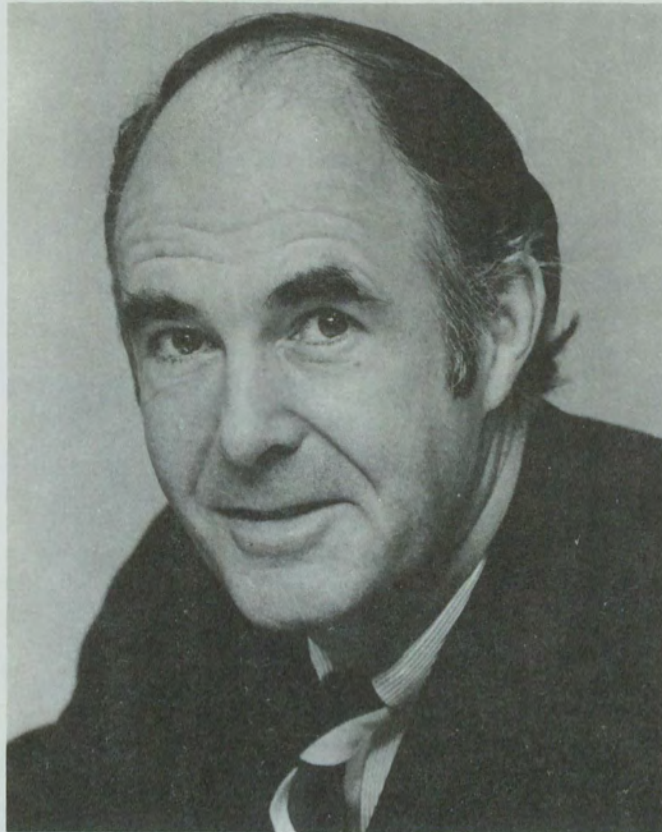
<i>No.</i>	<i>Applicant/vendor company and its business</i>	<i>Allowed</i>	<i>Disallowed</i>
11.	Canadian Ohio Brass Co. Ltd./Canadian Porcelain Co. Ltd., a manufacturer of wet process porcelain electrical insulators.		X
12.	Taylor Forge Canada Ltd./Canada Forgings Ltd., a manufacturer of forgings for automotive parts and for heavy engineering products.		X
13.	Hughes Tool Co./BJ Oil Well Services Ltd., which sells oil and gas well cementing and stimulation services.	X	
14.	Bestpipe Ltd./Flex-Lox Industries Ltd., a manufacturer of clay and plastic pipe.	X	
15.	Proline Pipe Equipment Ltd./Plicoflex of Canada, a producer of tape and compounds used for the protection of metal pipe surfaces.	X	
16.	Cosmair (Canada) Ltd./Du Barry Cosmetics, a manufacturer, importer, distributor of cosmetic and toilet preparations.	X	
17.	Tomenson-Alexander Associates/Retirement Plan Services Ltd., a consultant on pension plans and other employee benefits.	X	
18.	The Power Regulator Co. of Canada Ltd./Conspec Controls Ltd., an engineering firm.	X	
19.	Newconex Holdings Ltd./Union Tractor Ltd., engaged in the servicing of, and supply of, parts for construction equipment and diesel engines.	X	
20.	The Griffith Laboratories Inc./The Griffith Laboratories Ltd. ("Griffith Canada"), a manufacturer of food products.	X	
21.	Brydon Brass Manufacturing Co. Ltd./Trailer Division of GSW Ltd., a manufacturer of boat and snowmobile trailers.		X
22.	Mont Ste-Marie Ltd./Lac Ste-Marie Ski Lifts Ltd., an operator of skiing facilities.	X	
23.	Loomis and Toles Co. Ltd./Fraser Art Supplies Ltd., a supplier of commercial and fine art materials.		X
24.	Kleen-Flo Corp./J. A. Tumbler Laboratories Ltd., a manufacturer and distributor of automotive chemicals and lubricating specialty products.	X	

<i>No.</i>	<i>Applicant/vendor company and its business</i>	<i>Allowed</i>	<i>Disallowed</i>
25.	The Canadian Fuel Marketers Group Ltd./St. Lawrence Tankers Ltd., which has oil storage facilities.	X	
26.	Imperial Oil Ltd./Beauport Flats Facilities of St. Lawrence Tankers Ltd., which has oil storage facilities.	X	
27.	Sparkford Estates Ltd./Rocking Chair Ranches Ltd., a cattle ranch.	X	
28.	Canadian Blue Bird International Inc./J. H. Corbeil Ltée, a manufacturer of school bus bodies.		X
29.	Matignon Properties Ltd./Rockhill Apartments		X
30.	The Black Clawson Co./Hydrotile of Canada Ltd., a manufacturer of machinery for making concrete pipe.	X	
31.	Norton Co./Consumers Glove Co. Ltd., a glove manufacturer.	X	
32.	Canadian Auto Carriers Ltd./Atlantic Automobile Transport Ltd., which engages in the transportation of automobiles.	X	
33.	Cow & Gate (Canada) Ltd./Foxboro Cheese Co. Ltd., a producer of cheddar chesse.	X	
34.	Serem Ltd./Consolidated Northern Exploration Ltd., which explores for minerals.	X	
35.	Maple Leaf Mills Ltd./Maxville Feed and Seed Co. Ltd., a distributor of animal feed, fertilizer, and farm supplies.	X	
36.	Canadian Blue Bird International Inc./J. H. Corbeil Ltée, a manufacturer of school bus bodies.	X	
37.	Canadian Gypsum Co. Ltd./Adhesives Division of Hexcel of Canada Ltd., a manufacturer of adhesives, sealants, and caulks.		X
38.	Felten & Guillaume Carlswerk Aktiengesellschaft/Fabricson Manufacturing Ltd., a manufacturer of wire and cable.	X	
39.	Celanese Canada Ltd./Westmills Carpets Ltd., a carpet manufacturer.		X
40.	Nashua Canada Ltd./Johnson Photo Ltd., a photo finisher.	X	

<i>No.</i>	<i>Applicant/vendor company and its business</i>	<i>Allowed</i>	<i>Disallowed</i>
41.	Robert McAlpine Ltd./Robert B. Somerville Co. Ltd., which lays pipeline for gas and petroleum products.	X	
42.	Union Carbide Canada Ltd./Roncar Oxygen and Supplies Ltd., a distributor of industrial gases and welding supplies.	X	
43.	Barcley-Lane's Shoes/Savage Shoes (1970) Ltd., and Maher Shoes Ltd., retailers of shoes.	X	
44.	Canadian Industries Ltd./J. D. Lee Engineering Ltd., a consulting engineering company.	X	
45.	Four-Phase Systems Inc./Parvac Corp. Ltd., a marketing agent.	X	
46.	Canadian Industries Ltd./Hutton Farm Supplies Ltd., a farm supply distribution company.	X	
47.	Sun Oil Co. Ltd./Forest Oil Corp., an oil and gas exploration and production company.	X	
48.	W. R. Grace & Co./Homco International, Ltd., a supplier of oilfield and industrial equipment, and services.	X	
49.	Bestpipe Ltd./Vibrapipe Concrete Products Ltd., a manufacturer of concrete drainage and sewage pipe.		X
50.	George Wimpey Canada Ltd./Richter-McLeod Construction Ltd., a land improvement contracting company.	X	
51.	E. G. & G., Inc./Reese Power Products Ltd., a holding company for shares of Canadian Packing and Seal Products Ltd., a manufacturer of seals, gaskets, and packing products.	X	
52.	Feru Investments Ltd./Acquisition of an office building.	X	
53.	International Paper Co./General Crude Oil Co. Alberta Ltd., an oil and gas exploration and production company.	X	
54.	Théany Vertriebs GmbH/Lippen Inc., a distributor of cosmetics and related products.	X	
55.	Brown Boveri (Canada) Ltd./Electrical Division of Canron Ltd., a manufacturer of electric motors, generators, and traction propulsion equipment.	X	

<i>No.</i>	<i>Applicant/vendor company and its business</i>	<i>Allowed</i>	<i>Disallowed</i>
56.	Red Star Express Lines of Quebec Ltd./Marcoux Transit Inc., a truck transportation business and general freight carrier.	X	
57.	Red Star Investments, Ltd./Marlease Inc., engaged in truck leasing.	X	
58.	George W. Endress Co. Ltd./Toronto Mill Stock Co. Ltd., a manufacturer of woollen spun yarn.	X	
59.	Lewis, Apedaile & Hanson Holding Ltd./Lewis, Apedaile & Hanson Inc., a general insurance brokerage firm and life insurance agency.	X	
60.	Pacific Petroleums Ltd./Wizard Oils Ltd., Clover Petroleums Ltd., and Brassard Petroleums Ltd., which have various interests in producing oil and gas wells, properties, and unexplored acreage.	X	
61.	Southampton Sawmills Ltd./Southampton Contractors Ltd., a sawmill operation.	X	
62.	Bowaters Newfoundland Ltd./Lacroix Inc., a wholesaler and retailer of hardware and plumbing supplies.		X
63.	Eyelet, Inc./Canadylet Ltd., a manufacturer of plastic cosmetics containers.	X	
64.	St. Lawrence Cement Co./Ciment Indépendant Inc., a manufacturer of cement and commercial stone.		X
65.	Permaseal Aluminum Products Ltd./Weather-Seal Manufacturing Ltd., a manufacturer of wooden doors and windows for new home construction.	X	
66.	Gulf Agricultural Chemicals Co. Ltd./Perkins Adhesives Division, a manufacturer of adhesives resins.	X	
67.	Exprover S.A./Galaxy Glass Ltd., a wholesaler of flat glass and a processor of tempered glass.	X	
68.	Standard Industries Ltd./Haldimand Quarries & Construction Ltd., an operator of a quarry.	X	
69.	HMK Investments Ltd./Skiroule Ltd., a manufacturer of snowmobiles.	X	
70.	Reed Paper Ltd./Alpha Industries Ltd., a distributor and manufacturer of wood products.	X	

<i>No.</i>	<i>Applicant/vendor company and its business</i>	<i>Allowed</i>	<i>Disallowed</i>
71.	Philadelphia Suburban Corp./Key Oilfield Supply and Rentals Ltd., engaged in renting specialized equipment and selling parts to the oil exploration and development industry.	X	
72.	Franklin Pipe & Supply Ltd., Tulsa/Franklin Pipe & Supply Ltd., Calgary, engaged in supplying materials, parts, and components to the petroleum industry.	X	
73.	Hudson's Bay Oil & Gas Co. Ltd./Candel Oil Ltd., engaged in exploration for, and the development of, petroleum and natural gas fields and mineral ores.	X	
74.	Pacific Petroleums Ltd./Candel Oil Ltd., engaged in exploration for, and the development of, petroleum and natural gas fields, and mineral ores.	X	
75.	Sun Oil Co. Ltd./Sabre Petroleums Ltd., an oil and gas exploration and production company.		X



The Honourable Alastair Gillespie, Minister of Energy, Mines and Resources, who was until September 26, 1975, Minister of Industry, Trade and Commerce and the Minister responsible for the administration of the Foreign Investment Review Act.