J.A.D.

ANNUAL REPORT 1975/76

Foreign Investment Review Act

The Honourable Jean Chrétien
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 Jean Chrétien, Minister of Industry, Trade and Commerce and Minister responsible for the administration of the Foreign Investment Review Act.

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

Sir:

As Minister responsible for the administration of the Foreign Investment Review Act, I have the honour to present to your Excellency the Second Annual Report under the Act for the fiscal year ended March 31, 1976.

Respectfully submitted,

Jean Chrétien
Minister of Industry, Trade and Commerce

Ottawa, Canada
October 1976

The Honourable Jean Chrétien,
Minister of Industry, Trade and Commerce,
Ottawa, Canada

Sir:

I have the honour to submit to you, as Minister responsible for the administration of the Foreign Investment Review Act, the Second Annual Report under the Act for the fiscal year ended March 31, 1976.

Respectfully submitted,

Gorse Howarth
Commissioner

Ottawa, Canada
October 1976

CONTENTS

LIST OF STATISTICAL TABLES

CHAPTER ONE

INTRODUCTION

This report covers operations under the Foreign Investment Review Act for the period April 1, 1975 to March 31, 1976. The Act provides for a review by the Government of some forms of foreign investment in Canada, viz.:

(1) most acquisitions of control of Canadian business enterprises by non-Canadians,*

(2) the establishment of new Canadian businesses by non-Canadians who do not already have an existing business in Canada, and

(3) the establishment by non-Canadians of new Canadian businesses which are not related to businesses they are already carrying on in Canada.

The provisions of the Act relating to the acquisition of control of existing businesses in Canada (Phase I) have been in effect since April 9, 1974. Phase II of the Act, covering the establishment of new and unrelated businesses, was proclaimed on July 18, 1975, and came into force on October 15, 1975. Prior to Phase II, acquisitions of certain small businesses -- businesses with gross assets of less than $250,000 and gross revenues under $3,000,000 -- were exempt from review. With the entry into force of Phase II this exemption disappeared except where the acquiror is already carrying on a business in Canada which is related to the business being acquired.

The Minister of Industry, Trade and Commerce has been designated as the Minister responsible for the administration of the Act. On September 27, 1975, the Honourable Don Jamieson succeeded the Honourable Alastair Gillespie in this capacity. On August 15, 1975, Mr. B.G. Barrow was appointed Commissioner of the Foreign Investment Review Agency to replace the Agency's first Commissioner, Mr. Richard Murray, who was named President of the Federal Business Development Bank. Mr. Barrow resigned in December, 1975, owing to ill health. Pending the appointment of a new Commissioner, Mr. Gorse Howarth served as Acting Commissioner for the balance of the year under review. Appendix B sets out the current organization of the Agency.

During the year a number of changes were initiated to simplify or improve the administration of the Act including the issuance of Guidelines, under the authority of subsection 4(2), to clarify the intended interpretation of the application of the Act to certain kinds of transactions.

New Foreign Investment Review (Acquisition) Regulations were tabled in Parliament on April 10, 1975, to replace those issued on March 7, 1974.

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* The expression "non-Canadians" paraphrases the term "non-eligible persons" which is used and defined in the Act.

The principal change was a new provision permitting the filing of notice of a proposed acquisition in a much abbreviated form where the Canadian business being acquired has gross assets of less than $2 million and fewer than 100 employees.

Also on April 10, 1975, Guidelines Concerning Corporate Reorganizations were issued describing certain types of circumstances in which mergers designed to bring about structural rearrangements of affairs between two or more corporate entities under common ownership would be regarded as corporate reorganizations and, thus, not subject to review.

Foreign Investment Review (New Business) Regulations were issued on July 19, 1975, in readiness for the implementation of Phase II of the Act.

Guidelines Concerning Related Business were published, also on July 19, 1975, describing the main principles which the Minister will apply in interpreting the terms "new business" and "related business" for purposes of the Act.

Finally, on February 13, 1976, Guidelines Concerning Acquisition of Interests in Oil and Gas Rights were tabled in Parliament. These Guidelines were issued in order to make it clear that certain types of arrangements which are common in the oil and gas exploration and production industry, and which contain some of the elements of takeover transactions, are nevertheless not considered as being properly acquisitions of control, within the meaning of the Act.

CHAPTER TWO

REVIEW ACTIVITIES

The Act requires that a notice of every investment proposal or actual investment to which the Act applies be filed with the Foreign Investment Review Agency. The Regulations specify the information that must be provided in order to enable the Government to carry out a thorough review and assessment of the likely effects of the proposal. The review is carried out, in the first instance, by the Agency, which then briefs and advises the Minister. The Minister, in turn, submits his recommendation to the Governor in Council who makes the final decision whether or not to allow the proposal. The Governor in Council may allow a proposal only if it is concluded that the proposal is likely to be of significant benefit to Canada.

The review procedure itself is described in Appendix A. This chapter, with due regard for the confidentiality provision of the Act, examines the operations and activities which have taken place under that procedure in fiscal year 1975/76. In addition, it contains a summary of the principal causes for the proposed acquisition transactions which were reviewed as those causes were described to the Agency by parties to the transactions. A final section briefly outlines the consultation procedures which have been worked out to coordinate the Agency's activities with those of other Federal Government departments and agencies and provincial authorities.

(A) ACQUISITION ACTIVITY

NUMBER OF APPLICATIONS TO ACQUIRE

The number of acquisition applications received by the Agency in fiscal year 1975/76 dropped to 189, from 230 in the preceding year, (see Table I). Most of the decline was accounted for by a sharp reduction in the number of applications which proved, on examination, to be non-reviewable. There were substantially fewer non-reviewable applications involving corporate reorganizations as a result of the issuance, on April 10, 1975, of Guidelines Concerning Corporate Reorganizations. The reduction in the number of applications found to be non-reviewable reflects a better understanding by investors and their advisors of the coverage of the Act.

A total of 144 cases were certified as reviewable in 1975/76. In addition, 58 cases under assessment at the end of 1974/75 were carried over into 1975/76 for a total of 202 reviewable cases. Of these, 153 were resolved: 110 were allowed, 22 were disallowed, and 21 were withdrawn by the applicants before a decision had been rendered. Forty-nine certified cases were carried forward into 1976/77.

CHARACTERISTICS OF ACQUIREE BUSINESSES

While there was little change in the number of acquisition proposals between 1974/75 and 1975/76, some significant differences did emerge in the characteristics of the businesses which were the subject of those proposals, the "acquirees", as shown in Tables II, III and IV:

- The number of acquiree businesses which were under Canadian control at the time of the proposed acquisition dropped markedly, from 97 in 1974/75 to 69 in 1975/76.

- The number of acquirees which were under foreign control increased, from 53 in 1974/75 to 75 in 1975/76.

- The average asset size of acquirees declined from $6.5 million in 1974/75 to $4.6 million in 1975/76. This decline of nearly 30% was mainly due to the smaller number of very large acquiree businesses (having assets in excess of $25 million) that were involved in reviewable acquisition transactions in 1975/76.

Acquiree businesses under Canadian control were on average substantially smaller than their counterparts under foreign control. More than one-half of the Canadian controlled acquiree businesses had assets of less than $1 million. Only a quarter of foreign controlled acquirees were as small. Foreign controlled acquirees averaged almost $6 million in assets, compared with an average of about $3.5 million for Canadian controlled acquirees. As a result, while foreign controlled acquirees represented slightly over half, numerically, of all acquirees, they accounted for almost two-thirds of the assets.

INDUSTRIAL DISTRIBUTION OF ACQUIREES

The distribution of acquirees by major industry sector is shown in Table VI. The proportion engaged in manufacturing increased in 1975/76 in terms both of numbers and assets. There were 75 reviewable applications to acquire manufacturing businesses in 1975/76, compared to 65 the previous year. Applications in all other industry sectors declined.

Next to manufacturing, the most important sectors were trade, mining, and finance, with 29, 14 and 10 applications in each respectively. Within the manufacturing sector, businesses engaged in the production of machinery, electrical products, food and beverages, chemicals, and in metal fabricating were the most frequent subjects of acquisition applications. (Table VII).

REGIONAL DISTRIBUTION OF ACQUIREES

Table IX provides data on the principal locations, by province, of acquiree businesses. In many cases the acquiree had operations in more than one province. For statistical purposes, only that province in which the major portion of the activity of the acquiree is located is recorded in the Table.

The Agency received applications to acquire 71 Ontario-based businesses in 1975/76, almost one-half of the total for all Canada. In the previous year there were 59 applications, or 40 per cent of the total. The number of cases involving acquiree businesses in Quebec declined from 39 to 27 and in Alberta from 23 to 17.

COUNTRY OF CONTROL OF APPLICANTS (ACQUIRORS)

Table V shows the distribution of applicants -- prospective acquirors, by country of control. In this respect there were no major differences from the year before. U.S. controlled applicants accounted for 67% of the applications in 1975/76, as against 63% in 1974/75. Applicants controlled from Europe accounted for 30% (31% in 1974/75), and all other countries 3%, down from 7%.

There are some indications that foreign controlled acquirors generally tend to focus their interest either on businesses which are under Canadian control or on businesses which are already under the control of their own nationals. Of 53 foreign controlled acquirees in 1974/75 only 9 were the subjects of acquisition applications by applicants of another control nationality; in 1975/76 the corresponding number was 19 out of 75.

There were some differences in the pattern of industrial and geographic interest of acquirors of various control nationalities. Most acquisition proposals by U.S. and U.K. controlled applicants related to acquirees in Ontario and the West. Approximately one-half of the applications from each group were directed to Ontario and one-third to the Western Provinces. By contrast, of 26 applications from European countries other than the U.K., 10 (or almost 40%) involved the acquisition of businesses in Quebec, 12 (45%) in Ontario and only 4 in the Western provinces. (Table X).

U.K. and U.S. controlled applicants also concentrated more heavily on manufacturing; respectively, 47% and 60% of their applications were directed at acquirees in that sector. Manufacturing accounted for about one-third of the applications from other European countries, with applications in mining, finance and trade accounting for another 20% each. (Table VIII).

PATTERNS OF OUTCOME OF ACQUISITION CASES

As noted earlier, 153 acquisition cases were resolved in 1975/76, a two-thirds increase over the 92 cases resolved the year before. Tables XI and XII show the outcome of these cases (whether allowed, disallowed or withdrawn); the distribution of applicants according to their country of control; and the distribution of the acquiree businesses by control nationality -- Canadian or foreign -- and by industry sector.

Table XI shows that existing control and ownership of the acquiree business was a factor of some importance in the disposition of acquisition cases which came under review. Where the acquiree businesses were Canadian controlled the rate of allowance was appreciably lower than where the acquiree business was already under foreign control. Specifically, 18 proposals involving the acquisition of a Canadian controlled business were not allowed to proceed and 59 were allowed. By contrast, only 4 proposals for the acquisition of a foreign controlled business were disallowed and 51 were allowed. Moreover, of those 4 disallowed cases 2 involved the proposed acquisition of one business -- the Appliance Division of Westinghouse Canada Ltd. which WCI Canada Ltd. sought (unsuccessfully) to acquire a second time after its first application had been disallowed.

The difference between the allowance ratio of applications involving the acquisition of foreign controlled businesses and of applications involving Canadian controlled businesses obviously reflects the fact that one of the benefit factors that must be taken into account in the assessment process is "the degree and significance of participation by Canadians in the business". The acquisition by foreign interests of an already foreign controlled Canadian business may, in certain circumstances, bring about an increase in the extent of participation by Canadians in the business as shareholders, as directors, or as senior managers. This is less likely to occur where the acquiree business is Canadian controlled. Indeed there may be an actual diminution of Canadian participation where the proposed acquisition involves a business that is Canadian owned and controlled.

On the other hand, there was essentially no difference in the ratio of allowance (allowances as a proportion of all decided cases) by nationality of control of applicants, or by industry sector of acquiree businesses. The rates of allowance for the two major groups of applicants, U.S. and Europe, were 84.7% and 82.1% respectively. By major industrial sector of the acquiree, the rates of allowance were 83.3% for the primary sector, 82.0% for manufacturing and 84.9% for acquiree businesses in other sectors. This pattern of resolved cases was similar to that which emerged in 1974/75.

REASON FOR ACQUISITIONS

Tables XIII and XIV indicate the primary reasons given for the vendors' decisions to sell and the applicants' decisions to buy in the 132 cases in which an acquisition proposal was either allowed or disallowed in 1975/76. In many cases, of course, the principal reason is not the only reason; nor is the principal reason given necessarily the actual reason which finally prompted the vendor's or buyer's decision. The reasons summarized in the Tables are simply those provided by the applicant or the vendor.

As far as applicants are concerned, in most instances the primary stated reason for seeking the acquisition was to complement the existing operations of the acquiring firm: vertical or horizontal integration was given as the principal reason in 70 cases (53%). Incidental takeovers of Canadian businesses, resulting from the acquisition of the parent companies outside Canada, accounted for 30 acquisition cases (23%). "Entry into Canada", in order to take advantage of the Canadian market or to secure supplies, was the major reason in 16 cases (12%). Acquisitions resulting from an increase in the degree of ownership of the applicant in the acquiree business accounted for 6 cases (5%).

On the part of acquirees, in 47 cases (36%) the decision to sell was based on reasons not directly associated with the state of the business to be sold. In 30 of the 47 cases the acquisition of the Canadian business was a direct consequence of the acquisition of the parent company abroad and in the other 17 cases (of the 47) the primary reason for the sale was the parent's decision to withdraw from the particular area of business in which the Canadian business happened to find itself. Financial difficulties of the business, such as low profitability or inadequate liquidity, were given as the primary reason in 31 cases (23%). Inability to expand due to lack of capital or managerial "know-how" or expertise was cited as the major reason in 24 cases (18%). In 12 cases (10%) it appears that the principal reason lay in the particular circumstances of the owner or owners -- "desire of owner to retire" or "ill health".

(B) NEW BUSINESS ACTIVITY

It was noted earlier that since October 15, 1975, any investment for the establishment of a new business in Canada by a non-Canadian person has been subject to review if the new business is not related to a business already being carried on by that person in Canada. As with acquisition cases, a non-Canadian person who proposes to establish a new business in Canada must file a notice for review by reference to the test of "significant benefit to Canada".

In the five and one-half months that the new business provisions of the Act were in effect in 1975/76, the Agency received a total of 66 applications for the establishment of new businesses. The great majority were received in the last 2 to 3 months of the period. Very few came in the first several weeks -- perhaps because a number of investors had accelerated their investment plans in anticipation of the entry into force of the new business provisions of the Act

Of the 66 applications received up to March 31, 1976, 3 were withdrawn prior to certification, 4 were returned as non-reviewable and 26 had been certified as reviewable by the end of the fiscal year. Of the 26 reviewable cases 6 were resolved, 4 being allowed and 2 withdrawn.

Table XV summarizes the distribution of reviewable new business cases by geographic location, industry sector and country of applicant. While no firm conclusions can be drawn from such a small number, there are indications that new businesses may tend to be more evenly distributed than business acquisitions in terms both of geographic location and the control nationality of the applicants. The overwhelming predominance of U.S. controlled applicants in acquisition cases has not shown up so far in the new business proposals: 10 of these proposals emanated from U.S. controlled applicants, an equal number from European controlled applicants and 6 from applicants controlled from other countries. And Ontario, while the intended location of more new businesses than any other single province, was not quite as predominant as the intended location of new businesses as of acquisitions. Of the 26 new business proposals, Ontario was the intended destination in 10 cases, Quebec and the Western provinces accounted for 6 each, and the Atlantic provinces were the intended location in 4 cases.

On the other hand, the industrial distribution of new business establishments was even more heavily concentrated in manufacturing then were business acquisitions. Of the 26 reviewable new business cases, 16 involved establishments in manufacturing, with establishments in metal fabricating (5), and food and beverages (3) accounting for half.

The other most important sectors in terms of numbers of applications for the establishment of new businesses were community and business services, which accounted for 4 applications, and trade, with 3 applications.

Compared to the size of acquiree businesses in acquisition cases, new businesses (on the evidence of the limited numbers of proposals received) tended to be quite small. In more than half of the 26 reviewable cases, the capital investment was not expected to exceed $250,000. Only 5 of the proposed new businesses involved projected capital outlays of more than $2 million, and those 5 accounted for more than 95% by value of the total planned investment in new businesses.

As one would expect, there were differences, too, between the size distribution of the applicants in acquisition and that in new business cases. In roughly two-thirds of all new business cases, the total assets of the applicant (total assets being defined as the consolidated assets of the ultimate controller) were less than $10 million. By contrast, only about one in twenty of the applicants in acquisition cases were as small. At the other end of the scale, more than three-quarters of the applicants in acquisition cases had assets in excess of $50 million each, but only 5 (less than 20%) of the new business applicants were as large. It is not surprising that more of the applicants in acquisition cases were relatively large for the financial consideration in acquisition is usually substantial. On the other hand, the light representation of large applicants in new business cases suggests, insofar as any conclusion can be drawn from such a small number of cases, that there may be a tendency for large investors to expand through acquisitions rather than through the establishment of new businesses.

(C) ADMINISTRATIVE BURDEN ON INVESTORS

A number of changes in the administration of the Act were introduced in 1975/76, with the purpose of expediting the processing of applications and reducing the compliance burden on potential investors.

The principal change was the introduction of a new provision in the Foreign Investment Review (Acquisition) Regulations permitting applicants to file a much abbreviated form of notice in cases where the business enterprise being acquired has gross assets of less than $2 million and fewer than 100 employees. A similar provision for modified information requirements was introduced into the new business regulations which came in effect with Phase II of the Act. A right has been retained to request additional information if it is needed in particular cases.

Another procedure was introduced early in the fiscal year with respect to investment proposals which are the subject of concurrent applications for incentives under programs of the Department of Regional Economic Expansion. In these cases, where the investment involves less than

$2 million in assets and less than 100 employees, the Agency uses the same notice form as that used by the Department of Regional Economic Expansion. If any further information is needed, the Department, rather than the applicant, is contacted. In this way smaller investors are spared the burden and costs of preparing additional forms and making presentations to the Agency.

(D) CONSULTATIONS WITH GOVERNMENT DEPARTMENTS AND PROVINCES

One of the factors which the Act stipulates must be taken into account in assessing any investment for significant benefit to Canada is the compatibility of the investment with national and provincial industrial and economic policies. To ensure that these policies are appropriately considered during the review process, the Agency has established close working relationships with most federal departments and agencies and with all provinces.

As soon as an application is received from a foreign investor, the entire file is sent to the provincial government or governments likely to be significantly affected. During the process of analysis and assessment that follows those same provincial governments are supplied with any additional significant information or commitments provided by the applicant. No decision to allow or disallow is taken by the federal government until provincial governments which are likely to be so affected have had the opportunity to state their views regarding the compatibility of the investment with their policies. While ultimate responsibility for decisions rests with the federal government, provincial views are an important factor in these decisions.

Furthermore, it is necessary to ensure that individual investment proposals are thoroughly and systematically assessed by reference to all relevant Federal economic and industrial policies and programs. Appropriate Federal departments or agencies are consulted on a regular basis on every investment proposal that comes before the Agency. For example, an extensive consultative procedure has been established with the Department of Industry, Trade and Commerce with respect to industrial development policies, related to manufacturing industry and tourism. Similarly, there is in place an effective working arrangement with the Department of Regional Economic Expansion (DREE) covering applications which are subject to review under both the Regional Development Incentives Act (RDIA) and the Foreign Investment Review Act. Investors who intend to apply for RDIA incentives are encouraged to discuss their plans in the first place with DREE officials and the two agencies then evaluate the proposal against their respective criteria in parallel and in close consultation with each other.

Arrangements have been made for very close consultation and collaboration between the Agency and the Department of Consumer and Corporate Affairs in assessing the effect of investment proposals on competition. The Department's Bureau of Competition Policy examines any competition issue which a proposed investment might raise and informs the Agency of its conclusions.

The Department of Energy, Mines and Resources is consulted in all cases involving oil, gas and mining; Environment Canada on cases involving timber, wood products and fisheries, and so on. Consultations with other departments take place according to the nature of the case under review.

Generally, the consultative procedures which have been established between the Agency and other government authorities have operated smoothly and have well served their purpose.

CHAPTER THREE

SIGNIFICANT BENEFIT AND THE ENFORCEMENT OF UNDERTAKINGS

SIGNIFICANT BENEFITS

Subsection 2(2) of the Foreign Investment Review Act lists the factors to be taken into account by the Minister and the Government in assessing whether a proposed acquisition of a Canadian business enterprise or establishment of a new enterprise is or is likely to be of significant benefit to Canada. The factors are:

(a) the effect on the level and nature of economic activity in Canada, including the effect on employment, on resource processing, on the utilization of Canadian parts, components and services, and on exports;

(b) the degree and significance of participation by Canadians in the business enterprise and in the industry sector to which the enterprise belongs;

(c) the effect on productivity, industrial efficiency, technological development, innovation and product variety;

(d) the effect on competition within any industry or industries in Canada;

(e) compatibility with national industrial and economic policies, taking into consideration industrial and economic policy objectives enunciated by a province likely to be significantly affected by the proposed investment.

The relative significance or weight attached to each of these factors is not, and cannot be, the same for all transactions. Inevitably it varies with the nature of the transaction, the industry in which it occurs and the region in which it is being made. Thus, for example, an increase in economic activity in a slow growth area may be judged to be more beneficial than in an area whose resources are already virtually fully occupied; Canadian participation will likely be considered more important in a sector that is heavily dominated by foreign firms than in one where foreign control is much less; and increases in efficiency or competition are given greater weight if they are expected to occur in industries where such changes are likely to have a far reaching impact on economic performance.

Furthermore, some of the criteria may have little or no application to a given transaction, depending upon the type of enterprise and the characteristics of the industry sector to which it belongs. A wholesale or retail distribution enterprise, for example, is usually not in a position to make any contribution towards Canadian exports. The various factors have to be applied flexibly and realistically to each investment proposal.

The aim of the review process is to determine the net, rather than the absolute, benefits likely to accrue from a particular investment proposal. Accordingly, the benefit criteria are applied with reference not only to the situation as it is at the time the proposal is made, but also to the situation as it might be expected to develop in the absence of the investment proposal. To illustrate: in the case of a proposed acquisition, if the Canadian business which is the acquiree can be expected to expand and develop even if the proposed transaction is not allowed to proceed, there cannot be said to be benefits in terms of increased economic activity, employment, etc. unless it appears that the applicant's plans will bring about increases over and above those which would otherwise occur. Similarly, a proposed new business cannot be deemed likely to provide all those benefits which, at first sight, are associated with it if one of its effects is to displace economic activity which, in the absence of the proposed business, is being carried on or would be undertaken by others.

In reviewing any investment proposal, the Agency makes every effort to ensure that the proposal is described by the investor as fully and precisely as possible. The Agency does not demand commitments or undertakings from investors; rather it assists investors in determining means by which the effects of their investment proposals can be described as fully and as precisely as possible. Undertakings, where given, assist the Minister and the Government to assess, with greater certainty, the effects of allowance. On the other hand, the sum total of the undertakings, where given, in a particular case does not usually comprise all the elements which must be considered in the assessment process. There may be features of an investment proposal which contribute in important ways to the determination of "significant benefit to Canada" but which are not reflected in undertakings given by the investor. A proposal to establish a new business using important novel technology might itself offer substantial benefits to Canada relative to technological development. In those circumstances it might be that there is no need to include any specific undertaking on this aspect of the proposal. Similarly, an acquisition proposal by one small business of another small business, in an industry sector dominated by a few large firms, might well be seen as being likely to increase effective competition in that industry, even in the absence of any specific commitment or undertaking to that effect.

Thus, a review that is confined to the undertakings received in regard to a particular investment which was allowed will often not account for all the elements of consideration that went into the determination of "significant benefit to Canada". Indeed, there could be circumstances in which the obvious consequences of a particular investment would, in themselves and without any undertakings, be sufficient to support a finding of "significant benefit to Canada".

It follows that even full disclosure of all the undertakings given in connection with a particular investment proposal would not provide a complete picture of the benefits to Canada of that investment. Moreover, such practice runs the risk of undermining the effective implementation of the Act as potential investors, knowing that their plans and undertakings would be revealed, became more reluctant to provide clear and specific undertakings. Experience has shown that investors are generally very sensitive about premature disclosure of their plans to others -- their competitors in Canada and abroad, their employees, their suppliers and customers.

The Minister is authorized under the Act to disclose any information contained in written undertakings given in the course of the review of an investment. However, he may not be required to do so unless he is of the opinion that disclosure (i) is necessary for the proper enforcement or administration of the Act and (ii) will not prejudicially affect the conduct of the business of the investor. Clearly these considerations must weigh heavily in any decision to exercise his discretion in this regard. Frequently it turns out that those undertakings which can be disclosed without harm to the interests of the investor are not the most useful ones for the purpose of adequately indicating the benefits offered by the investment to Canada. The disclosure of selected undertakings can be misleading because they may come to be regarded as the whole explanation and justification for allowance of the investment. Consequently, as a means of disclosing as much as possible while maintaining confidentiality of the specific undertakings, a checklist is published with the announcement of all allowed investments. The list shows, in qualitative form, types of benefits associated with the investment, such as increased employment, greater resource processing, improved efficiency. In addition, where the case is of some importance and seems likely to be of general interest, some specific details of the undertakings are provided in the Minister's press release where that can be done without prejudice to the interests of the parties concerned. The investor is of course free to make his own disclosure in as much detail as he sees fit. In Appendix D there is presented a consolidated list of significant benefits, summarized by principal factors of assessment, for all investments allowed in 1975/76. In addition, a number of actual cases are illustrated in Appendix E.

No "standard" undertakings have been developed or utilized for any of the factors by which benefit is assessed. Undertakings have been given and accepted which are contingent or absolute; they vary from quite specific ones, expressed in precise numerical terms, to general undertakings concerning the on-going behaviour and structure of the Canadian business. The determining factors are the particulars and circumstances of the case under review. A brief look at types of undertakings received with respect to some of the benefit criteria will illustrate the range of possibilities.

New Investment

Most proposals, either for the acquisition of a Canadian business or the establishment of a new business in Canada, involve some capital expenditures for the acquisition of new equipment, the expansion or modification of existing facilities, or the construction of new plants. Undertakings have usually specified the nature and purpose of the planned investment, as well as the amounts to be spent. Sometimes the undertakings have applied to the conduct of the business by the investor, rather than the type and amount of investment. Examples include undertakings to reinvest earnings in the business or to finance planned investment in a way consistent with Canadian fiscal and monetary policy.

Employment

Virtually all investment proposals promise some concrete employment benefits, the creation of new jobs being the most obvious. Undertakings have usually specified the number of jobs to be created, sometimes by type of job and duration if applicable. However, employment benefits are not confined to the creation of new jobs. They may include, variously, the introduction of an employee pension plan, an improvement of other employee benefits or the establishment of an employee training program.

Exports

A widespread concern regarding foreign investment in Canada is that the export activities of subsidiaries in Canada are often restrained by their parents. Where appropriate, therefore, undertakings have been obtained to deter or limit artificial restrictions on the export marketing activities of the Canadian company. Sometimes, export related undertakings have been quite positive and reasonably specific, e.g. in committing the investor to the attainment of a specific level of exports or to an agreement to designate the Canadian company as the sole producer of a particular line for the world market. On the other hand there have been undertakings of a more general character, such as a commitment by the parent firm to assist and encourage the export activities of its Canadian subsidiary.

Use of Canadian Goods and Services

Undertakings related to the use of Canadian goods and services frequently involve a general commitment by the investor to purchase his material and service requirements from Canadian sources, provided those sources are competitive, in price, quality, delivery, etc. Occasionally, they have been a good deal more specific, e.g. by binding the investor to give Canadian suppliers of goods or services an opportunity to tender on all orders in excess of a specified amount.

Technology

Technology related undertakings most frequently involve commitments by the investor to establish, maintain, or expand research and development facilities in Canada, sometimes specifying the budget and the research staff to be employed for this purpose. Often, undertakings are made regarding the design and development of a particular product, the availability of technology to the Canadian business, and the terms under which patents, trademarks, technology and "know-how" are transferred from parent to subsidiary.

Canadian Participation

Canadian participation in a business may be in the form of ownership, management, or direction. Undertakings have been given with respect to all these forms of participation. Undertakings regarding the appointment of Canadians to the Board of Directors are usually quite specific as to the number or proportion of the Board members who will be Canadians and the date by which this will be achieved. Undertakings concerning opportunities for qualified Canadians to rise to senior management positions cannot usually be stated in quite such specific terms. Commitments to make available equity in the business to Canadians, when given, are reasonably specific as to the percentage of the equity that will be offered or sold to Canadians and the time period within which the offer or sale will be made, usually subject to market conditions.

Only those investment proposals which, after review, are considered to offer significant benefits to Canada may be allowed to proceed. Twenty-two proposals which did not meet this condition were disallowed in 1975/76. Several others were withdrawn because the investor concluded that his proposal would fail to pass the "significant benefit" test. The prevention of these "less desirable" foreign investments is one measure of the benefits of the Act.

There are other benefits. The requirement that investment proposals be submitted for review encourages potential foreign investors to develop their plans in the context of the Canadian economic and social environment and to place appropriate emphasis on aspects of business activity which are considered important to Canada. In the course of the review, many investors inevitably acquire a greater awareness of Canada's economic and industrial objectives. That greater awareness is likely to influence their behaviour and attitude not only with regard to the investment under review but towards any other business activity they may already have in Canada or may undertake in the future.

In this regard, mention should be made of the "Principles of International Business Conduct". These principles were issued by the Government in July, 1975 at the time the Proclamation of Phase II of the Foreign Investment Review Act was announced. While the "Principles of International Business Conduct" were not issued under the authority of the Foreign Investment Review Act, they reflect broad government policy regarding the activities and responsibilities of foreign controlled business enterprises in Canada. They thus provide an added indication of the sort of benefits the government looks for in assessing investment proposals under the Act.

Obviously, the different types of benefits attending foreign investment are not equally attainable in all industry sectors. As mentioned at the outset of this chapter, the Agency must maintain a flexible and realistic approach to the assessment process. Some benefits, such as increased employment and improved efficiency, can be looked for in nearly every kind of business. Other benefits are confined to, or heavily concentrated in, a few sectors. For example, increased resource processing is largely limited to the resource sector or to firms downstream in the processing chain. One would therefore expect wide variation in the frequency with which different benefits are distributed in the investment proposals coming under review. Generally, the types of benefits which are potentially capable of realization by the widest range of industries are the ones most frequently encountered.

Not surprisingly, in view of its scope and significance, a positive effect on the level and nature of economic activity was present in nearly all investment proposals which were allowed to proceed.

The other category of benefits achieved most frequently related to the effect on efficiency and technology. More than 90% of all allowed investments offered some benefit to Canada under this category.

In 35 of the 51 allowed acquisition cases where the acquiree was already under foreign control, there was some increase in Canadian participation, in the form of increased ownership, direction and/or management of the acquiree business. In some cases undertakings were offered which committed the applicant to increased Canadian participation not only in the company being acquired but also in other business operations of the applicant in Canada.

Approximately one-third of all the acquisition cases allowed were deemed to have some beneficial impact on competition.

Compatibility with national and provincial industrial and economic policy objectives was present in all allowed cases.

ENFORCEMENT

Investment proposals are expressed in terms of plans and undertakings which, if the proposal is allowed, become legally binding on the investor. Undertakings are usually more formal and precise, and hence more readily enforceable. For this reason, although no applicant is required to give any undertakings, applicants are encouraged to use them where it is practicable to do so.

When an investment has been allowed to proceed, the Agency monitors the implementation by the investor of all plans and undertakings. The monitoring involves obtaining reports from investors on the status of implementation of their plans and undertakings, analysing those reports and assessing the degree of fulfillment. The monitoring of each case takes place at reasonable intervals, having regard to the character and content of plans and undertakings. As most undertakings given by foreign investors under the Act extend over a number of years, the monitoring process continues from year to year as necessary.

During fiscal year 1975/76, procedures for selective and random verification of investors' statements of their fulfillment of undertakings were put into effect. Verification includes, as appropriate, scrutiny of written statements, affidavits and explanations from responsible officers of the investor, review of relevant corporate records, and independent certification from chartered accountants, lawyers, architects or other professionals or persons retained by the investor.

In those cases where an investor fails to comply with the terms and conditions of the investment, including undertakings upon which allowance was based, the Act authorizes the Minister to initiate remedial action through the courts. In fiscal year 1975/76, no such action was necessary.

CHAPTER FOUR

OTHER OPERATIONS AND ADMINISTRATION

The Agency endeavours to be as helpful as possible to investors by providing advice and guidance on the application of the various provisions of the Act to their proposed investments. A large part of this advice and assistance function is carried out on an informal basis but there is also a provision for providing formal opinions. These activities are outlined in this chapter. In addition, the chapter describes the procedures for surveillance of business activity to ensure compliance with the provisions of the Act. It also outlines the organization and certain administrative features of the Agency.

OPINIONS

Two types of opinions are provided to investors -- Agency opinions and Ministerial opinions. The Agency provides Agency opinions concerning the reviewability of an investment under the Act where it considers it can usefully and properly do so. Agency opinions cover a wide variety of questions relating to reviewability such as whether there will in fact be a change in control, whether a property to be purchased is a business, whether the portion of a business that is to be acquired is capable of being carried on as a separate business (and should therefore be considered as a business for purposes of the Act), whether assets being acquired constitute all or substantially all of the property used in a business, and whether the threshold exemptions apply.

Investors are encouraged to discuss the circumstances of their particular cases informally with Agency officials before making formal requests for opinions. This informal consultation is useful not only in saving time and expense to investors on matters which can be disposed of summarily but also in assisting investors and their advisors to formulate applications. During the year 1975/76 the Agency engaged in a large volume of informal consultations of this type.

There is statutory authority for Ministerial opinions under subsection 4(1) of the Act. The Minister is required to give opinions on two matters upon request by the investor, (i) as to whether the investor is or is not a "non-eligible person" (i.e. non-Canadian) and (ii) as to whether a proposed new business is or is not related to an existing business in Canada of the applicant. Such opinions are binding on the Minister for a period of two years so long as all the material facts were disclosed to the Minister at the time of the request for an opinion and the facts so disclosed remain substantially unchanged.

In 1974/75, Ministerial opinions were provided only on the question of "eligibility" since the provisions of the Act concerning the establishment of new businesses, and hence on "relatedness", were not then in force. With the proclamation of Phase II of the Act covering the establishment of new businesses as of October 15, 1975, opinions have also been requested on "relatedness" in 1975/76.

Of the 23 requests for "eligibility" opinions received in fiscal year 1975/76, and the 16 requests in process as of March 31, 1975, 22 applicants were found to be eligible persons, and 3 requests were withdrawn when it became apparent that favourable opinions could not be given. At the end of 1975/76, there were 14 requests under study. During the year, 3 opinions were sought on the question of "relatedness" and all of these were found to involve activities that were related to existing businesses in Canada of the "non-eligible persons" concerned. (Appendix F lists applicants who sought "eligibility" opinions since April 9, 1974, and were found not to be "non-eligible persons".)

SURVEILLANCE

The Act authorizes the Minister to require a person, who has effected a reviewable investment transaction without filing a notice with the Agency, to file the appropriate notice. During the Agency's second year of operations, some 7,400 news media reports and reports and complaints from individuals concerning acquisitions of Canadian business enterprises or the establishment of new businesses in Canada were considered and, as a result, there were 240 investigations. As a consequence of those investigations, 7 acquisition notices and 1 new business notice were subsequently filed with the Agency.

From the relatively small number of reviewable transactions identified through the surveillance activity, it would seem that investors and their advisors are becoming increasingly more familiar with the requirements of the Act.

ORGANIZATION

The Agency, whose sole responsibility is to advise and assist the Minister responsible for the administration of the Act, is composed of three branches: the Compliance Branch, the Assessment Branch, the Research and Analysis Branch.

The Compliance Branch receives notices from investors with respect to their proposed investments and checks their reviewability under the Act. Also, the Branch provides Agency opinions and formulates Ministerial opinions. The other responsibilities of the Branch include surveillance, investigation, enforcement, and general administration of the Agency, which are described elsewhere in this report.

The Assessment Branch analyses investment proposals against the criteria for the assessment of benefit to Canada. The analysis is based on the information provided by the investor in the notice or further information and representations received from the investor or others, and on information on companies and sectors provided by interested federal departments and agencies. In addition, the Branch maintains direct contact with the provincial governments in order to identify their policies relevant to particular proposals. Following this analysis, the Assessment Branch provides advice to the Minister in order to enable him to assess the extent to which proposals offer significant benefit to Canada. The overall review procedure is described in detail in Appendix A.

The Research and Analysis Branch provides company and industry analysis in support of the assessment process. It also reviews results achieved through the administration of the Act and helps to develop new approaches to improve its effectiveness. These approaches may involve amendments to the Act, the issuance of guidelines to explain the intent of the Act to the business community, or changes in the administrative procedures to increase general efficiency. The Branch also evaluates the various factors, both external and domestic, which affect trends in foreign investment in Canada. Similarly, it is responsible for enabling the Agency to advise the Minister on the effects that any proposed federal economic and industrial policies may have on foreign investment. This involves an adequate degree of liaison and consultation with other federal departments and agencies.

ADMINISTRATION

During the fiscal year 1975/76, the Agency expended, from its allotment of $3,513,000 and 159 man-years, $2,869,000 and 132 man-years. This compares with the expenditure of $1,857,000 and 91 man-years for the fiscal year 1974/75, the Agency's first year of operations.

The Agency is implementing Part I of the Official Languages Resolution in accordance with the plans submitted to the Treasury Board in September, 1974. Of 159 man-years allotted to the Agency, 67 positions were identified as bilingual. As of March 31, 1976, the Agency had 47 bilingual employees.

In implementing Part II of the Official Languages Resolution, the Treasury Board approved in November, 1975 the Agency's proposal to establish two units working in the French language. As of March 31, 1976, 66 per cent of the Agency's commitments to this target had been met, with the remainder to be fulfilled in the 1976/77 fiscal year.

CHAPTER FIVE

THE IMPACT OF THE ACT ON FOREIGN CAPITAL INFLOWS INTO CANADA AND ON INVESTMENT IN CANADA BY FOREIGN CONTROLLED BUSINESSES

A number of projections have been made, by governmental and private organizations, of the capital requirements of the Canadian economy over the next decade or so. Estimates differ, of course, but most of them forecast a requirement significantly in excess of the supply of funds that is likely to be available from domestic savings. A substantial inflow of foreign capital will be needed, therefore, to achieve the full potential growth of the economy. In these circumstances it is pertinent to ask whether or not the existence and administration of the Foreign Investment Review Act are discouraging or are likely to discourage, firstly, tne needed inflow of foreign capital and, secondly, the level of investment by foreign controlled businesses already established in Canada. And, if the answer to either question is affirmative, it would be desirable to know by how much, in absolute and relative terms.

The Government has repeatedly stated that the purpose of the Act is not to block investment or to discourage it as such, but rather to ensure that those particular types of foreign investment which are subject to review under the Act take place on terms and under conditions that constitute significant benefit to Canada.

As noted, the great majority of all investment proposals reviewed under the Act in 1975/76 (and in 1974/75) were found likely to be of significant benefit to Canada and were therefore allowed to proceed. A minority were disallowed. To the extent that those proposals which were disallowed (and which were not subsequently resubmitted and allowed) would have been financed by funds from abroad the inflow of foreign capital was reduced. It is calculated that the reduction thus caused in 1975/76 may have been of the order of $15 to $20 million.

In addition, a number of proposals were withdrawn before any decision had been made -- 23 in 1975/76. More than half of these were withdrawn for reasons quite unconnected with the Act. The others, perhaps 8 or 9 proposals, were withdrawn because the investor concluded that he could not show significant benefit to Canada. These may be said to represent investment which did not take place because of the Act. Again, to the extent that, if consummated, they would have been financed by funds obtained from abroad, they represent a reduction in the capital inflow. It is thought the total may have been of the order of $4 to $5 million in 1975/76.

Finally, there may have been a number of investment plans which the investors abandoned, before making a proposal under the Act, either because they did not feel confident that they could demonstrate significant benefit to Canada or because they were unwilling to submit their plans to the review process. There is no statistical or other reliable information base from which to estimate how many cases there were of this kind, how much capital investment would have been involved, or how much of that capital would have been raised abroad. Any such estimate, therefore, can only be highly speculative and subjective in nature.

It should be recognized that, in certain circumstances, the Agency review process may actually lead to an increase in the amount of foreign direct investment capital entering Canada. Not infrequently investors decide to invest more than they had originally planned, in the business they propose to acquire or establish, in order to further enhance productivity, R & D, employment, etc. Sometimes, too, they are persuaded to obtain the required funds abroad, rather than from Canadian capital sources as they had originally intended.

It is also important to note that the Act applies to only some of those transactions which may involve capital inflows. It applies to proposals by non-eligible persons to acquire control of existing Canadian businesses, to establish entirely new businesses in Canada, or to diversify existing foreign controlled businesses into unrelated lines of activity. In the terminology of balance of payments accounting such transactions are referred to as direct investments. But direct investments also include investments from abroad by foreign corporations in the expansion of their Canadian businesses. These are not subject to review under the Act.

The principal components of the Capital Account of Canada's balance of payments are shown in the following table.

CANADIAN BALANCE OF INTERNATIONAL PAYMENTS
CAPITAL ACCOUNT - SUMMARY

($millions)

	1970	1971	1972	1973	1974	1975
Direct Investment						
In Canada	905	925	620	750	585	425
Abroad	-315	-230	-400	-785	-675	-630
Portfolio Transactions						
Canadian Stocks	- 79	-126	- 23	13	-102	91
Trade in Outstanding Bonds	- 40	- 96	292	29	42	302
New issues and retirements						
Federal, Provincial and Municipal Bonds	259	332	978	520	1,607	3,608
Corporate Bonds	353	- 2	105	30	287	765
Other Long-Term Capital	- 76	-139	-213	-172	-642	-639
Short-Term Capital Movements	-583	-318	-754	-948	414	639
Total Capital Movements	424	346	605	-563	1,516	4,561

Source: Statistics Canada

It will be noted that the inward foreign direct investment component of the Account has declined sharply since 1971, and in 1975 played a relatively minor role, in numerical terms, in meeting Canada's needs for foreign capital -- less than 10% of the total net capital inflow. The inflow of direct investment in any year reflects the investment decisions of very many individual investors so that the reasons for year-to-year changes cannot be reliably ascertained. Moreover, in the past three years a number of very large transactions involving transfers of ownership and corporate restructuring programs rather than additions to capital formation have influenced the recorded direct investment flows. In addition, no doubt, world-wide recession and inflation, together with disturbances in international capital markets as a result of the oil crisis, were major causes of the decline in direct investment inflows. In comparison with these other influences the impact of the Foreign Investment Review Act has been of relatively minor importance in determining the amount of the inflow of foreign direct investment and therefore of even lesser importance in relation to the total capital inflow.

Portfolio transactions, which include foreign purchases of shares in Canadian companies where there is no acquisition of control, and foreign purchases of bonds and other forms of long term debt issued by Canadian borrowers, have recently accounted for by far the greatest portion (over 80%) of the capital inflow. These transactions are not subject to review under the Act.

The Act was not intended to alter significantly the <u>quantity</u> of foreign investment entering Canada. What it was intended to do and what the review process is achieving is to improve the <u>quality</u> of those types of investment to which the Act applies. Furthermore, the administration of the Act is having a noticeable effect in creating a greater awareness among foreign investors of the overall economic objectives of Canada and of the need for them to associate themselves with the achievement of these objectives.

In considering the possible impact of the Act on the investment plans of foreign controlled businesses which are already established in Canada it is important to note that the Act does not require review of investments for the expansion of established foreign controlled businesses or the diversification of such businesses into related lines of activity. Thus the investment plans of existing foreign controlled enterprises -- which account each year for some $8 to $10 billions -- to enlarge their businesses or replace old plant and equipment are entirely outside the scope of the Act.

The semi-annual survey of capital investment intentions of major businesses in Canada, carried out by the Department of Industry, Trade and Commerce, indicates that foreign controlled firms included in the survey are planning to increase capital outlays at a faster rate than are Canadian controlled firms. In the manufacturing sector, the April, 1976 survey indicated that capital outlays in 1976 by foreign controlled firms would be 33 percent above outlays by the same firms in 1975. The comparable increase revealed by the survey for Canadian controlled firms in manufacturing was 20 percent. An even more divergent pattern prevails in the non-manufacturing sector. The 1976 capital expenditures of foreign controlled firms are forecast to be 41 percent above 1975 outlays. Expenditures for Canadian controlled firms are forecast to increase by 17 percent.

Two other surveys from the United States tend to confirm the conclusion that Canada continues to be an attractive location for foreign investments. A study prepared by the U.S. Department of Commerce, and published in their Survey of Current Business publication of March of 1976, predicted that the Canadian share of capital expenditures by foreign affiliates of U.S. companies would increase from 18.6 percent of the world total in 1975 to 20.8 percent in 1976. A second study by McGraw Hill Publication Company carried out in August of 1975 presents similar results. It predicts that Canada's share of capital investment by foreign subsidiaries of U.S. corporations would be larger in 1976 and 1977 than in any of the five years prior to the enactment of the Foreign Investment Review Act. Data from these two surveys are shown in the following table. The differences reflect differences in the coverage of the two surveys.

CAPITAL INVESTMENT ABROAD BY SUBSIDIARIES OF U.S. COMPANIES

	Investment in Canada as a Percent of Total Investment Outside the U.S.A.	
Year	Commerce Department Survey	McGraw Hill Survey
	%	%
1969	22.3	22.0
1970	21.4	20.0
1971	21.2	21.7
1972	20.8	17.5
1973	20.4	19.9
1974	21.2	24.4
1975 (e)	18.6	23.9
1976 (e)	20.8	25.5
1977 (e)	n.a.	24.9

(e) estimates or projected

In sum, the available information does not indicate that the Foreign Investment Review Act is discouraging the kinds of new foreign investment needed in Canada or the investment plans of foreign controlled businesses already established in Canada.

STATISTICAL

TABLES

TABLE I

ALL APPLICATIONS
OUTCOME OR STATUS

	Acquisitions		New Businesses		All Applications	
	74/75	75/76	74/75	75/76	74/75	75/76
Applications received of which:	230	189	-	66	230	255
Withdrawn prior to certification	7	10	-	3	7	13
Returned as non-reviewable	56	27	-	4	56	31
Decision as to reviewability pending at year-end	17	25	-	33	17	58
Uncertified applications carried forward from previous year	-	17	-	-	-	17
Applications certified as reviewable in the fiscal year	150	144	-	26	150	170
Unresolved applications carried forward from the previous year	-	58	-	-	-	58
Applications resolved in the fiscal year of which:	92	153	-	6	92	159
Allowed	63	110	-	4	63	114
Disallowed	12	22	-	-	12	22
Withdrawn after certification but before being brought to a decision by the Governor in Council	17	21	-	2	17	23
Applications under assessment at year end	58	49	-	20	58	69

TABLE II

REVIEWABLE ACQUISITION CASES
ACQUIREES CLASSIFIED BY ASSET RANGE AND BY WHETHER
CANADIAN CONTROLLED OR FOREIGN CONTROLLED

Asset range	Total				Canadian controlled				Foreign controlled			
	Number of cases		Assets ($mil.)		Number of cases		Assets ($mil.)		Number of cases		Assets ($mil.)	
	74/75	75/76	74/75	75/76	74/75	75/76	74/75	75/76	74/75	75/76	74/75	75/76
Less than $0.5 mil.	28	20	9.5	7.8	24	18	8.1	20.2	4	2	1.4	12.9
$0.5 mil.-$1 mil.	29	33	22.4	25.1	19	17	14.1		10	16	8.2	
$1.1 mil.-$2 mil.	32	32	47.8	47.4	22	13	30.6	18.7	10	19	17.2	28.7
$2.1 mil.-$5 mil.	23	27	68.1	87.7	13	11	39.2	34.2	10	16	29.0	53.3
$5.1 mil.-$10 mil.	13	21	91.1	156.7	7	6	47.2	41.5	6	15	43.9	115.2
$10.1 mil.-$25 mil.	15	7	249.5	116.7	6	3	98.4	124.9	9	4	151.1	220.8
Over $25 mil.	10	4	482.3	229.0	6	1	312.5		4	3	169.8	
TOTAL	150	144	970.7	670.4	97	69	550.1	239.5	53	75	420.6	430.9
	%	%	%	%	%	%	%	%	%	%	%	%
	74/75	75/76	74/75	75/76	74/75	75/76	74/75	75/76	74/75	75/76	74/75	75/76
Less than $0.5 mil.	18.7	13.9	0.9	1.2	24.8	26.1	1.5	8.4	7.5	2.7	0.3	3.0
$0.5 mil.-$1 mil.	19.3	22.9	2.3	3.7	19.6	24.6	2.6		18.9	21.3	2.0	
$1.1 mil.-$2 mil.	21.3	22.2	4.9	7.1	22.7	18.8	5.6	7.8	18.9	25.4	4.1	6.7
$2.1 mil.-$5 mil.	15.3	18.7	7.0	13.1	13.3	15.9	7.1	14.3	18.9	21.3	6.9	12.4
$5.1 mil.-$10 mil.	8.7	14.6	9.4	23.4	7.2	8.7	8.5	17.3	11.3	20.0	10.4	26.7
$10.1 mil.-$25 mil.	10.0	4.9	25.8	17.4	6.2	4.4	17.9	52.2	17.0	5.3	35.9	51.2
Over $25 mil.	6.7	2.8	49.7	34.1	6.2	1.5	56.8		7.5	4.0	40.4	
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

TABLE III

REVIEWABLE ACQUISITION CASES
ACOUIREES CLASSIFIED BY EMPLOYMENT RANGE AND BY WHETHER
CANADIAN CONTROLLED OR FOREIGN CONTROLLED

	Total				Canadian controlled				Foreign controlled			
	Number of cases		Employment		Number of cases		Employment		Number of cases		Employment	
Employment range	74/75	75/76	74/75	75/76	74/75	75/76	74/75	75/76	74/75	75/76	74/75	75/76
0- 25	56	70	562	819	38	38	432	479	18	32	130	340
26- 50	29	27	1,066	1,008	21	14	803	496	8	13	263	512
51- 75	12	14	720	836	7	7	636	583	5	7	707	585
76- 100	7	4	623	332	2	2			5	2		
101- 300	32	18	6,128	3,473	21	7	3,961	2,092	11	11	2,167	5,053
301-1,000	11	8	5,670	3,672	6	1	8,808		5	7	5,139	
Over 1,000	3	3	8,277	4,634	2	-		-	1	3		4,634
TOTAL	150	144	23,046	14,774	97	69	14,640	3,650	53	75	8,406	11,124
	% 74/75	% 75/76	% 74/75	% 75/76	% 74/75	% 75/76	% 74/75	% 75/76	% 74/75	% 75/76	% 74/75	% 75/76
0- 25	37.4	48.6	2.4	5.5	39.2	55.1	3.0	13.1	34.0	42.7	1.5	3.0
26- 50	19.3	18.7	4.6	6.8	21.6	20.3	5.5	13.6	15.1	17.3	3.1	4.6
51- 75	8.0	9.7	3.1	5.7	7.2	10.1	4.4	16.0	9.4	9.3	8.4	5.3
76- 100	4.7	2.8	2.7	2.2	2.1	2.9			9.4	2.7		
101- 300	21.3	12.5	26.6	23.5	21.6	10.1	27.0	57.3	20.8	14.7	25.8	45.4
301-1,000	7.3	5.6	24.6	24.9	6.2	1.5	60.1		9.4	9.3	61.2	
Over 1,000	2.0	2.1	36.0	31.4	2.1	-		-	1.9	4.0		41.7
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

TABLE IV

REVIEWABLE ACQUISITION CASES
ACQUIREES CLASSIFIED BY WHETHER PRIVATE OR PUBLIC
AND BY WHETHER CANADIAN CONTROLLED OR FOREIGN CONTROLLED

Private or public	Number of cases		Assets of acquirees ($000)		Average Assets of acquirees ($000)		Distribution by number of cases %		Distribution by assets acquirees %	
	74/75	75/76	74/75	75/76	74/75	75/76	74/75	75/76	74/75	75/76
All acquirees	150	144	970,727	670,441	6,472	4,656	100.0	100.0	100.0	100.0
Private	122	127	554,075	496,876	4,542	3,912	81.3	88.2	57.1	74.1
Public	28	17	416,652	173,565	14,880	10,210	18.7	11.8	42.9	25.9
Canadian controlled acquirees	97	69	550,093	239,510	5,671	3,471	100.0	100.0	100.0	100.0
Private	79	61	243,955	205,913	3,088	3,376	81.4	88.4	44.3	86.0
Public	18	8	306,138	33,597	17,008	4,200	18.6	11.6	55.7	14.0
Foreign controlled acquirees	53	75	420,634	430,931	7,936	5,746	100.0	100.0	100.0	100.0
Private	43	66	310,120	290,963	7,212	4,409	81.1	88.0	73.7	67.5
Public	10	9	110,514	139,968	11,051	15,552	18.9	12.0	26.3	32.5

TABLE V

REVIEWABLE ACQUISITION CASES
APPLICANTS CLASSIFIED BY COUNTRY OF APPARENT CONTROL
AND ACQUIREES CLASSIFIED BY ASSETS

Applicant's country of apparent control	Number of cases		Assets of acquirees ($000)		Distribution by number of cases %		Distribution by assets acquirees %	
	74/75	75/76	74/75	75/76	74/75	75/76	74/75	75/76
United States	94	97	589,097	465,689	62.6	67.3	60.7	69.5
Europe	46	43	317,751	198,150	30.6	29.9	32.7	29.5
Belgium	2	2	c	c	1.3	1.4	c	c
France	5	6	8,255	c	3.3	4.1	0.8	c
Italy	-	2	-	c	-	1.4	-	c
Liechtenstein	3	1	4,245	c	2.0	0.7	0.4	c
Luxembourg	-	1	-	c	-	0.7	-	c
Netherlands	-	5	-	20,201	-	3.5	-	3.0
Norway	-	1	-	c	-	0.7	-	c
Switzerland	5	4	75,063	5,152	3.3	2.8	7.7	0.8
Sweden	1	2	c	c	0.7	1.4	c	c
United Kingdom	23	17	145,181	51,994	15.3	11.8	15.0	7.7
West Germany	7	2	83,756	c	4.7	1.4	8.6	c
All Other Countries	10	4	63,879	6,602	6.8	2.8	6.6	1.0
Australia	3	-	12,891	-	2.0	-	1.3	-
Bermuda	1	1	c	c	0.7	0.7	c	c
Hong Kong	1	-	c	-	0.7	-	c	-
India	1	-	c	-	0.7	-	c	-
Japan	3	2	c	c	2.0	1.4	c	c
Mexico	-	1	-	c	-	0.7	-	c
Panama	1	-	c	-	0.7	-	c	-
TOTAL	150	144	970,727	670,441	100.0	100.0	100.0	100.0

(c) Asset figures excluded to preserve confidentiality.

TABLE VI

REVIEWABLE ACQUISITION CASES
ACQUIREES CLASSIFIED BY PRINCIPAL INDUSTRY SECTOR

Industry sector	Number of cases		Assets of acquirees ($000)		Average assets of acquirees ($000)		Distribution by number of cases %		Distribution by assets of acquirees %	
	74/75	75/76	74/75	75/76	74/75	75/76	74/75	75/76	74/75	75/76
Mines, mineral fuels, and incidental services	17	14	96,135	c	5,655	c	11.3	9.7	9.9	c
Other primary	5	2	16,463	c	3,293	c	3.3	1.4	1.7	c
Manufacturing	65	75	406,402	353,581	6,252	4,714	43.4	52.1	41.9	52.7
Construction	2	4	c	12,882	c	3,221	1.3	2.8	c	1.9
Transportation, communication and other utilities	8	5	11,015	3,665	1,377	733	5.3	3.5	1.1	0.6
Wholesale and retail trade	31	29	169,581	84,309	5,470	2,907	20.7	20.1	17.5	12.6
Finance, insurance and real estate	16	10	167,974	112,226	10,498	11,223	10.7	6.9	17.3	16.7
Community, business, and personal services	6	5	c	13,312	c	2,662	4.0	3.5	c	2.0
TOTAL	150	144	970,727	670,441	6,472	4,656	100.0	100.0	100.0	100.0
SUMMARY										
Primary	22	16	112,598	90,466	5,118	5,654	14.6	11.1	11.6	13.5
Manufacturing	65	75	406,402	353,581	6,252	4,714	43.4	52.1	41.9	52.7
Other	63	53	451,727	226,394	7,170	4,272	42.0	36.8	46.5	33.8

(c) Asset figures excluded to preserve confidentiality.

TABLE VII

REVIEWABLE ACQUISITION CASES
ACQUIREES CLASSIFIED BY PRINCIPAL TYPE OF MANUFACTURING

Type of manufacturing	Number of cases		Assets of acquirees ($000)		Average assets of acquirees ($000)		Distribution by number of cases %		Distribution by assets of acquirees %	
	74/75	75/76	74/75	75/76	74/75	75/76	74/75	75/76	74/75	75/76
Food and beverage	8	7	21,895	13,703	2,737	1,958	12.3	9.3	5.4	3.9
Tobacco products	1	1	c	c	c	c	1.5	1.3	c	c
Rubber and plastic products	2	2	c	c	c	c	3.1	2.7	c	c
Leather	1	1	c	c	c	c	1.5	1.3	c	c
Textiles	2	-	c	-	c	-	3.1	-	c	-
Knitting mills	1	1	c	c	c	c	1.5	1.3	c	c
Clothing	-	2	-	c	-	c	-	2.6	-	c
Wood	6	5	50,680	9,432	8,447	1,886	9.2	6.7	12.4	2.7
Furniture and fixture	-	4	-	4,581	-	1,145	-	5.3	-	1.3
Paper and allied	2	1	c	c	c	c	3.1	1.3	c	c
Printing, publishing, and allied	-	3	-	3,236	-	1,079	-	4.0	-	0.9
Primary metal	-	5	-	60,308	-	12,061	-	6.7	-	17.1
Metal fabricating	3	7	11,320	12,046	3,773	1,721	4.6	9.3	2.8	3.4
Machinery	7	10	34,416	78,127	4,917	7,813	10.8	13.4	8.5	22.1
Transportation equipment	9	5	27,590	14,352	3,066	2,870	13.9	6.7	6.8	4.1
Electrical products	4	8	74,828	76,102	18,707	9,513	6.2	10.7	18.4	21.5
Non-metallic mineral products	9	2	87,894	c	9,766	c	13.8	2.7	21.6	c
Petroleum and coal products	-	-	-	-	-	-	-	-	-	-
Chemical	8	6	8,965	14,905	1,121	2,484	12.3	8.0	2.2	4.2
Miscellaneous manufacturing	2	5	c	8,331	c	1,666	3.1	6.7	c	2.4
TOTAL	65	75	406,402	353,581	6,252	4,714	100.0	100.0	100.0	100.0

(c) Asset figures excluded to preserve confidentiality.

TABLE VIII

REVIEWABLE ACQUISITION CASES
ACQUIREES CLASSIFIED BY PRINCIPAL INDUSTRY SECTOR
AND APPLICANTS CLASSIFIED BY COUNTRY OF APPARENT CONTROL

Industry sector	"U. S." applicants				"European" applicants				"ALL OTHER" applicants			
	Number		Distribution of cases %		Number		Distribution of cases %		Number		Distribution of cases %	
	74/75	75/76	74/75	75/76	74/75	75/76	74/75	75/76	74/75	75/76	74/75	75/76
Mines, mineral fuels, and incidental services	13	8	13.8	8.2	4	5	8.7	11.6	-	1	-	25.0
Other primary	3	2	3.2	2.1	2	-	4.3	-	-	-	-	-
Manufacturing	41	58	43.6	59.8	17	17	37.1	39.5	7	-	70.0	-
Construction	-	2	-	2.1	2	2	4.3	4.7	-	-	-	-
Transportation, communication and other utilities	6	4	6.4	4.1	2	1	4.3	2.3	-	-	-	-
Wholesale and retail trade	20	17	21.3	17.5	9	10	19.6	23.3	2	2	20.0	50.0
Finance, insurance, and real estate	8	2	8.5	2.1	8	7	17.4	16.3	-	1	-	25.0
Community, business, and personal services	3	4	3.2	4.1	2	1	4.3	2.3	1	-	10.0	-
TOTAL	94	97	100.0	100.0	46	43	100.0	100.0	10	4	100.0	100.0
SUMMARY												
Primary	16	10	17.0	10.3	6	5	13.0	11.6	-	1	-	25.0
Manufacturing	41	58	43.6	59.8	17	17	37.1	39.5	7	-	70.0	-
Other	37	29	39.4	29.9	23	21	49.9	48.9	3	3	30.0	75.0

TABLE IX

REVIEWABLE ACQUISITION CASES
ACQUIREES CLASSIFIED BY PROVINCE OF PRINCIPAL LOCATION

Region	Number of cases		Assets of acquirees ($000)		Distribution by number of cases %		Distribution by assets of acquirees %	
	74/75	75/76	74/75	75/76	74/75	75/76	74/75	75/76
Atlantic provinces	5	6	26,059	27,814	3.3	4.2	2.7	4.2
Newfoundland	-	1	-	c	-	0.7	-	c
Prince Edward Island	-	-	-	-	-	-	-	-
Nova Scotia	3	-	c	-	2.0	-	c	-
New Brunswick	2	5	c	c	1.3	3.5	c	c
Quebec	39	27	222,201	163,795	26.0	18.7	22.9	24.4
Ontario	59	71	430,363	266,344	39.4	49.3	44.3	39.7
Western provinces	47	40	292,104	212,488	31.3	27.8	30.1	31.7
Manitoba	5	5	68,605	80,050	3.3	3.5	7.1	12.0
Saskatchewan	2	2			1.3	1.4		
Alberta	23	17	151,129	88,708	15.4	11.8	15.6	13.2
British Columbia	17	16	72,370	43,730	11.3	11.1	7.4	6.5
The Territories	-	-	-	-	-	-	-	-
TOTAL	150	144	970,727	670,441	100.0	100.0	100.0	100.0

(c) Asset figures excluded to preserve confidentiality.

TABLE X

REVIEWABLE ACQUISITION CASES
ACQUIREES CLASSIFIED BY PROVINCE OF PRINCIPAL LOCATION AND APPLICANTS BY COUNTRY OF APPARENT CONTROL

Region	"U. S." applicants				"European" applicants				"ALL OTHER" applicants			
	Number		Distribution of cases %		Number		Distribution of cases %		Number		Distribution of cases %	
	74/75	75/76	74/75	75/76	74/75	75/76	74/75	75/76	74/75	75/76	74/75	75/76
Atlantic provinces	3	3	3.2	3.1	1	2	2.2	4.7	1	1	10.0	25.0
Newfoundland	-	-	-	-	-	-	-	-	-	1	-	25.0
Prince Edward Island	-	-	-	-	-	-	-	-	-	-	-	-
Nova Scotia	2	-	2.1	-	1	-	2.2	-	-	-	-	-
New Brunswick	1	3	1.1	3.1	-	2	-	4.7	1	-	10.0	-
Quebec	18	16	19.1	16.5	17	11	37.0	25.6	4	-	40.0	-
Ontario	42	50	44.7	51.5	16	20	34.8	46.5	1	1	10.0	25.0
Western provinces	31	28	33.0	28.9	12	10	26.0	23.2	4	2	40.0	50.0
Manitoba	4	4	4.3	4.1	1	1	2.2	2.3	-	-	-	-
Saskatchewan	1	1	1.1	1.1	1	1	2.2	2.3	-	-	-	-
Alberta	18	12	19.1	12.4	5	3	10.8	7.0	-	2	-	50.0
British Columbia	8	11	8.5	11.3	5	5	10.8	11.6	4	-	40.0	-
The Territories	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	94	97	100.0	100.0	46	43	100.0	100.0	10	4	100.0	100.0

TABLE XI

OUTCOME OF RESOLVED ACQUISITION CASES
APPLICANTS CLASSIFIED BY COUNTRY OF APPARENT CONTROL
AND ACQUIREES BY WHETHER CANADIAN CONTROLLED OR FOREIGN CONTROLLED

Outcome of cases and applicant's country of apparent control	Canadian controlled				Foreign controlled				TOTAL			
	Number of cases		Percent		Number of cases		Percent		Number of cases		Percent	
	74/75	75/76	74/75	75/76	74/75	75/76	74/75	75/76	74/75	75/76	74/75	75/76
Allowed												
United States	19	41	52.8	69.5	20	42	74.1	82.4	39	83	61.9	75.5
Europe	16	16	44.4	27.1	7	7	25.9	13.7	23	23	36.5	20.9
Other	1	2	2.8	3.4	-	2	-	3.9	1	4	1.6	3.6
TOTAL	36	59	100.0	100.0	27	51	100.0	100.0	63	110	100.0	100.0
Disallowed												
United States	5	11	50.0	61.1	2	4	100.0	100.0	7	15	58.3	68.2
Europe	4	5	40.0	27.8	-	-	-	-	4	5	33.3	22.7
Other	1	2	10.0	11.1	-	-	-	-	1	2	8.4	9.1
TOTAL	10	18	100.0	100.0	2	4	100.0	100.0	12	22	100.0	100.0
Withdrawn												
United States	5	6	41.7	46.1	4	4	80.0	50.0	9	10	52.9	47.6
Europe	4	5	33.3	38.5	1	4	20.0	50.0	5	9	29.4	42.9
Other	3	2	25.0	15.4	-	-	-	-	3	2	17.7	9.5
TOTAL	12	13	100.0	100.0	5	8	100.0	100.0	17	21	100.0	100.0
Total Resolved												
United States	29	58	50.0	64.4	26	50	76.5	79.4	55	108	59.8	70.6
Europe	24	26	41.4	28.9	8	11	23.5	17.4	32	37	34.8	24.2
Other	5	6	8.6	6.7	-	2	-	3.2	5	8	5.4	5.2
TOTAL	58	90	100.0	100.0	34	63	100.0	100.0	92	153	100.0	100.0

TABLE XII

RESOLVED ACQUISITION CASES
ACQUIREES CLASSIFIED BY PRINCIPAL INDUSTRY SECTOR
AND BY OUTCOME

Industry sector	Allowed cases				Disallowed cases				Withdrawn cases			
	Number of cases		Percentage		Number of cases		Percentage		Number of cases		Percentage	
	74/75	75/76	74/75	75/76	74/75	75/76	74/75	75/76	74/75	75/76	74/75	75/76
Mines, mineral fuels, and incidental services	8	12	12.7	10.9	1	2	8.3	9.1	-	3	-	14.3
Other primary	1	3	1.6	2.7	-	1	-	4.5	1	1	5.9	4.8
Manufacturing	27	50	42.9	45.5	8	11	66.7	50.0	10	5	58.8	23.8
Construction	2	-	3.2	-	-	-	-	-	-	1	-	4.8
Transportation, communication and other utilities	4	3	6.3	2.7	-	3	-	13.6	1	1	5.9	4.8
Wholesale and retail trade	10	29	15.9	26.4	2	4	16.7	18.2	2	5	11.8	23.8
Finance, insurance and real estate	7	8	11.1	7.3	1	1	8.3	4.6	2	5	11.8	23.7
Community, business, and personal services	4	5	6.3	4.5	-	-	-	-	1	-	5.8	-
TOTAL	63	110	100.0	100.0	12	22	100.0	100.0	17	21	100.0	100.0
SUMMARY												
Primary	9	15	14.3	13.6	1	3	8.3	13.6	1	4	5.9	19.1
Manufacturing	27	50	42.9	45.5	8	11	66.7	50.0	10	5	58.8	23.8
Other	27	45	42.8	40.9	3	8	25.0	36.4	6	12	35.3	57.1

TABLE XIII

ALLOWED AND DISALLOWED ACQUISITION CASES
APPLICANTS' PRIMARY REASON FOR ACQUISITION

Primary reason for wanting to make acquisition	Number of cases 75/76	Percentage 75/76
Horizontal integration and expansion	46	34.8
Forward vertical integration	12	9.1
Backward vertical integration	12	9.1
Diversification into new areas of activity	10	7.6
Indirect takeover through acquisition of foreign parent	30	22.7
Entry into Canada	16	12.1
Increase in degree of ownership	6	4.6
TOTAL	132	100.0

TABLE XIV

ALLOWED AND DISALLOWED ACQUISITION CASES
VENDORS' PRIMARY REASON FOR SELLING

Primary reason for wanting to sell	Number of cases 75/76	Percentage 75/76
Business in a poor financial position	31	23.4
Indirect takeover through acquisition of foreign parent	30	22.7
Inability to raise capital for, or manage expansion	24	18.1
Desire of parent to dispose of the area of business	17	12.9
Ill health of owner	7	5.3
Acquire technical expertise	6	4.6
Attractive purchase offer	6	4.6
Desire of parent of vendor company to raise capital	6	4.6
Desire of owner to retire	5	3.8
TOTAL	132	100.0

TABLE XV

REVIEWABLE NEW BUSINESS CASES
NEW BUSINESSES CLASSIFIED BY REGION OF PRINCIPAL LOCATION AND INDUSTRY SECTOR,
AND APPLICANTS CLASSIFIED BY COUNTRY OF APPARENT CONTROL

Region	"U.S." applicants		"European" applicants		"ALL OTHER" applicants		TOTAL	
	Number	Distribution of cases	Number	Distribution of cases	Number	Distribution of cases	Number	Distribution of cases
	75/76	% 75/76	75/76	% 75/76	75/76	% 75/76	75/76	% 75/76
Atlantic Provinces	-	-	2	20.0	2	33.3	4	15.4
Quebec	2	20.0	3	30.0	1	16.7	6	23.1
Ontario	6	60.0	2	20.0	2	33.3	10	38.4
Western Provinces	2	20.0	3	30.0	1	16.7	6	23.1
TOTAL	10	100.0	10	100.0	6	100.0	26	100.0
Industry Sector	75/76	% 75/76	75/76	% 75/76	75/76	% 75/76	75/76	% 75/76
Primary	-	-	-		-	-	-	-
Manufacturing	6	60.0	8	80.0	2	33.3	16	61.5
Other	4	40.0	2	20.0	4	66.7	10	38.5
TOTAL	10	100.0	10	100.0	6	100.0	26	100.0

APPENDICES

APPENDIX A

THE REVIEW PROCEDURE

The review procedure consists of several steps: (a) receipt by the Agency of a notice by a non-eligible person of a proposal to acquire a Canadian business or to establish a new business in Canada; (b) certification of the notice; (c) review of the proposal by the Agency and the Minister responsible for the Act; (d) the Minister's recommendation to the Governor in Council; and (e) decision of the Governor in Council to allow or not to allow the proposal.

The procedure is set in motion with the receipt by the Agency of a notice outlining an investment proposal. As soon as the notice is received it is scrutinized by the Compliance Branch to determine whether the proposal is prima facie reviewable under the Act and whether the notice is properly and adequately made out. If the proposal is not reviewable, the notice is returned to the applicant along with a letter of explanation. If the proposal appears to be reviewable but the notice does not contain all the information prescribed by the Regulations, a "deficiency" letter is sent to the applicant pointing out what is incorrect or incomplete in the notice. Meanwhile, the application is passed on to the Assessment Branch for immediate commencement of assessment of the investment proposal by reference to the benefit factors outlined in Subsection 2(2).

The assessment is not based solely on information furnished with the application form. Additional information is sought through consultations with appropriate federal departments and through special studies carried out within the Agency. The views of the province or provinces significantly affected by the proposal are also taken into account. On completion of the assessment, the Assessment Branch prepares a document which summarizes the facts of the case and contains an analysis of the benefits to Canada. This is the basic document that is considered by the Minister in arriving at his recommendation. If his recommendation is favourable to the applicant, -- to allow -- it is forwarded to the Governor in Council who makes the final decision in every case.

If, on the basis of the information provided by the applicant, the Minister is unable to complete his assessment, for example because of the absence of some piece of information that is important in considering the likely effects of the proposed investment, or having completed his assessment is unable to recommend allowance, a notice is issued advising the applicant of this fact and of his right to make further representations. Should the applicant wish to avail himself of the right to further representations, he must inform the Agency to that effect within 30 days. If he does so, he must be allowed a reasonable time to make his representations including the submission of any further undertakings he may wish to put forward in connection with the proposal. Once all the representations and consultations have been concluded, the Minister reconsiders his opinion and makes his recommendation to the Governor in Council.

The Act contains a safeguard against unnecessary delay on the part of the Government in the assessment and decision-making process. If, within 60 days of the certified date of receipt of a notice the Governor in Council has made no decision and if no notice has been sent in the circumstances described in the immediately preceding paragraph, the Governor in Council is deemed to have allowed the investment. In contrast, there is no specific provision in the Act limiting the time available to the applicant to complete the presentation of his proposal. The 30 day limit referred to in the preceding paragraph is the period within which the applicant must normally advise the Agency of his intention to make further representations. There is no statutory limit on the time within which those representations must be made.

With his recommendation, the Minister provides the Governor in Council with a summary of the information and plans and undertakings related to the investment proposal under consideration. The Governor in Council then reaches his decision to allow or disallow on the basis of the recommendation and the summary and in the light of the benefit factors enumerated in Subsection 2(2). All decisions are published in the Canada Gazette. In addition, the Minister issues press releases announcing the decisions as they are made.

APPENDIX B

ORGANIZATION AND PRINCIPAL OFFICERS OF THE AGENCY

September 15, 1976

Minister	
The Hon. Jean Chrétien	
Commissioner	
G. Howarth	995-9601
Deputy Commissioner	995-9605
Assessment Branch	
Deputy Commissioner	995-9605
Director, Resource Industries Division C. Pineau	995-9452
Director, Manufacturing Industries Division J. Clermont	995-9455
A/Director, Service and Construction Industries Division D. Buxton	995-9456
Compliance Branch	
Director W.T. Wood	995-9997
Deputy Director Compliance (Rulings) R. Rossow	992-5339
Senior Legal Advisor P. Tetro	992-5478
Research and Analysis Branch	
Director G.H. Dewhirst	992-3847

APPENDIX C

ALPHABETICAL LIST OF

ALLOWED AND DISALLOWED CASES

Fiscal 1975/76

Takeovers

No.	Applicant/acquiree and its business	Allowed	Disallowed
1.	Algemene Bank Nederland N.V./Netherlands Overseas Corp. Canada Ltd., and Canneth Corp. Ltd., which provide import-export financing, and investment management.	X	
2.	Allis-Chalmers Corp. of Canada Ltd., and National Steel Corp. of Canada, Ltd./certain assets of Falconbridge Nickel Mines Ltd., a producer of nickel and other base and precious metals.	X	
3.	Altana Exploration Co./Intercontinental Energy Corp., an oil and gas exploration company.	X	
4.	AMAX Petroleum of Canada Ltd./Production Operators Ltd., an operator of a gas gathering and compression system.	X	
5.	Ambassador Bridge Inc./Canada Transit Co., which operates the Canadian side of the Ambassador Bridge.		X
6.	American General Insurance Co./Financial Life Assurance Co., a life insurance company.	X	
7.	American Packaging Corp./Wrap-O-Matic Machinery Co. Ltd., a manufacturer of "shrink" packaging equipment.	X	
8.	Anchor Hocking Corp./Amerock Ltd., a manufacturer of decorative home hardware.	X	
9.	ASEA Ltd./Harland Systems Department of Peacock Brothers Ltd., a manufacturer and distributor of variable speed drive control systems.	X	

No.	Applicant/acquiree and its business	Allowed	Disallowed
10.	Avco Financial Services Canada Ltd./certain assets of La Corporation de Finance Bonaccord Ltée., a finance company.		X
11.	Baker Oil Tools, Inc./Reed Tool Co. of Canada Ltd., a distributor of drill bits and a manufacturer of tool joints and drill collars.	X	
12.	Bell Pole Co. Ltd./Bell Sawmill Ltd., a sawmill operation.	X	
13.	Bestpipe Ltd./Vibrapipe Concrete Products Ltd., a manufacturer of concrete drainage and sewage pipe.	X	
14.	BP Oil Ltd./Golden Triangle Oils Ltd., a retail gasoline-car wash establishment.	X	
15.	Canadian Canners Ltd./Robert G. Tamblyn Paper Box Ltd., a producer of folding paper boxes.		X
16.	Canadian Ingersoll-Rand Co. Ltd./Canada Machinery Corp., a manufacturer of a wide range of capital goods.	X	
17.	Canadian Occidental Petroleum Ltd./Squamish Chemicals Ltd., a producer of sodium chlorate.	X	
18.	Cargill Grain Co., Ltd./certain mining claims owned by Bellchasse Mining Corp. Ltd., engaged in mineral exploration and development.	X	
19.	Childers Products Co., Inc./Terkel Insulation Products Ltd., a manufacturer of metal insulation jacketing.	X	
20.	Ciba-Geigy Canada Ltd./Stewart Seeds Ltd., a producer of cereal and corn seed.		X
21.	Ciba-Geigy Canada Ltd.(second submission)/ Stewart Seeds Ltd., a producer of cereal and corn seed.	X	
22.	Ciba-Geigy Corp./Airkem of Canada, Ltd., a producer, manufacturer, and distributor of sanitary supplies and air fresheners.	X	
23.	Citicorp Leasing International, Inc./North America Business Equipment Ltd., Direct Leasing Ltd., and the Medi-Dent Service Ltd., engaged in ticket, and medical and dental equipment leasing.	X	

No.	Applicant/acquiree and its business	Allowed	Disallowed
24.	Climax Molybdenum Corp./certain minerals claims near Alice Arm of United Chieftain Resources Ltd. (N.P.L.), engaged in mineral exploration.	X	
25.	Columbia House of Canada/certain assets of Capital Record Club, a record and tape club.	X	
26.	Congdon & Carey Ltd./certain mining claims from Hallmark Resources Ltd. (N.P.L.), which engages in mineral exploration and development.	X	
27.	Continental Can Co. of Canada Ltd./International Spring Manufacturing Co. of Canada Ltd., a manufacturer of leaf spring for automobiles, heavy equipment, and mobile homes.	X	
28.	Continental Can Co. of Canada Ltd./Packaging Converters Ltd., a manufacturer of flexible packaging materials.	X	
29.	Corbetts Ltd./Maurice Rousseau & Cie Ltée., a distributor of automotive replacement parts, accessories, and supplies.		X
30.	Cott Beverages Ltd./the assets of Private Brands Beverages Ltd., and Stewart Hall Co., the former a producer of soft drink flavours and concentrate, and the latter a bottler and distributor of soft drinks.	X	
31.	Crown Cork & Seal Co. Ltd./International Laboratories (1972) Ltd., a manufacturer of paints and varnishes.	X	
32.	Crown Zellerbach Canada Ltd./Elk River Timber Co. Ltd., a logging operation.	X	
33.	Cyanamid of Canada Ltd./Les Engrais Idéal Ltée., a retailer of bulk fertilizers and related products.	X	
34.	Dead River Ltd./Bayshore Lumber Co. Ltd., a sawmill operation.	X	
35.	De Laval Turbine Inc./Williams Machines, Ltd., True Forge Ltd., and certain assets of material Processing Division of Havlik Enterprises Ltd., engaged in custom machine work.		X
36.	Dental Depot (Canada) Ltd./United Dental Supply Corp., which sells dental equipment and supplies.	X	

No.	Applicant/acquiree and its business	Allowed	Disallowed
37.	Deutsche Canada-Grundbesitz GmbH & Co./the Calgary Place commercial real estate complex.	X	
38.	Diversified Products Corp./Nadco Health Equipment Ltd., which assembles health and exercise equipment.	X	
39.	Dow Chemical of Canada Ltd./Iroquois Chemicals Ltd., a manufacturer of furniture-finishing chemicals and synthetic resins.	X	
40.	Easton Holdings Ltd./Crownco Holdings Ltd., which owns and operates an office building.	X	
41.	Emerson Electric Co./A.B. Chance Co. of Canada Ltd., a supplyer of live-line maintenance equipment and line hardware.	X	
42.	Esmark Inc./Playtex Ltd., a manufacturer and distributor of ladies' foundation garments and family products.	X	
43.	Flygt Canada Ltd./G.F. Seely & Son Ltd., which sells, rents, and services pumps, generators, and miscellaneous equipment.	X	
44.	Frank W. Horner Ltd./Denver Laboratories (Canada) Ltd., a manufacturer and distributor of proprietary, diagnostic, and pharmaceutical products.	X	
45.	Furnco Construction Canada Ltd./Walker Vacuum Services Ltd., a manufacturer of mobile industrial vacuum units.	X	
46.	Gelco-Feld Corp/Transport International Pool of Canada Ltd., which rents trailers and trailer equipment.	X	
47.	Gelco-Feld Corp./Transport International Pool (Quebec) Ltd., which rents trailers and trailer equipment.	X	
48.	General Crude Oil Co., Northern, Ltd./certain interests in the Kitscoty Pool from Canadian Hidrogas Resources Ltd., a producer of heavy crude oil.	X	
49.	General Crude Oil Co., Northern, Ltd./certain interests in the Silverdale Pool from Canadian Hunter Exploration Ltd., a producer of heavy crude oil.	X	

No.	Applicant/acquiree and its business	Allowed	Disallowed
50.	Generics Corp. of America/Micro Chemicals Ltd., a chemical synthesizer of pharmaceuticals.	X	
51.	Georgia-Pacific Building Materials Ltd./certain assets of the building materials wholesale division of Evans Products Co. Ltd., a producer and distributor of wooden building materials.	X	
52.	Golden Eagle Canada Ltd./St. Laurent et Frères (1966) Inc., a distributor of home heating oil.	X	
53.	Granada TV Rental Ltd./Colorvision Rentals Ltd., which rents colour television sets.	X	
54.	Graphic Controls Canada Ltd./E.I.L. Incorporated, a manufacturer and distributor of disposable electrodes and diagnostic equipment.	X	
55.	Gulf Resources & Chemical Corp./IRECO of Canada Ltd. a producer of industrial and slurry explosives.	X	
56.	GWS-KRUPP Industries Ltd./Edmonton Structural Steel Plant of Great West Steel Industries.	X	
57.	Harthind Corp./Arrow-Hart of Canada Ltd., a manufacturer and distributor of electrical wiring devices.	X	
58.	Harthind Corp./Murray-Jensen Mfg. Ltd., a manufacturer and distributor of electrical meter mounting equipment, pole line hardware, and service entrance masts.	X	
59.	Hayes-Dana Ltd./Byers Truck & Trailer Equipment Ltd., which services trucks and supplies spare parts.	X	
60.	Henry I. Siegel Co. Inc./Monarch Wear Ltd., a clothing manufacturer.	X	
61.	HFL Ltd./Baetz Furniture Ltd., a manufacturer of furniture.	X	
62.	Hudson's Bay Oil & Gas Co. Ltd./certain oil and gas properties of Sulpetro of Canada Ltd., engaged in the exploration for oil and natural gas.	X	

No.	Applicant/acquiree and its business	Allowed	Disallowed
63.	Inchcape Canada Ltd./Universal Fastening Devices Ltd., and W.S. Bate Ltd., distributors of concrete fasteners and power tools.	X	
64.	International Harvester Co. of Canada Ltd., and Harcan Leasing Ltd./certain assets of B.C. Equipment Co. Ltd., and Crocker Equipment Sales Ltd., distributors of construction equipment.	X	
65.	Japan Oil Sands Co. Ltd./Japan Oil Sands Co. Primrose Ltd., engaged in research for a commercially viable method of extracting crude oil from oil sands.	X	
66.	Kaladar Planing Mills Ltd./the assets of L.E. Welk Lumber Manufacturing Ltd., a sawmill operation.	X	
67.	Keen Industries Ltd./Tompkins Contracting Ltd., a truck transportation business, also engaged in the construction of roads, railways, and oil and gas fields.	X	
68.	Kibun Co. Ltd./North Sea Products Ltd., a processor of fish.		X
69.	Koppers Co. Inc./Sprout Waldron of Canada Ltd., a sales and service outlet for equipment supplied to the pulp and paper, and feed processing industries.	X	
70.	Lacroix, L., Fils S.A./Central Tobacco Manufacturing Co. Ltd., a manufacturer of cigarette tubes and related manufacturing machinery.		X
71.	Lacroix, L., Fils S.A./Dominion Cigarette Tube Co. Ltd., a manufacturer of cigarette tubes and related manufacturing machinery.		X
72.	Larochelle et Frères Ltée./La Boulangerie Racine Ltée., a bakery firm.		X
73.	Leonard Monhein KG/Comet Confectionary Ltd., a manufacturer of specialty confectionery.	X	
74.	Liquid Carbonic Canada Ltd./Alberta Oxygen Ltd., a distributor of compressed gases.	X	
75.	Liquid Carbonic Canada Ltd./Leclair Gas & Welding Inc., a distributor of industrial gas and supplies.	X	

No.	Applicant/acquiree and its business	Allowed	Disallowed
76.	Liquni Flavour Associates of Canada Ltd./the Flavour Division of Liquid Carbonic Canada Ltd., a manufacturer and distributor of food and beverage flavours.	X	
77.	Loews Corp./Canadian Premier Life Assurance Co., a casualty and life insurance company.	X	
78.	Loews Corp./CNA Assurance Co., a casualty and life insurance company.	X	
79.	Lucerne Foods Ltd./Oakville Dairy Co-operative Ltd., a processor of dairy products.	X	
80.	MacDonald Tobacco Inc./certain assets of Simon Cigar Co. Ltd., which manufacturers and sells cigars, hard candies, and tobacco supplies.	X	
81.	Maple Leaf Mills Ltd./Calgary Flour Mill Division of Pillsbury Canada Ltd., a producer of flour, bulk bakery mixes, and animal feed by-products.	X	
82.	Marks & Spencer (Nederland) B.V./Peoples Department Stores Ltd., a retailer of family apparel and other goods.	X	
83.	Marvel Lighting Corp./Commercial Lighting Products (Canada) Ltd., a distributor of lamps.	X	
84.	McGean Chemical Co. Inc./Armalite Co. Ltd., producers of electroplating and metal finishing products.	X	
85.	Meyer Laboratories Inc./Neo Drug Co., which packages and distributes ethical drugs.		X
86.	Midco Equipment Co./Ferguson Supply Ltd., and Arctic Terex Ltd., distributors of off-highway machinery and equipment.		X
87.	Midco Equipment Co. (second submission)/ Ferguson Supply Ltd., and Arctic Terex Ltd., distributors of off-highway machinery and equipment.	X	

No.	Applicant/acquiree and its business	Allowed	Disallowed
88.	Multi-Elmac Co./Multi-Elmac of Canada Ltd., a manufacturer of radio-controlled devices.	X	
89.	Newconex Holdings Ltd./Industrial Sales (1972) Ltd., a distributor of construction equipment.	X	
90.	Pacific Petroleums Ltd./certain properties in the Buffalo Creek Oil Field from Sundance Oil Canada Ltd., Pegasus 1972-1 Oil Exploration Partnership, Mohican Corp., and the Clara A. Miller Trust, which have various interests in producing oil and gas wells, and properties.	X	
91.	Pay Less Drug Stores/London Drugs Ltd., which operates retail drug stores.	X	
92.	PCI Group Inc./Dominion Tack & Nail Co., a manufacturer of nails and tacks.	X	
93.	Perolin-Bird Archer Ltd./British American Chemical Co. Ltd., a manufacturer of industrial chemicals.		X
94.	Petrofina Canada Ltd./Tom Pollock Service Ltd., an operator of gasoline service stations with car wash facilities.	X	
95.	Pettibone (Canada) Ltd./Consolidated Dynamics Ltd., a manufacturer of mobile crane carriers and airport crash tenders.	X	
96.	Phoenix Assurance Co. Ltd./Century Insurance Co. of Canada Ltd., a fire and casualty insurance company.	X	
97.	Prentice Holding Co., Inc./E.V. Prentice Co. Ltd., which sells and services woodworking machinery equipment.	X	
98.	Quebec Ready Mix Inc./Carrière Hebêrt Inc., an operator of a quarry.		X
99.	Quebec Ready Mix Inc./Sables Lavés Inc., an operator of a quarry.		X
100.	Roboserve Ltd./Gilron Holdings Ltd., which develops and manufactures food and beverage vending machines, and the packaging of food stuffs for vending machines.	X	

No.	Applicant/acquiree and its business	Allowed	Disallowed
101.	Simpson Timber Co. (Alberta) Ltd./Meunier Lumber Ltd., a sawmill operation.	X	
102.	Simpson Timber Co. (Alberta) Ltd./the assets of Mulyk Lumber Co. Ltd., a sawmill operation.	X	
103.	Simpson Timber Co. (Alberta) Ltd./Swan Valley Saw Mills Ltd., a sawmill operation.	X	
104.	Smit, J.K. & Sons Diamond Products Ltd./ Federal Drilling Supplies Ltd., a manufacturer of drilling and mining supplies.	X	
105.	Sonotone Corp. (Canada) Ltd./Burgess Battery Division of Gould Manufacturing of Canada Ltd., which manufacturers dry cell batteries, flash-lights, lanterns, and rolled zinc.		X
106.	Sony Canada Ltd./General Distributors Ltd., a distributor of Sony products to the consumer market.	X	
107.	Soo-Security Motorways Ltd./Carson Northern Division of Alltrans Express Ltd., a common carrier of general freight.	X	
108.	Standard Brands Ltd./certain assets of the Tea and Soup Operations of Powell Foods (1973) Ltd., a food processor.	X	
109.	State Automotive Corp./Combined Automotive Products Ltd., a distributor of automotive replacement parts.	X	
110.	Stauffer Chemical Co./Marine Colloids Ltd., a buyer and processor of "Irish Moss" (seaweed).	X	
111.	Sunbeam Corp./Schaefer Canada Ltd., which assembles and sells commercial refrigeration equipment.	X	
112.	Sun Oil Co. Ltd./certain interests in the Portage Gas Field from Aldona Mines Ltd., Cavalier Energy Inc., Consolidated Tache Mines & Investments Ltd., Darkhawk Development Corp. Ltd., Davoil Natural Resources Ltd., Norseman Mines Ltd., Paramount Oil and Gas Ltd., and Proto Explorations & Holdings Inc., engaged in investing in mineral resource exploration and development ventures.	X	

No.	Applicant/acquiree and its business	Allowed	Disallowed
113.	Sun Oil Co. Ltd./certain assets in the Youngstown field from Ponderay Exploration Co. Ltd., engaged in exploration for, and the development of, petroleum and mineral ores.	X	
114.	Swift Canadian Co. Ltd./Ingersoll Division of Checkerboard Foods Ltd., a turkey processor.	X	
115.	Syntex Ltd./Mowatt & Moore Ltd., a manufacturer of pharmaceutical products.		X
116.	"Thank You" Stamp Co. Ltd./certain assets of Gold Star Sales Ltd., engaged in thr trading stamp and sales incentive business.	X	
117.	Tonolli Co. of Canada Ltd./H. Bernard (Canada) Ltd., a manufacturer of aluminum ingots from scrap.	X	
118.	Tricil Waste Management Ltd./La Salle Oil Carriers Inc., which collects and transports oil and other liquid wastes.	X	
119.	Turbex Ltd./certain assets of George Laird & Son Ltd., which sells fuel oil and home comfort equipment.		X
120.	Turner Developments Ltd./Acquisition of three office buildings from Van-Hil Realty Ltd.	X	
121.	Turner Developments Ltd./Petrona Atlantic Ltd., a a tool and die maker with a metal stamping capacity.	X	
122.	Turner & Seymour of Canada Ltd./J.I. Dyck Manufacturing Ltd., a manufacturer of garden hand tools.	X	
123.	Turner Valley Holdings Ltd./A-1 Rentals (1965) Ltd., which rents, sells, and services light construction equipment.	X	
124.	Union Carbide Canada Ltd./Borstad Welding Supplies Ltd., a distributor of welding supplies and industrial compressed gas.	X	
125.	UPS Ltd./Delivro (Canada) Ltd., which delivers small parcels.		X
126.	UPS Ltd./Genoble Distribution Ltd., which delivers small parcels.		X

No.	Applicant/acquiree and its business	Allowed	Disallowed
127.	Victor Equipment Co./certain assets of Liquid Carbonic Canada Ltd., a manufacturer of carbon dioxide and other gases for industrial and medical use.	X	
128.	WCI Canada Ltd.,/the appliance business of Westinghouse Canada Ltd., a manufacturer and distributor of major household appliances and electrical industrial equipment.		X
129.	WCI Canada Ltd. (second submission)/ the appliance division of Westinghouse Canada, a manufacturer and distributor of major household appliances and electrical industrial equipment.		X
130.	West Fraser Timber Co. Ltd./Pacific Inland Resources Ltd., a sawmill operation.	X	
131.	Westinghouse Canada Ltd./certain assets of Paul Gendron Electrique Inc., a wholesaler of electric equipment and supplies.	X	
132.	Zapata Canada Ltd./assets of Ocean Maid Foods Division of Atlantic Consolidated Foods Ltd., a processor of tuna fish.	X	

New Businesses

No.	Applicant -- nature of new businesses	Allowed	Disallowed
1.	Internote Canada Ltd. -- to manufacture and assemble plastic parts for musical instruments and toys.	X	
2.	Les Placements Orion Ltée - Orion Investments Ltd. -- to provide residential mortgage funds.	X	
3.	Selly Oak Diecasting Ltd. - Selly Oak Pattern & Mould Ltd. -- to produce moulds, patterns, and tools for general industrial use.	X	
4.	World-Wide Construction Services, Inc., -- a temporary business to relocate a petroleum refinery.	X	

APPENDIX D

ALLOWED CASES
SIGNIFICANT BENEFITS TO CANADA
SUMMARIZED BY PRINCIPAL FACTORS OF ASSESSMENT

No.	Acquisitions Applicant/acquiree	Increased Employment	New Investment	Increased Resource Processing or Use of Canadian Parts & Services	Additional Exports	Canadian Participation (as shareholders/ directors/managers)	Improved Productivity & Industrial Efficiency	Enhanced Technological Development	Improved Product Variety & Innovation	Beneficial Impact on Competition	Compatibility with Industrial and Economic Policies
1.	Crown Cork & Seal Co. Ltd./International Laboratories (1972) Ltd.	x	x				x	x			x
2.	Newconex Holdings Ltd./Industrial Sales (1972) Ltd.	x	x						x	x	x
3.	American General Insurance Co./ Financial Life Assurance Co.	x	x	x				x			x
4.	ASEA Limited/Harland Systems Department of Peacock Brothers Ltd.	x	x		x		x		x	x	x
5.	Continental Can Co. of Can. Ltd./ International Spring Manufacturing	x			x		x	x		x	x
6.	Golden Eagle Canada Ltd./St. Laurent et Frères (1966) Inc.	x	x	x		x	x				x
7.	GWS-KRUPP Industries Ltd./Edmonton Structural Steel Plant of Great West Steel Industries (Alta.) Ltd.	x	x	x	x	x	x	x	x	x	x
8.	Liquid Carbonic Canada Ltd./Alberta Oxygen Ltd.	x	x	x		x	x		x	x	x

No.	Acquisitions — Applicant/acquiree	Increased Employment	New Investment	Increased Resource Processing or Use of Canadian Parts & Services	Additional Exports	Canadian Participation (as shareholders/ directors/managers)	Improved Productivity & Industrial Efficiency	Enhanced Technological Development	Improved Product Variety & Innovation	Beneficial Impact on Competition	Compatibility with Industrial and Economic Policies
9.	Liquid Carbonic Canada Ltd./Leclair Gas & Welding Inc.	x	x	x		x	x				x
10.	Pettibone (Can.) Ltd./Consolidated Dynamics Ltd.	x	x		x	x	x		x		x
11.	Marks and Spencer (Nederlands) B.V./ Peoples Department Stores Ltd.	x	x	x	x	x	x	x	x	x	x
12.	Pacific Petroleums Ltd./Buffalo Creek Oil Field	x	x	x		x	x	x			x
13.	Climax Molybdenum Corporation of British Columbia Ltd./United Chieftain Resources Ltd. (N.P.L.)	x	x	x	x	x	x				x
14.	Congdon & Carey Ltd. 5/Hallmark Resources Ltd. (N.P.L.)	x	x	x			x				x
15.	Easton Holdings Ltd./Crownco Holdings Ltd.										x
16.	General Crude Oil Co., Northern Ltd./Canadian Hunter Exploration Ltd.	x	x	x			x	x			x

No.	Acquisitions Applicant/acquiree	Increased Employment	New Investment	Increased Resource Processing or Use of Canadian Parts & Services	Additional Exports	Canadian Participation (as shareholders/ directors/managers)	Improved Productivity & Industrial Efficiency	Enhanced Technological Development	Improved Product Variety & Innovation	Beneficial Impact on Competition	Compatibility with Industrial and Economic Policies
17.	General Crude Oil Co., Northern Ltd./Canadian Hidrogas Resources Ltd.	x	x	x			x	x			x
18.	Loews Corporation/Canadian Premier Life Insurance Company	x	x	x		x			x	x	x
19.	Loews Corporation/CNA Assurance Co.	x	x	x		x			x	x	x
20.	Marvel Lighting Corporation/Commercial Lighting Products (Canada) Ltd.	x	x	x						x	x
21.	Phoenix Assurance Co. Ltd./Century Insurance Co. of Can. Ltd.			x		x	x			x	x
22.	Bestpipe Limited/Vibrapipe Concrete Products Limited	x	x		x	x	x	x	x	x	x
23.	Columbia House of Canada/Capital Record Club	x		x	x		x		x		x
24.	Deutsche Canada - Grundbesitz GmbH & Co./Calgary Place	x	x	x							x
25.	Generics Corporation of America/ Micro Chemicals Limited	x	x		x		x	x	x		x

No.	Acquisitions Applicant/acquiree	Increased Employment	New Investment	Increased Resource Processing or Use of Canadian Parts & Services	Additional Exports	Canadian Participation (as shareholders/directors/managers)	Improved Productivity & Industrial Efficiency	Enhanced Technological Development	Improved Product Variety & Innovation	Beneficial Impact on Competition	Compatibility with Industrial and Economic Policies
26.	International Harvester Co. of Can. Ltd./B.C. Equipment Company Ltd.	x									x
27.	J.K. Smit & Sons Diamond Products Ltd./ Federal Drilling Supplies Ltd.	x	x		x		x		x		x
28.	McGean Chemical Co., Inc./Armalite Co. Ltd.				x	x			x		x
29.	Simpson Timber Co. (Alberta) Ltd./Swan Valley Saw Mills Ltd.	x	x	x	x	x	x				x
30.	Sun Oil Company Limited/(Youngstown) Ponderay Exploration Co. Ltd.		x				x				x
31.	Sun Oil Company Limited/Portage Gas Field	x	x	x			x	x			x
32.	Turner Valley Holdings Ltd./A-1 Rentals (1965) Ltd.	x	x				x		x		x
33.	Union Carbide Ltd./Borstad Welding Supplies Ltd.	x	x	x		x	x		x	x	x

No.	Acquisitions Applicant/acquiree	Increased Employment	New Investment	Increased Resource Processing or Use of Canadian Parts & Services	Additional Exports	Canadian Participation (as shareholders/directors/managers)	Improved Productivity & Industrial Efficiency	Enhanced Technological Development	Improved Product Variety & Innovation	Beneficial Impact on Competition	Compatibility with Industrial and Economic Policies
34.	AMAX Petroleum of Canada Ltd./Production Operators Ltd.	x	x	x			x				x
35.	American Packaging Corp./Wrap-O-Matic Machinery Company Limited	x			x		x	x	x		x
36.	Canadian Ingersoll-Rand Company Limited/Canada Machinery Corp. Ltd.	x	x	x	x		x	x	x	x	x
37.	Cyanamid of Canada Limited/Les Engrais Ideal Limitée		x				x			x	x
38.	Dead River Limited/Bayshore Lumber Company Limited	x	x	x	x		x				x
39.	Esmark Inc./Playtex Ltd.	x	x	x	x	x	x		x		x
40.	Gelco-Feld Corporation/Transport International Pool of Can. Ltd.	x	x	x		x	x		x		x
41.	Gelco-Feld Corporation/Transport International Pool (Que.) Ltd.	x	x	x		x	x		x		x
42.	Georgia-Pacific Building Materials Ltd./Evans Products Company Ltd.	x	x	x	x		x				x

No.	Acquisitions Applicant/acquiree	Increased Employment	New Investment	Increased Resource Processing or Use of Canadian Parts & Services	Additional Exports	Canadian Participation (as shareholders/ directors/managers)	Improved Productivity & Industrial Efficiency	Enhanced Technological Development	Improved Product Variety & Innovation	Beneficial Impact on Competition	Compatibility with Industrial and Economic Policies
43.	Gulf Resources & Chemical Corp./IRECO of Canada Ltd.	x	x			x		x	x	x	x
44.	H.F.L. Limited/Baetz Furniture Ltd.	x			x		x		x	x	x
45.	Keen Industries Limited/Tompkins Contracting Ltd.	x	x			x	x		x	x	x
46.	Pay Less Drug Stores/London Drug Limited	x	x	x		x	x			x	x
47.	Petrofina Canada Ltd./Tom Pollock	x	x	x					x		x
48.	Sony Corporation/General Distributors Limited	x	x				x		x	x	x
49.	State Automotive Corporation/Combined Automotive Products Limited	x			x	x	x		x	x	x
50.	Citicorp Leasing International, Inc./ North America Business Equipment Limited, Direct Leasing Limited, and The Medi-Dent Service Limited	x	x				x		x		x
51.	Anchor Hocking Corporation/Amerock Ltd.	x	x	x			x				x

No.	Acquisitions Applicant/acquiree	Increased Employment	New Investment	Increased Resource Processing or Use of Canadian Parts & Services	Additional Exports	Canadian Participation (as shareholders/ directors/managers)	Improved Productivity & Industrial Efficiency	Enhanced Technological Development	Improved Product Variety & Innovation	Beneficial Impact on Competition	Compatibility with Industrial and Economic Policies
52.	Bell Pole Co. Ltd./Bell Sawmill Ltd.			x			x		x		x
53.	Cargill Grain Company, Limited/certain mining claims owned by Bellechasse Mining Corporation Ltd.	x	x	x	x						x
54.	Dow Chemical of Canada Limited/Iroquois Chemicals Limited	x	x	x	x		x	x	x	x	x
55.	Frank W. Horner/Denver Laboratories (Canada) Ltd.				x	x	x	x	x		x
56.	Harthind Corporation/Arrow-Hart of Canada Limited	x	x	x		x	x		x		x
57.	Harthind Corporation/Murray-Jensen Mfg. Limited	x	x	x		x			x		x
58.	Koppers Company Inc./Sprout Waldron of Canada Limited	x							x	x	x
59.	Lucerne Foods Ltd./Oakville Dairy Co-operative Limited		x				x	x	x	x	x
60.	Multi-Elmac Company/Multi-Elmac of Canada Limited	x			x	x	x	x			x

No.	Acquisitions Applicant/acquiree	Increased Employment	New Investment	Increased Resource Processing or Use of Canadian Parts & Services	Additional Exports	Canadian Participation (as shareholders/ directors/managers)	Improved Productivity & Industrial Efficiency	Enhanced Technological Development	Improved Product Variety & Innovation	Beneficial Impact on Competition	Compatibility with Industrial and Economic Policies
61.	Stauffer Chemical Company/Marine Colloids Limited	x	x	x	x		x	x			x
62.	Turner Developments Ltd./Three office buildings owned by Van-Hil Realty Ltd.										x
63.	Turner & Seymour of Canada Limited/ J. I. Dyck Manufacturing Ltd.	x	x		x	x	x			x	x
64.	Canadian Occidental Petroleum Ltd./ Squamish Chemicals Ltd.	x	x				x			x	x
65.	CIBA-GEIGY Corporation/Airkem of Canada, Ltd.	x	x	x	x	x			x		x
66.	Continental Can Company of Canada/ Packaging Converters Limited	x	x		x			x	x		x
67.	Diversified Products Corporation/Nadco Health Equipment, Ltd.	x	x	x	x	x	x		x		x
68.	Hayes-Dana Limited/Byers Truck & Trailer Equipment Ltd.	x		x			x				x

No.	Acquisitions Applicant/acquiree	Increased Employment	New Investment	Increased Resource Processing or Use of Canadian Parts & Services	Additional Exports	Canadian Participation (as shareholders/ directors/managers)	Improved Productivity & Industrial Efficiency	Enhanced Technological Development	Improved Product Variety & Innovation	Beneficial Impact on Competition	Compatibility with Industrial and Economic Policies
69.	Prentice Holding Company, Inc./E.V. Prentice Co. Ltd.			x	x	x					x
70.	Simpson Timber Co. (Alberta) Ltd./ Meunier Lumber Ltd.	x	x	x			x	x			x
71.	Tricil Waste Management Limited/ LaSalle Oil Carriers Inc.	x	x				x	x			x
72.	Turner Developments Ltd./Petrona Atlantic Ltd.	x	x				x		x		x
73.	Inchcape Canada Limited/Universal Fastening Devices Ltd. & W.S. Bate Ltd.	x	x	x		x	x		x		x
74.	CIBA-GEIGY Canada Ltd./Stewart Seeds Ltd.	x	x		x		x	x	x		x
75.	Allis-Chalmers Canada Limited & National Steel Corporation of Canada, Ltd./certain assets of Falconbridge Nickel Mines Limited	x	x	x	x		x		x	x	x
76.	Altana Exploration Company/Inter-continental Energy Corporation	x	x	x			x				x

No.	Acquisitions Applicant/acquiree	Increased Employment	New Investment	Increased Resource Processing or Use of Canadian Parts & Services	Additional Exports	Canadian Participation (as shareholders/ directors/managers)	Improved Productivity & Industrial Efficiency	Enhanced Technological Development	Improved Product Variety & Innovation	Beneficial Impact on Competition	Compatibility with Industrial and Economic Policies
77.	Macdonald Tobacco Inc./certain assets of Simon Cigar Company Ltd.	x	x	x		x	x		x	x	x
78.	Standard Brands Limited/certain assets of the Tea and Soup Operation of Powell Foods (1973) Ltd.	x	x	x	x				x	x	x
79.	Hudson's Bay Oil and Gas Company Limited/Sulpetro of Canada Ltd.	x	x	x		x	x				x
80.	BP Oil Limited/Retail Gasoline-Car Wash Establishment of Golden Triangle Oils Limited	x	x	x			x		x		x
81.	Furnco Construction Canada Limited/ Walker Vacuum Services Limited	x	x	x	x		x	x	x		x
82.	Crown Zellerbach Canada Limited/Elk River Timber Company Limited	x	x			x	x	x	x		x
83.	Henry I. Siegel Co., Inc./Monarch Wear Ltd.	x					x			x	x
84.	Zapata Canada Limited/assets of Ocean Maid Foods Division of Atlantic Consolidated Foods Limited	x	x	x	x		x				x

No.	Acquisitions Applicant/acquiree	Increased Employment	New Investment	Increased Resource Processing or Use of Canadian Parts & Services	Additional Exports	Canadian Participation (as shareholders/ directors/managers)	Improved Productivity & Industrial Efficiency	Enhanced Technological Development	Improved Product Variety & Innovation	Beneficial Impact on Competition	Compatibility with Industrial and Economic Policies
85.	Emerson Electric Co./A.B. Chance Company of Canada Ltd.	x	x			x		x			x
86.	Simpson Timber Co. (Alberta) Ltd./ Mulyk Lumber Co. Ltd.	x	x	x	x		x				x
87.	Childers Products Company Inc./Terkel Insulation Products Ltd.	x	x	x	x	x	x		x		x
88.	Graphic Controls Canada Limited/E.I.L. Incorporated		x	x	x		x		x		x
89.	Sunbeam Corporation/Schaefer Canada Limited	x			x	x	x		x	x	x
90.	Cott Beverages Ltd./Private Brands Beverages Limited and Stewart Hall Co. Limited	x	x		x	x	x			x	x
91.	Granada TV Rental Limited/Colorvision Rentals Limited	x	x	x		x	x			x	x
92.	Leonard Monheim KG/Comet Confectionary Limited	x			x			x	x	x	x

No.	Acquisitions Applicant/acquiree	Increased Employment	New Investment	Increased Resource Processing or Use of Canadian Parts & Services	Additional Exports	Canadian Participation (as shareholders/ directors/managers)	Improved Productivity & Industrial Efficiency	Enhanced Technological Development	Improved Product Variety & Innovation	Beneficial Impact on Competition	Compatibility with Industrial and Economic Policies
93.	Liquni Flavour Associates of Canada Ltd./certain assets (the Flavour Division) of Liquid Carbonic Canada Ltd.	x	x	x	x	x	x	x	x		x
94.	Tonolli Company of Canada Ltd./H. Bernard (Canada) Limited		x	x	x	x	x				x
95.	Midco Equipment Co./Ferguson Supply Ltd.	x	x	x			x				x
96.	"Thank You" Stamp Company Limited/ certain assets of Gold Star Sales Limited		x	x		x	x		x		x
97.	Kaladar Planing Mills Ltd./assets of L.E. Welk Lumber Manufacturing Ltd.	x	x	x			x	x	x		x
98.	Baker Oil Tools, Inc./Reed Tool Company of Canada Limited	x	x	x	x	x				x	x
99.	Roboserve Limited/Gilron Holdings Limited	x	x	x	x		x	x	x	x	x
100.	West Fraser Timber Co. Ltd./Pacific Inland Resources Ltd.	x	x	x	x		x	x			x

No.	Acquisitions Applicant/acquiree	Increased Employment	New Investment	Increased Resource Processing or Use of Canadian Parts & Services	Additional Exports	Canadian Participation (as shareholders/ directors/managers)	Improved Productivity & Industrial Efficiency	Enhanced Technological Development	Improved Product Variety & Innovation	Beneficial Impact on Competition	Compatibility with Industrial and Economic Policies
101.	Dental Depot (Canada) Ltd./United Dental Supply Corporation	x	x	x		x	x		x	x	x
102.	Japan Oil Sands Co., Ltd./Japan Oil Sands Company Primrose Limited	x	x	x		x	x	x			x
103.	Swift Canadian Co. Ltd./Ingersoll/ Division of Checkerboard Foods Limited	x	x				x				x
104.	Victor Equipment Company/certain assets of Liquid Carbonic Canada Ltd.	x		x	x	x	x			x	x
105.	Algemene Bank Nederland N.V./Netherlands Overseas Corporation Canada Limited and Canneth Corporation Limited	x		x	x	x	x				x
106.	Soo-Security Motorways Ltd./Carson Northern Division of Alltrans Express Ltd.	x	x	x		x	x			x	x
107.	Westinghouse Canada Limited/Paul Gendron Electrique Inc.	x	x				x		x	x	x

Acquisitions

No.	Applicant/acquiree	Increased Employment	New Investment	Increased Resource Processing or Use of Canadian Parts & Services	Additional Exports	Canadian Participation (as shareholders/ directors/managers)	Improved Productivity & Industrial Efficiency	Enhanced Technological Development	Improved Product Variety & Innovation	Beneficial Impact on Competition	Compatibility with Industrial and Economic Policies
108.	Flygt Canada Limited/G.F. Seeley & Son Ltd.	x	x	x		x	x		x		x
109.	Maple Leaf Mills Limited/Calgary Flour Mill Division of Pillsbury Canada Limited		x			x	x				x
110.	PCI Group Inc./Dominion Tack & Nail Company				x	x	x	x			x

New Business

No.	Applicant	Increased Employment	New Investment	Increased Resource Processing or Use of Canadian Parts & Services	Additional Exports	Canadian Participation (as shareholders/ directors/managers)	Improved Productivity & Industrial Efficiency	Enhanced Technological Development	Improved Product Variety & Innovation	Beneficial Impact on Competition	Compatibility with Industrial and Economic Policies
1.	Internote Canada Limited	x	x	x	x			x	x		x
2.	World-Wide Construction Services, Inc.	x	x	x			x				x
3.	Selly Oak Pattern and Mould Ltd.	x	x		x	x	x	x	x	x	x
4.	Les Placements Orion Ltee - Orion Investments Ltd.	x	x			x				x	x

APPENDIX E

ILLUSTRATIONS OF ALLOWED CASES

This Appendix contains summaries of a sample of proposals to acquire Canadian Business Enterprises that have been reviewed under the Act and allowed, and the undertakings given by the applicants as a condition of allowance. The examples are of two kinds. They include cases in which the Minister has already made public some of the more important undertakings given by applicants and other factors taken into account in the decision to allow the transactions. For these cases the names of the parties concerned are identified. The remaining cases are presented in a manner that preserves the anonymity of the parties concerned while presenting as accurately as possible the facts of the case and the undertakings given. The choice of examples is intended to illustrate the diversity of cases reviewed and the kinds of undertakings given by applicants as a condition of allowance. The choice is neither random nor necessarily representative as many cases could not readily be described without disclosing information that would reveal the identity of the parties concerned.

Illustration 1

The application involved a proposal by Brown Boveri (Canada) Limited of Pointe Claire, Quebec, a wholly-owned subsidiary of Brown Boveri Company Ltd., of Switzerland, to acquire control of the Electrical Division of Canron Limited, the Canadian Business Enterprise (CBE), located in Lachine, Quebec.

Brown Boveri (Canada) manufactures power line carrier equipment and breakers and also imports power generation, distribution and protection equipment, as well as electric furnaces for sale in Canada.

Canron Limited, which is Canadian-owned, manufactures and sells a wide range of capital goods, including cast pipe, pipeline valves, foundry products, electrical equipment and railroad maintenance machinery in various locations in Canada. The Electrical Division of Canron, the CBE, manufactured a wide range of electric motors, A.C. generators, drive systems and traction propulsion equipment for subway cars, with some of the equipment manufactured under licence from Brown Boveri and from other foreign manufacturers. In recent years the CBE had been adversely affected by competition both from imports and various large firms in the market, and had experienced significant financial difficulties. Employment at the CBE had decreased by almost 50% from 1966 to 1974. The acquisition would allow the CBE to gain access to needed financial and technical resources.

The proposal was allowed as the Government considered that, in view of the undertakings offered by Brown Boveri, the acquisition was likely to be of significant benefit to Canada. The undertakings included commitments by Brown Boveri:

(a) to extend the upper range of electric motors manufactured in Canada to 12,000 HP;

(b) to make available the parent company's expertise and technology;

(c) to develop engineering expertise and undertake R & D in the field of traction equipment in Canada;

(d) to allow all products from the Canadian plant to be sold on the world market and to give the Canadian plant exclusive manufacturing rights to Brown Boveri traction motors and controls, for sale in the North American market; and

(e) to make a 30% public stock issue in Canada when market conditions, etc. are favourable.

In addition, capital expenditures on new equipment, amounting to $1.75 million, will be made within the next three years. Employment is expected to rise over the same period from approximately 650 to about 1,000.

Some months after the allowance of this transaction the Minister agreed to minor modifications in these undertakings as the changes proposed by Brown Boveri offered comparable benefits to Canada and were reasonable in the light of changes in market conditions.

Illustration 2

The application involved a proposal by Ciba-Geigy Canada Ltd./Ltée of Dorval, Quebec, which is ultimately controlled by Ciba-Geigy of Basle, Switzerland, to acquire Stewart Seeds Limited of Ailsa Craig, Ontario, the Canadian Business Enterprise (CBE).

The CBE, a privately-owned business, was an agricultural seed company concentrating on the development and sale of early maturing corn hybrids and specialty cereal seeds. Stewart Seeds had experienced financial difficulties in recent years and the owner, for personal reasons, decided to sell the company. The activities of the applicant in developing and producing specialty chemicals for plant production had several characteristics in common with seed production and, in addition, Ciba-Geigy had recently acquired control of a similar but larger seed company in the United States.

The applicant's initial proposal to acquire Stewart Seeds was disallowed by the Governor in Council on April 8, 1975 because the Government was not satisfied that the transaction met the test of significant benefit to Canada. In its second proposal, which was allowed, Ciba-Geigy reaffirmed the plans it had put forward earlier and, in addition, committed itself:

(a) to operate its seed business in Canada as a separate and independently run seed subsidiary, to be called Ciba-Geigy Seeds Ltd.;

(b) to ensure that the majority of the Board of Directors of this seed subsidiary will be Canadian citizens;

(c) to incorporate Funk Seeds International of Canada into the new seed company by transferring ownership and control from U.S. jurisdiction to Canada. (Funk Seeds International of Canada is a corn seed producer located in Cottam, Ontario);

(d) to increase employment opportunities significantly;

(e) to undertake substantial capital expenditures in the next four years;

(f) to increase significantly exports of corn seed; and

(g) to support a major research and development program by its seed subsidiary in Canada.

Ciba-Geigy also agreed to consider the feasibility of Canadian participation, before the end of 1979, in the equity of Ciba-Geigy Canada Ltd./ Ltée or of Ciba-Geigy Seeds Ltd.

Illustration 3

The application involved a proposal by Citicorp Leasing International Inc., of New York to acquire control of North America Business Equipment Limited, Direct Leasing Limited and the Medi-Dent Service Limited, all of Burlington, Ontario. Two of these three Canadian Business Enterprises (CBEs), which were all controlled by The Hamilton Group Limited, a holding company of which Citicorp is a substantial shareholder, were engaged in the leasing of office equipment. The third, Medi-Dent specialized in the leasing of equipment to the dental and medical professions.

Citicorp Leasing International, Inc. is a wholly-owned subsidiary of Citicorp of New York and is also in equipment leasing, specializing in larger ticket items than the three CBEs. The applicant planned to incorporate a new Ontario company into which would be merged its existing Canadian branch operations and those of the CBEs. Citicorp would obtain a majority 60 percent interest in the new company in exchange for the substantial interest it held in The Hamilton Group and other considerations. The remaining 40 percent interest in the new company would be owned by The Hamilton Group and, as a result of the transaction, the latter company would become wholly Canadian-owned and controlled.

The jointly-owned business, which was proposed in the application, would enable both partners to combine and benefit from their knowledge and expertise of domestic and international leasing practices and allow The Hamilton Group needed access to a source of funds, thereby alleviating the company's financing difficulties which, in the past, had caused restraints on growth and some divestments.

In deciding to allow this proposal, the Government took account of a number of important undertakings including the following:

(a) to halt and reverse the decline in employment by The Hamilton Group's leasing subsidiaries, to increase the combined level of employment of the two partners by 10 percent in the first 12 months, and by over 50 percent in the first five years;

(b) so as to ensure that there will always be at least 40 percent Canadian ownership of the joint venture ("Newco"), Citicorp Leasing will resell to Canadians any Newco shares which Citicorp Leasing may be required to purchase from The Hamilton Group in the future;

(c) not less than 60 percent of the directors of Newco to be Canadians;

(d) Newco to develop its own senior management team and give preference to Canadian citizens for these positions;

(e) to offer facilities in additional Canadian cities;

(f) to expand the range of leasing facilities available for Canadians; to re-establish leasing facilities for veterinarians, chiropractors, physiotherapists and medical laboratories which The Hamilton Group have been forced to vacate because of lack of capital; to study the applicability of the Medi-Dent full-service leasing concept to other professions, such as engineering, accountancy, law and management consulting;

(g) to purchase and source within Canada various products and services, including those management services currently provided to Citicorp Leasing's Canadian branch by Citicorp Leasing's New York head office; and

(h) Citicorp Leasing to provide Newco with full, unrestricted and free access to Citicorp Leasing's know-how and technology, research and development and executive sales training and other management programs at no cost (other than out-of-pocket expenses).

Illustration 4

The application involved a proposal by Hudson's Bay Oil and Gas Company Limited of Calgary, Alberta, controlled by Continental Oil Corporation of Greenwich, Connecticut, to acquire certain petroleum and natural gas properties in Alberta, the Canadian Business Enterprise owned by Sulpetro of Canada Ltd., also of Calgary.

Sulpetro, a privately-held company with the majority of its shares owned by foreigners, has been one of the most active independent Canadian petroleum companies with some success in gas discoveries in Alberta. The company believed, however, that continued exploration, development and production would be beyond its capabilities. The applicant contended that, due to its greater financial and technical resources it could develop the acquired properties better and faster.

In deciding to allow this proposal, the Government took into account the undertakings of Hudson's Bay Oil and Gas which included the following:

(a) to carry out, in cooperation with other joint venture participants in the properties, major development and exploration programs at an estimated cost of $50 million (the net share of Hudson's Bay Oil and Gas being estimated at $21 million) which will include the drilling of an estimated 207 exploratory and development wells; and

(b) to ensure that at least 90 percent of these sums will be spent on Canadian equipment, materials, services and labour with a consequent creation of over 600 man-years of employment in Canada.

The proposal will also enable Sulpetro of Canada Ltd.:

(a) to redeem the majority of foreign shareholders' equity which will result in approximately 65 percent of the company's voting common stock to be held by Canadians; and

(b) to apply in excess of $60 million for exploration and development of the company's retained oil and gas properties in Alberta and acquisition and development of new properties in Alberta and other parts of Canada.

Illustration 5

The application concerned a proposal by Japan Oil Sands Co. Ltd., of Tokyo, Japan to acquire control of Japan Oil Sands Company Primrose Ltd. of Calgary, Alberta, the Canadian Business Enterprise (CBE), which was involved in the Primrose Oil Sands Research Project. The Project is a joint venture arrangement with Norcen Energy Resources Ltd., of Toronto, a Canadian-owned and controlled company, for the purpose of developing an in-situ recovery process to produce heavy crude oil from the Cold Lake oil sands in Alberta, and similar oil deposits elsewhere. The application represented the first proposed investment by Japan under the Japan-Canada Industrial Cooperation Agreement.

Japan Oil Sands Company Primrose Ltd. was recently incorporated to succeed an earlier Japanese-owned subsidiary in Canada which had previously entered into a farm-cut agreement with Norcen, the owner of an Alberta oil sands lease in the Cold Lake region. Before electing to proceed with the second stage of the Project, the Japanese participant in the initial agreement with Norcen, decided to seek the financial and technical support of other Japanese partners, in order to bring greater capital resources to bear and spread the risk. The proposal by Japan Oil Sands Co. to acquire the CBE was reviewable because, under certain conditions, this would give the applicant control of the Primrose Oil Sands Research Project, which is a Canadian business enterprise.

In concluding that this proposal met the test of significant benefit to Canada, the Government took into account, among other things, the desirability of fostering research and development activities of this type as a means of increasing potential supplies of Canadian oil as well as undertakings negotiated with the applicant to ensure:

(a) a continuation of Canadian participation in the Project;

(b) access by Canadians to any technology emanating from the Project; and

(c) the use by the Project of Canadian equipment, supplies and services to the extent they are competitively available.

Illustration 6

The application involved a proposal by Marks and Spencer (Nederland) B.V., a Dutch corporation wholly-owned by Marks and Spencer Ltd. of England, to acquire control of Peoples Department Stores Ltd., of the Town of Mount Royal, Quebec, the Canadian Business Enterprise (CBE).

Marks and Spencer, a large retailer of food, clothing and other items in the U.K., had previously tested its "St. Michael" brand merchandise successfully in the Canadian market through St. Michael Shops of Canada Limited which operated 17 retail stores in five provinces. The St. Michael Shops were jointly and equally owned by Marks and Spencer and Peoples Department Stores, the CBE. Included in this transaction was an offer by the CBE to acquire Marks and Spencer's 50% interest in St. Michael Shops, thereby simplifying the eventual corporate structure.

The acquisition of up to 55% of the shares of the CBE from Slater Walker of Canada Ltd., and other shareholders, including two British trust companies, would provide Marks and Spencer with a well-established marketing network across Canada.

In deciding to allow this proposal the Government took into account several important undertakings by Marks and Spencer, including the following:

(a) to make capital expenditures required to open 14 new stores thereby creating 550 new jobs at the store level plus 60 additional new jobs comprising technical, managerial, administrative and clerical staff and, subject to certain specified conditions, to open a minimum of 25 additional new stores within the next 5 years;

(b) to increase substantially purchases from Canadian manufacturers of "St. Michael" brand merchandise (this being the brand name of goods sold by Marks and Spencer), so as to ensure that a high proportion of these goods will be made in Canada within a few years;

(c) to ensure that, wherever feasible, Canadian textile materials will be used in the production of "St. Michael" merchandise in Canada, and to encourage the technological development of new yarns and fabrics by Canadian suppliers of such materials;

(d) to cause Peoples and its subsidiaries to use Canadian-made goods wherever it is economically feasible to do so;

(e) to give preference to Canadians at all levels of employment, and to ensure that the majority of the Boards of Directors of Peoples and its subsidiaries will be resident Canadians;

(f) to promote the export of "St. Michael" goods made in Canada; and

(g) to set up a research group in Canada for technological development and quality control in connection with textile and clothing products.

Illustration 7

The application involved a proposal by Pilkington Brothers (Canada), Ltd. a wholly-owned subsidiary of Pilkington Brothers Limited of the U.K. to acquire the Glaverbel-Mécaniver Canada group of companies, the Canadian Business Enterprise (CBE), all of which are controlled by Glaverbel-Mécaniver S.A. of Brussels, Belgium.

Pilkington of Toronto, Ontario, manufactures flat glass and distributes flat glass products nationally to the automotive industry and to other industrial and commercial users. The company utilizes the most advanced production techniques and is a substantial contributor to the Canadian value-added provisions of the "Auto-Pact".

Glayerbel-Mécaniver Group consisted of eleven separate companies that are engaged in the processing, distribution and installation of flat glass products for general trade across Canada. The CBE, which did not manufacture glass itself, had experienced financial problems and the acquisition would provide the CBE with greater access to financial and technical resources and allow the applicant to rationalize production and employment at some of its plants.

In allowing the acquisition, the Minister stated that the Government had carefully considered the possibility that the transaction, which reduced the number of firms in the industry, might lead to a lessening of competition in the supply of flat glass. Under the terms of the Foreign Investment Review Act, however, the effect on competition is only one of the factors that must be considered and the Government concluded that the likely benefits in other respects outweighed the competitive aspect. As a condition of allowance, Pilkington undertook:

(a) to replace, by Canadian-made glass, within 18 months of the acquisition, at least 75% of the glass now being imported by Glaverbel. The quantity would be roughly equivalent, in employment terms, to 123 man-years;

(b) to provide the companies in the Glaverbel-Mécaniver Canada group, forthwith after the acquisition, with $4 million of new equity capital;

(c) to make available a substantial portion of Pilkington's equity by an issue of new common shares to the public in Canada subject to suitable economic conditions, a satisfactory earnings record and the affirmative opinion of two of the seven largest Canadian underwriting firms as to the feasibility of such an issue;

(d) to continue the operating activities of the Glaverbel-Mécaniver Canada group of companies as an entirely independent entity, separate and distinct from the manufacturing and marketing operations of Pilkington; and

(e) to ensure that two-thirds of the directors and at least two-thirds of the senior officers in the Glaverbel-Mécaniver Canada group of companies are resident Canadian citizens.

Illustration 8

The application involved a proposal by Reed Paper Ltd., which is controlled by Reed International Ltd., a British company, to acquire control of Alpa Industries Limited of Toronto, Ontario, the Canadian Business Enterprise (CBE).

The applicant is a major producer of pulp and paper in Canada, in addition to manufacturing and selling packaging materials, wallpapers and paints, and exports a significant portion of its products. The CBE, through an experienced marketing organization, was principally engaged in the distribution of lumber products in the Toronto area and was also involved in the processing of lumber and manufacture of such prefabricated wood products as trusses, window frames, and doors. The acquisition would be mutually beneficial to both companies in that Reed Paper would acquire the CBE's marketing organization and expertise, while the CBE should benefit from the resulting access to the greater financial and technical resources of the applicant.

The proposal was allowed because it met the significant benefit to Canada test as a result of undertakings negotiated with the Agency. In this particular case while the acquisition would result in substantially increased investment, employment and sales (including a new export capability) at Alpa, of equal or greater importance were the further benefits that would accrue to Canada through a major expansion planned by Reed of their forest industry operations in north-western Ontario. Among other things this expansion would create some 2,700 new jobs in this region.

Illustration 9

The application involved a proposal by the Canadian subsidiary of a U.S. corporation to acquire control of a small private Canadian controlled company, the Canadian Business Enterprise (CBE), engaged in the manufacture of various types of industrial equipment. The U.S. parent of the applicant was engaged in the manufacture and marketing of heavy industrial equipment and was seeking a base in Canada for the production of its own line of products. The CBE had operated successfully for a number of years and with government assistance had developed unique technology which formed the base of part of its product line. The company, however, had encountered financial difficulties and at the time of the application was in receivership. Employment had fallen from a peak of well over 100 to less than 20.

As a condition of allowance of the transaction the applicant undertook:

(a) to carry on the business and retain the product line formerly manufactured in Canada by the CBE and to make available to the CBE its parent's trade marks, trade names, technology, know-how and managerial experience;

(b) to repay certain outstanding loans of the CBE;

(c) to invest approximately $500,000 within one year to increase the production capacity of the CBE's plant;

(d) to immediately transfer to the CBE production of certain parts of the parent's product line;

(e) to rehire immediately as many as possible of the CBE's previous employees; and increase employment to 160 employees within two years;

(f) to actively promote domestic sales and exports of the CBE's existing line of products in all countries of the world through the parent corporation's world-wide organization;

(g) to ensure that approximately 60% of the CBE's purchases would be from Canadian suppliers subject to reasonable price, quality and delivery terms;

(h) to appoint a majority of Canadians to the Board of Directors of the Canadian business;

(i) that the technology developed with government assistance would remain under Canadian control;

(j) to spend specified amounts on R & D within the Canadian operations over the next 10 years;

(k) to allow employees of the Canadian operation to participate in a profit sharing plan; and

(l) to observe certain conditions regarding the availability and terms of loans between the parent corporation and the Canadian business.

Illustration 10

The applicant, a company located in Canada, but ultimately controlled in the United States, and the Canadian Business Enterprise (CBE), a Canadian controlled, private business situated in Ontario, are both engaged in the distribution and servicing of various types of industrial equipment in Canada.

The CBE, which had assets of less than $5 million and sales of less than $10 million, was also engaged in the manufacture of industrial equipment and was an exclusive distributor for products manufactured by the applicant. In recent years the CBE had demonstrated a good annual growth rate but encountered increasing difficulties in generating sufficient funds to finance needed capital investment in plant and equipment, and was reluctant to assume additional external debt, even though the capital scarcity was indirectly contributing to a reduction in operating efficiency and productivity. It was felt that the applicant, with its access to capital resources and expertise in this particular line of business, would alleviate the difficulties faced by the CBE.

As a condition of allowance of the transaction the applicant undertook:

(a) to spend almost $100,000 to renovate and expand the existing plant and equipment of the CBE as well as to construct new manufacturing facilities;

(b) to establish two new branches at a cost of over $80,000;

(c) to offer employment to all of the CBE's existing employees on terms no less favourable than they previously enjoyed;

(d) to hire an additional 13 employees once the renovation and expansion plans for the CBE have been completed;

(e) to cause each new branch to carry sufficient inventory to enable the branch to provide a high standard of service to its customers;

(f) to increase fabrication of certain industrial machinery components and ensure that more equipment, materials, and work for the planned capital expenditures be obtained from Canadian sources;

(g) to cause the management of the applicant to be comprised of at least 90% Canadian personnel; and

(h) to cause the majority of the applicant's Board of Directors to be resident Canadians.

Illustration 11

The application involved the Canadian subsidiary of a large foreign company, engaged in the forest products industry, which proposed to acquire the assets of a privately-owned Canadian company, the Canadian Business Enterprise (CBE), operating in a related industry in Canada.

The CBE, with assets of approximately $0.5 million, required a substantial capital investment to enable it to comply with environmental regulations and continue operations. The owners, one of whom was incapacitated and in hospital, indicated that, in view of this necessary additional expenditure, they preferred retirement.

As a condition of allowance, the applicant undertook:

(a) to improve the utilization of timber stands through the development of a new program to harvest smaller dimensional timber;

(b) to improve the utilization of raw materials thereby reducing waste;

(c) to provide a staff of professional foresters trained in disease control and fire prevention;

(d) to provide planting stock for forest regeneration purposes when scarifying and natural regeneration techniques are not adequate;

(e) to increase employment by seven or eight employees and to exert all reasonable efforts to hire native Indians;

(f) to make capital improvements at an estimated cost of $20,000, and to ensure that all replacement equipment is made in Canada, subject to reasonable price, quality and delivery terms; and

(g) to institute and upgrade safety standards.

Illustration 12

The application involved the proposal of a Canadian subsidiary of a major international chemical company to acquire the remaining interest, that it did not already own, in a joint venture which was primarily engaged in the processing and retailing of chemicals and related products in central Canada.

The Canadian Business Enterprise (CBE), which had less than $1 million in assets, was formed over ten years ago as an equally-owned partnership between the applicant, which was the principal supplier of raw materials to the CBE, and certain Canadian interests. The applicant, after an apparently unsuccessful attempt to persuade the Canadian partner to acquire its fifty percent interest, subsequently sought to purchase the remaining shares, thereby increasing its ownership in the Canadian business enterprise from 50 to 100 percent. A disallowance of the transaction possibly could have resulted in the liquidation of the business.

As a condition of allowance the applicant undertook:

(a) to continue the existing chemical processing and retailing operations of the CBE;

(b) to continue the marketing practices of the CBE;

(c) to maintain present employment levels;

(d) to invest $250,000 in equipment over the next ten years;

(e) to spend $8,000 to $10,000 annually to repair existing plant and equipment;

(f) to improve employee benefits; and

(g) to employ a local Canadian manager.

Illustration 13

A Canadian subsidiary of a large multinational food manufacturing, packaging and distribution firm proposed to acquire certain assets of another foreign controlled food processing company based in central Canada, the Canadian Business Enterprise (CBE).

The applicant sought to transfer and merge the business of the CBE with its own operations. Disallowance of this transaction would probably have resulted in the termination of the CBE's unprofitable operations, and, possibly, in the closing down of a certain portion of the applicant's food processing activities as well. The operating assets involved in this transaction were worth somewhat less than $2 million and the CBE had total sales in the area of $3 million.

As a result of the allowance of the proposed acquisition, the applicant was able to combine operations, thereby reducing overhead costs significantly thus improving efficiency. In addition, the transfer resulted in a shifting of employment opportunities from an area where unemployment was well below the national average to a region where unemployment was somewhat higher than average. Specifically, as a condition of allowance, the applicant undertook:

(a) to increase employment at the consolidated operations by 23 jobs;

(b) to invest a minimum of $150,000 to install and realign equipment;

(c) to market aggressively the CBE's products with the short-term objective of increasing its market share and to seek out and expand export markets, both of which would lead to a further addition to employment;

(d) to support export activities through expenditures on advertising and sales promotion;

(e) to maintain the CBE's present private label export business, subject to continued consumer acceptance; and

(f) to explore the possibility of manufacturing and marketing new products in Canada, which, subject to confirmation of the viability of these plans, could lead to capital expenditures for production and packaging equipment of between $50,000 and $100,000 and, possibly, six to ten additional jobs.

Illustration 14

The application involved a proposal by the Canadian subsidiary of a large U.S. corporation to acquire control of a private Canadian-owned family business engaged in the manufacture and servicing of transportation equipment with assets of less than $5 million. The latter, the Canadian Business Enterprise (CBE), was a successful business. The principal owner, however, was elderly and in poor health and wished to retire. The applicant and its parent were engaged in a line of business closely related to that of the CBE.

As a condition of allowance the applicant gave undertakings with respect to the future operations of its existing business in Canada as well as those of the CBE. These undertakings included:

(a) to ensure a 40-50% Canadian content in certain of its own products sold on the Canadian market, provided costs in Canada remained competitive;

(b) to expand certain of its product lines manufactured in Canada with a commensurate increase in employment in its Canadian plants;

(c) to expand its own marketing and service centres to various locations across Canada, subject to favourable market conditions;

(d) to cause the CBE to become a distributor of certain products manufactured by the applicant's U.S. parent;

(e) to cause the CBE to continue to purchase from Canadian sources, provided price and quality are competitive; and

(f) to cause the Board of Directors and senior management of the CBE and the applicant to remain predominately Canadian.

An important factor taken into account in the decision to allow this transaction was the reputation that the applicant had established, through its operations in Canada, as a "good corporate citizen".

Illustration 15

The application involved a proposal made by a Canadian subsidiary, on behalf of its foreign parent, to acquire certain assets of another foreign-owned subsidiary in Canada, the Canadian Business Enterprise (CBE). Both the applicant and the CBE were primarily engaged in the food industries in Canada and the proposed acquisition would enable the applicant to modernize certain aspects of its manufacturing operations and facilitate the intention of the owners of the Canadian business enterprise to withdraw from certain areas of manufacturing and to develop different markets for other products.

As a condition of allowance of the transaction the applicant gave the following undertakings:

(a) to construct, in the near future, new additional processing and handling facilities at the location of the CBE at a cost of over $1 million;

(b) to modernize and replace the CBE's machinery over the next few years at a cost of $1 million; obtaining 50% of its equipment from Canadian sources;

(c) to offer employment to the majority of the CBE's present workforce and include a level of fringe benefits equivalent to or, in respect to life, disability and medical insurance, superior to that presently in force;

(d) to offer to sell certain intermediate goods to any final producer, in the market area of the CBE, that can meet the applicant's usual trade terms; and

(e) to increase the utilization of the CBE's facilities within two months, from the existing 40%, to 70% of rated capacity.

Appendix F

LIST OF CORPORATIONS THAT OBTAINED OPINIONS FROM THE MINISTER, PURSUANT TO SUBSECTION 4(1) OF THE ACT, THAT THEY WERE NOT NON-ELIGIBLE PERSONS WITHIN THE MEANING OF THE ACT

Name	Date of opinion
1974/75	
Bow Valley Industries	July 4, 1974
Canadian Enterprise Development Corporation Ltd.	December 11, 1974
Brascan Limited	January 10, 1975
Denison Mines Limited	January 10, 1975
International Nickel Co. of Canada Ltd.	January 17, 1975
Panarctic Oils Ltd.	March 27, 1975
1975/76	
Commonwealth Holiday Inns of Canada Limited	April 30, 1975
The Metropolitan Trust Company	May 2, 1975
Numac Oil & Gas Limited	May 14, 1975
Federal Industries Ltd.	June 2, 1975
Horne & Pitfield Foods Limited	June 2, 1975
Oakwood Petroleums Ltd.	June 2, 1975
The White Pass and Yukon Corporation Ltd.	June 9, 1975
Hastings West Investment Ltd.	June 16, 1975
Asamera Oil Corporation Ltd.	July 21, 1975
Canadian Keyes Fibre Company Limited	July 30, 1975
Nordair Ltd.	July 30, 1975
Voyager Petroleums Ltd.	August 26, 1975
Waltec Enterprises Ltd.	August 26, 1975
Chieftain Development Co. Ltd.	October 1, 1975
Consumers Glass Company Limited	October 2, 1975
Peyto Oils Ltd.	October 2, 1975
Placer Development Ltd.	October 15, 1975
The Big "O" Drain Tile Co. Ltd.	October 15, 1975
Ventures West Capital Ltd.	November 26, 1975
Alcan Aluminium Limited	December 1, 1975
Ranger Oil Canada Limited	December 22, 1975
Maritime Agencies Ltd.	January 14, 1976

The Honourable Don Jamieson, Secretary of State for External Affairs, who was until September 14, 1976, Minister of Industry, Trade and Commerce, and Minister responsible for the administration of the Foreign Investment Review Act.

La version francaise est disponible
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