



Innovation, Science and  
Economic Development Canada

Innovation, Sciences et  
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Canada

# Annual Report

Investment  
Canada Act

2022-2023



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## Message from the Director of Investments to the Minister of Innovation, Science and Industry

Dear Minister:

I am pleased to present you with the Annual Report on the administration of the *Investment Canada Act* (“the ICA” or “the Act”) for fiscal year 2022-23 (“the Report”). This year’s Report, like past reports, includes statistical information on filings made under the Act, as well as decisions made under the net benefit provisions, and actions taken under the national security provisions. In our ongoing commitment to transparency and regulatory predictability, the Report also contains detailed explanations of how the Act’s net benefit and national security provisions were administered. The Report does not include information relating to investment proposals in cultural businesses, which are the responsibility of the Minister of Canadian Heritage.

Fiscal year 2022-2023 was a particularly engaging year. In order to address the rapidly evolving global context, the Department increased its outreach efforts to foreign investors, while introducing measures to modernize Canada’s foreign investment review mechanism. For example, following Russia’s illegal invasion of Ukraine, the new Policy Statement on Foreign Investment Review and the Ukraine Crisis was issued in early March 2022. In addition, to ensure that Canada’s critical minerals supply chain remains resilient, the Policy Regarding Foreign Investments from State-Owned Enterprises in Critical Minerals under the *Investment Canada Act* was introduced in October 2022 and sets out the framework for the net benefit and national security review of investments by foreign state-owned enterprises in this sector. Additionally, Bill C-34, *An Act to Amend the Investment Canada Act* (“the Bill”), was tabled in Parliament. The Bill represents the most significant update to the Act since 2009, and will improve Canada’s national security posture by enabling the national security review process to be more agile. For example, the Bill will grant the Minister, in consultation with the Minister of Public Safety, the power to extend reviews under the s. 25.3 stage of review, whereas previously a Governor in Council order was required at this stage in the multi-step process. The Bill will also allow the Minister to accept undertakings that address identified national security risks.

Overall, fiscal year 2022-2023 saw a total of 1,010 applications for review and notifications certified, of which five applications for review were approved as being of likely net benefit to Canada. The year also saw increased activity on national security matters. Of the 1,010 filings—all of which were reviewed by Canada’s national security and intelligence agencies—22 investments resulted in s. 25.3 orders. Ten of those investments required no further action under the Act, eight were withdrawn by the investor, and three resulted in a 25.4 order to divest the Canadian business. At the time of publication, one review is ongoing.

As always, we continue to encourage investors to speak with the Investment Review Division early on in their investment activities and to submit filings prior to implementation, particularly where the proposed investments fall within the factors set out in the *Guidelines on the National Security Review of Investments*.

I look forward to continuing to support you in the administration of the Act.

Yours sincerely,

Francis Bilodeau  
Director of Investments

## Table of Contents

Message from the Director of Investments .....	3
What's New.....	5
Fiscal Year 2022-23 in Numbers.....	6
1. Introduction .....	7
2. Overview of the Act .....	7
Filing Requirements .....	7
Net Benefit Reviews.....	10
National Security Reviews.....	11
Monitoring and Enforcement .....	12
3. Policy Developments in 2022-23 .....	12
Regulatory Changes .....	12
Policy Statements .....	13
Enhancing Transparency .....	13
Bill C-34: An Act to Amend the <i>Investment Canada Act</i> .....	13
4. Investment Activity in 2022-23.....	16
Total Investments.....	17
Applications for Net Benefit Review.....	18
Notifications .....	19
Investments by Sector.....	20
Investments by Country or Region of Origin .....	22
Sectoral Investments by Top Source Countries or Regions.....	24
Investments by Province and Territory .....	25
5. National Security Reviews .....	26
Summary of the National Security Review Process.....	26
Notices and Orders Issued Under Part IV.1.....	27
6. Conclusion .....	30
Appendix.....	31
Interpretive Notes.....	31
Data Comparison with Other Statistical Sources .....	31
Policy Statements and Guidelines Referenced in this Report.....	32

## What's New

Foreign investment encourages innovation and can help businesses to grow, creating well-paying jobs and enabling economic growth that benefits all Canadians. The *Investment Canada Act* (“the Act” or “the ICA”) encourages beneficial foreign investment in Canada, while providing for the review of investments in Canada by non-Canadians that could be injurious to national security.

Fiscal year 2022-23 saw a series of regulatory, policy and legislative amendments to modernize the ICA, which are summarized below.

### **Voluntary filing mechanism**

The Government has up to five years after the implementation of a foreign investment described in s. 25.1(c) to make an order for national security review. In August 2022, a new voluntary filing mechanism came into force that permits non-Canadians to attain regulatory certainty, triggering the same statutory deadlines as a mandatory filing.

### **Policy statement on foreign investment review and the Ukraine Crisis**

Due to the elevated national security and economic risks to Canada resulting from the conflict in Ukraine, the Minister announced in March 2022 that direct and indirect acquisitions of control of Canadian businesses by Russian investors will be found of net benefit to Canada on an exceptional basis only. Further, an investment with direct or indirect ties to the Russian state will support a finding that there are reasonable grounds to believe that the investment could be injurious to Canada's national security.

### **Policy regarding foreign investments from state-owned enterprises in critical minerals**

The Minister advised in October 2022 that investments in critical minerals by foreign state-owned enterprises will be found to be of net benefit on an exceptional basis only. Such investments will also support a finding that there are reasonable grounds to believe the investment could be injurious to national security.

### **Enhancing transparency by publishing s. 25.4 decisions**

In an effort to increase transparency of the ICA review mechanism, the Government will publicly disclose the names of the parties and the outcome of orders made under section 25.4(1)(a) and (c) of the Act. The Government may publicly disclose the names of the parties and the outcome of orders made under section 25.4(1)(b) of the Act. These new and strengthened efforts will improve the transparency of Canada's investment review regime.

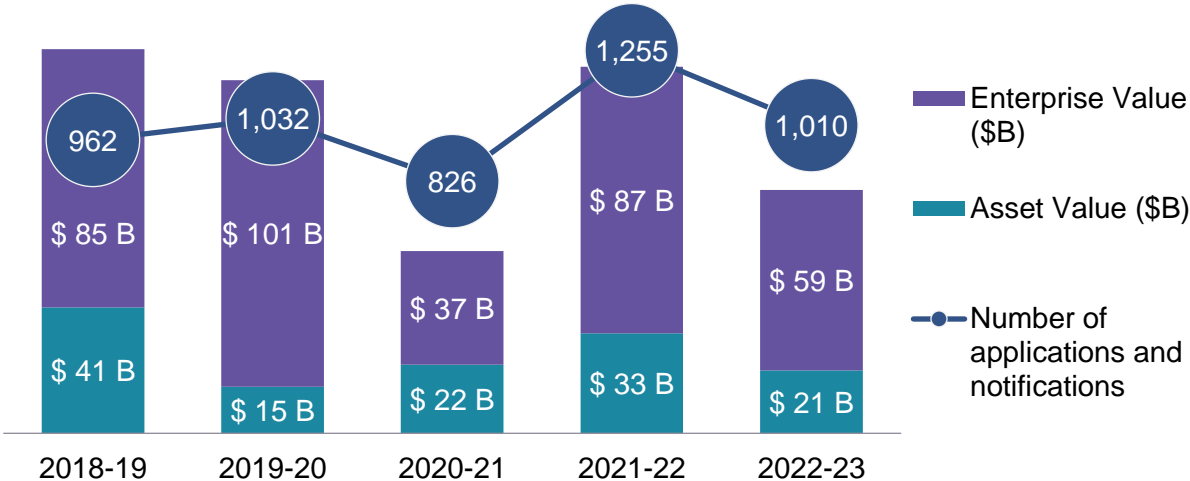
### **Bill C-34, An Act to amend the *Investment Canada Act***

The Government tabled Bill C-34 in December 2022 with an aim to improve and modernize the regime, particularly with respect to national security matters. The Bill seeks to introduce amendments to the Act to bolster Canada's visibility on investments, enhance transparency, support greater investor certainty, and ensure Canada has strong authorities to take action quickly and where required. The amendments include: a new filing requirement prior to the implementation of investments in prescribed business sectors; authority for the Minister to extend the national security review of investments; stronger penalties for non-compliance; authority for the Minister to impose conditions during a national security review; authority for the Minister to accept undertakings to mitigate national security risk; improved information sharing with international counterparts; and new rules for the protection of information during the course of judicial review.

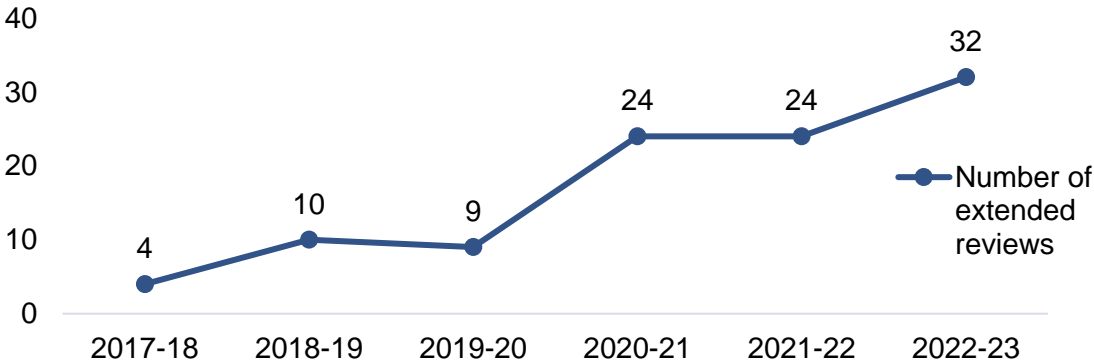
# Fiscal Year 2022-23 in Numbers<sup>1</sup>

For fiscal year 2022-23, the volume of activity under the Act shows two trends: 1) the number of filings returned to within the five-year average range following the pandemic shock in 2020-21 and subsequent rebound in 2021-22 (see Figure 1); and the number of extended national security reviews\* continued to climb (see Figure 2).

**Figure 1. Applications and Notifications, Value and Number**



**Figure 2. Number of Extended National Security Reviews\***



\* “Extended national security reviews” refers to notices issued under section 25.2 plus the number of 25.3 Governor in Council (“GIC”) orders made where no notice under section 25.2 was previously issued. For example, in fiscal year 2020-21, there were 23 notices under section 25.2 reported, but 24 extended reviews, including one 25.3 Governor in Council order that was not preceded by a 25.2 notice.

<sup>1</sup> This report is for the fiscal year starting April 1, 2022 and ending March 31, 2023 (2022-23), and provides information on the administration of the Act related to applications and notifications (except Canadian cultural businesses) and the national security review provisions.

# 1. Introduction

The *Investment Canada Act* is the Government's primary tool for reviewing foreign investment in Canada. The Act encourages needed, positive foreign investment that can support new technologies, employment, higher paying jobs, and access to global markets without compromising on national security.

The Act has two stated purposes: to review significant foreign investments for their likely net economic benefit to Canada in a manner that encourages investment, and to review investments that could be injurious to national security. While all investments are subject to national security review, only significant acquisitions of control of Canadian businesses by foreign investors are reviewed for net benefit.

Under section 38.1 of the Act, the Director of Investments is required to submit a report to the Minister for each fiscal year on the administration of the Act, which is to be made public. This Report includes a general overview of the Act and descriptions for the net benefit and national security review processes; a summary of key policy developments and on Bill C-34; a summary of investment activity and data on investor's country of origin, sector, and target province or territory; and a summary of national security activity under the ICA with statistics on the number of extended reviews.

## 2. Overview of the Act

### Filing Requirements

#### *Jurisdiction*

The Act applies to investments in Canada by non-Canadians. When a non-Canadian establishes a new business in Canada or acquires control of an existing Canadian business<sup>2</sup>, a filing must be made to the Investment Review Division<sup>3</sup>. In respect of other investments by non-Canadians (e.g. minority investments), the non-Canadian may choose to make a voluntary filing. A voluntary filing would provide a non-Canadian with regulatory certainty as the national security provisions under Part IV.1 of the Act apply to a broad range of foreign investments.

#### *Filings: Notification vs. Application for net benefit review*

Non-Canadians must file a **notification** when:

- 1) they commence a new business activity in Canada or;

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<sup>2</sup> "Canadian business" is defined in the Act as a business that has, in Canada: a place of business, an individual (or individuals) who are employed or self-employed in connection with the business; and assets used in carrying on the business.

<sup>3</sup> Please send all forms to: Innovation, Science and Economic Development Canada  
Director of Investments

235 Queen Street, Room 400B East Tower

C.D. Howe Building K1A 0H5

Email: [investmentcanada-investissementcanada@ised-isde.gc.ca](mailto:investmentcanada-investissementcanada@ised-isde.gc.ca).

- 2) their investment would result in the acquisition of control—of an existing Canadian business where the investment is valued below the relevant net benefit review threshold; or
- 3) their investment would result in the indirect acquisition<sup>4</sup> of control of an existing Canadian business, regardless its value.

If a non-Canadian directly acquires control of a Canadian business that is valued above the relevant net benefit review threshold, the non-Canadian is required to file an **application for net benefit review** (“application for review”). In that case, the non-Canadian may not implement the investment until they obtain the Minister of Innovation, Science and Industry’s approval.

Figure 3 illustrates the applicable thresholds for 2023.



#### *How Investments Are Valued*

Investments are valued either by Enterprise Value or Asset Value.

**Enterprise Value** is calculated by taking into account the Canadian business’ market value, debt, and cash. Enterprise Value is used to value direct investments by private sector investors from a World Trade Organization (“WTO”) member country.

**Asset Value** is calculated based on the Canadian business’ book value and is used to value investments by state-owned enterprises (“SOE”), and investors from non-WTO member countries. The establishment of a new Canadian business and indirect investments (in which a Canadian business is acquired as part of a larger global transaction) are also measured by Asset Value.

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<sup>4</sup> An “indirect acquisition” occurs where the Canadian business is controlled by a foreign parent company, and it is that foreign parent which is acquired through the investment.



**Figure 4. Asset Value and Enterprise Value Overview of Calculations**

### Asset Value (AV)

The AV is a calculation based on the value of the assets according to the Canadian business' financial statements (book value).

In general:

- AV of the Canadian business = aggregate value of the assets as shown in the audited financial statement of the entity(ies) at the end of the last completed fiscal year before proposed acquisition

For specific details consult section 3.1 of the *Investment Canada Regulations*.

### Enterprise Value (EV)

The EV is a calculation that takes into account market value, debt and cash.

In general:

- EV of a Canadian business that is publicly traded = market capitalization of the Canadian entity + total liabilities, excluding its ordinary course liabilities – its cash and cash equivalents
- EV of a Canadian business that is not publicly traded = total acquisition value + total liabilities, excluding its ordinary course liabilities – its cash and cash equivalents
- EV of a Canadian business acquired through an asset acquisition = total acquisition value of the entity's assets + its assumed liabilities – its cash and cash equivalents

For specific details consult sections 3.3, 3.4 and 3.5 of the *Investment Canada Regulations*.

Pursuant to the Act, a non-Canadian may file a notification up to 30 days after it implements an investment. An application for review, however, must be filed prior to implementation.

On August 2, 2022, a new, voluntary filing mechanism was introduced under the *National Security Review of Investments Regulations* (the National Security Regulations). This filing permits non-Canadians who are not otherwise required to file a notification or application for review, to make a filing that triggers the timelines under the National Security Regulations. As a result, they may obtain “safe harbour” within 45 days of certification of the filing rather than the statutory waiting period of five years during which the Government could call-in the investment.

Investors are strongly encouraged to file a notification at least 45 days before implementing their investment. Where an application of net benefit is required, investors are encouraged to file at least 75 days before commercial closing. Application for review and notification forms are available on the ICA website.<sup>5</sup>

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<sup>5</sup> <https://ised-isde.canada.ca/site/investment-canada-act/en/investment-canada-act/forms>

## Net Benefit Reviews

### *What is a Net Benefit Review?*

A net benefit review is an economic review of a foreign investment that examines whether the proposed investment would likely be beneficial to Canada. The responsible Minister makes the determination of likely net benefit.

### *How is a Net Benefit Review Conducted?*

A net benefit review is conducted by assessing the proposed investment for its likely economic benefit using the factors set out in section 20 of the Act:

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

These six factors provide predictability for investors while maintaining flexibility for the Minister in the assessment. The Minister may only approve an investment when satisfied, in light of these factors, that it is likely to be of net benefit to Canada.

The Minister may consider all of the information available in coming to a determination, such as any public information, the information from the application for review, plans and undertakings, additional information provided by the parties or relevant third-parties in the course of the review, and results of consultations with provincial and territorial governments.

For net benefit assessments of investments by state-owned enterprises (SOEs), the Minister will take into account, among other considerations, the investor's commercial orientation and corporate governance. SOEs may demonstrate their strong commitment to transparent and commercial operations through offering legally-binding undertakings, such as:

- to make operating decisions based on commercial and market principles, without giving priority or preference to the investor or its affiliates;
- to provide regular audited financial and other reports; and
- to maintain director(s) on the board of the Canadian Business who are independent of the investor.

Please refer to the Guidelines on Investment by state-owned enterprises—Net benefit assessment for more details.<sup>6</sup>

The Minister has issued policy statements to provide greater transparency and guidance on how the Act is applied. Notable recent Ministerial statements include:

- *A Policy Statement on Foreign Investment Review and the Ukraine Crisis* (published in 2022), which states that investments by a direct or indirect Russian investor would be

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<sup>6</sup> <https://ised-isde.canada.ca/site/investment-canada-act/en/investment-canada-act/guidelines/all-guidelines#p2>

considered of net benefit to Canada on an exceptional basis only, as a consequence of Russia's aggression against Ukraine.<sup>7</sup>

- *Policy Regarding Foreign Investments from State-Owned Enterprises in Critical Minerals under the Investment Canada Act* (published in 2022), which states that acquisitions of control of a Canadian Critical Mineral business by a foreign SOE would be found to be of net benefit only on an exceptional basis only.<sup>8</sup>

For additional clarity and transparency in understanding the Act, please consult the Guidelines, Interpretation Notes, Ministerial statements and other administrative documents on the ICA website.<sup>9</sup>

## National Security Reviews

### *What is National Security Review?*

All foreign investments, including greenfield and minority investments—**regardless of value—are subject to national security review to determine whether there is a risk of national security injury.** Part IV.1 of the Act sets out the multi-step process for a national security review. The Minister is responsible for administering Part IV.1 in conjunction with Canada's national security agencies.

Based on a recommendation from the Minister, following consultation with the Minister of Public Safety (Minister of PS), the Governor in Council has the authority to take any measure necessary to protect national security, including but not limited to:

- directing an investor not to implement an investment;
- authorizing an investment on condition that the investor give certain written undertakings or on terms and conditions that the GIC considers necessary under the circumstances; or,
- requiring the investor to divest control of its investment.

### *How is a National Security Review Conducted?*

The National Security Guidelines provide transparency for investors and Canadians on how national security reviews are conducted. These guidelines also provide an illustrative, non-exhaustive list of factors that the Government takes into account in assessing the national security injury potential of an investment. Examples of such factors include: the potential of the investment to enable access to sensitive personal data, the potential effects of the investment on the transfer of sensitive technology or know-how, the potential impact of the investment on critical minerals and critical mineral supply chains, and involvement by state-owned or state-influenced investors.

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<sup>7</sup> <https://ised-isde.canada.ca/site/investment-canada-act/en/investment-canada-act/policy-statement-foreign-investment-review-and-ukraine-crisis>

<sup>8</sup> <https://ised-isde.canada.ca/site/investment-canada-act/en/policy-regarding-foreign-investments-state-owned-enterprises-critical-minerals-under-investment>

<sup>9</sup> <https://ised-isde.canada.ca/site/investment-canada-act/en>

## Monitoring and Enforcement

The Government regularly monitors the investment environment through open source and other information sources. If required, the Government will reach out to discuss filing obligations with investors or to seek additional information regarding the applicability of the Act to an investment proposal.

The Government also monitors cases where investors are subject to an on-going reporting requirement such as having to comply with undertakings following a net benefit review, or pursuant to an order in Council following a national security review.

The Act specifies enforcement procedures when the Minister believes that an investor has not complied with its obligations under the Act. For example, if non-compliance of an undertaking or condition is found, an investigation into compliance may be triggered. Where the Minister believes that a non-Canadian has acted contrary to the Act, the Minister may send a demand letter under section 39 requiring the non-Canadian to cease the contravention, to remedy the default, to show cause why there is no contravention, or to justify any non-compliance of undertakings (if applicable).

The Government can also file an application to a superior court for an order under section 40 of the Act. The court can order any measure as the circumstances require, including directing divestiture, compliance with undertakings, payment of a penalty of \$10,000 each day of contravention for each contravention, revocation of voting rights, and disposition of voting interests.

## 3. Policy Developments in 2022-23

The Act, which provides for both net benefit and national security reviews of foreign investments into Canada, was established to provide investor certainty while reserving Canada's ability to block individual investments under specific circumstances. However, as national security threats faced by Canada continue to evolve, the Government is working to ensure that Canada's foreign investment review mechanism continues to strike the right balance between promoting foreign direct investment and protecting Canada's interests.

To that effect, the Government continued to advance its objective to modernize the ICA through a series of regulatory, policy, and legislative measures. Such measures included: the voluntary filing mechanism that came into force in August 2022, the Ministerial statement on the Ukraine conflict published in March 2022; the Ministerial statement on investments involving critical minerals by foreign SOEs in October 2022; and introduction of legislative amendments proposed by Bill C-34 in December 2022.

### Regulatory Changes

On August 2, 2022, the Government brought into force a new voluntary filing mechanism via amendments to the National Security Regulations that permits non-Canadians making non-controlling investments to gain regulatory certainty prior to implementing the investment. A voluntary filing permits a non-Canadian to obtain regulatory certainty under the Act's national security provisions while still allowing the Government the time necessary to conduct a thorough review. At the same time, the government has extended its right to take action to five years after implementation, if investors choose not to take advantage of the voluntary filing option.

## Policy Statements

### *Ukraine Crisis*

The Minister issued a policy statement on March 8, 2022, addressing the impact of Russia's illegal invasion of Ukraine on foreign investment review.<sup>10</sup> The statement advises that investments by direct or indirect Russian investors will be found to be of net benefit to Canada only on an exceptional basis. Investments controlled by or subject to influence by the Russian state will also support a determination by the Minister that there are reasonable grounds to believe such an investment could harm Canada's national security.

### *Investments in Critical Minerals by Foreign SOEs*

The Minister issued a policy statement in October 2022 to offer additional clarity on the review of investments in Canadian entities and assets in critical minerals sectors from foreign SOEs.<sup>11</sup> The statement advises that in recognizing that some investments by SOEs can be motivated by non-commercial imperatives contrary to Canada's interests, investments in critical minerals by foreign SOEs will be found to be of net benefit only on an exceptional basis. Further, investments in the critical mineral sector by foreign SOEs will support a finding by the Minister that there are reasonable grounds to believe such investment could be injurious to national security.

This policy development is in line with the Government Response, tabled on June 22, 2022, in response to the report *The Neo Lithium Acquisition: Canada's National Security Review Process in Action*, issued by the Standing Committee on Industry and Technology (INDU) in March 2022.<sup>12</sup> The response noted the need to maintain Canada's reputation as an attractive place to invest while protecting Canada's national security.

## Enhancing Transparency

In an effort to increase transparency of the ICA review mechanism, the Government will publicly disclose the names of the parties and the outcome of orders made under section 25.4(1)(a) and (c) of the Act. The Government may publicly disclose the names of the parties and the outcome of orders made under section 25.4(1)(b) of the Act. These new and strengthened efforts will improve the transparency of Canada's investment review regime. For example, in November 2022, the Minister announced the results of three national security reviews which resulted in a GIC order that non-Canadians must divest their investments in critical mineral businesses.

## Bill C-34: An Act to Amend the *Investment Canada Act*

On December 7, 2022, the Minister tabled Bill C-34: *An Act to Amend the Investment Canada Act*, also known as the *National Security Review of Investments Modernization Act*. The purpose of the Bill is to improve the Act's national security review provisions. Canada's

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<sup>10</sup> <https://ised-isde.canada.ca/site/investment-canada-act/en/investment-canada-act/policy-statement-foreign-investment-review-and-ukraine-crisis>

<sup>11</sup> <https://ised-isde.canada.ca/site/investment-canada-act/en/policy-regarding-foreign-investments-state-owned-enterprises-critical-minerals-under-investment>

<sup>12</sup> Report of the Standing Committee on Industry and Technology, *The Neo Lithium Acquisition: Canada's National Security Review Process in Action*

technologically advanced and open economy and world-class research community make it an attractive target for hostile foreign states and non-state actors. The Government has observed persistent and sophisticated state-sponsored threat activity and continues to see a rise in the frequency of such threats to Canada's economic security. The amendments to the Act add clarity and transparency to the process and provide the Government with additional tools, allowing Canada to continue to address evolving threats in order to protect Canada's national security.

Broadly, the proposed amendments include:

- creating a new requirement for pre-implementation notification of investments that meet certain criteria, in prescribed business sectors;
- authorizing the Minister, after consultation with the Minister of Public Safety, to impose interim conditions on investments in order to prevent potential national security injury taking place during the review;
- transferring the authority to make a section 25.3 order to the Minister, rather than the Governor in Council;
- allowing undertakings to be submitted to address the identified risks of national security injury;
- authorizing the Minister to take no further action in respect of an investment if he is satisfied, with the concurrence of the Minister of Public Safety, that the investment would not be injurious to national security based on those undertakings;
- introducing rules for the protection of information on judicial review of decisions and orders made under Part IV.1 of the Act;
- authorizing the Minister to disclose to foreign states for the purposes of national security reviews of foreign investment, information that is otherwise privileged under the Act; and
- updating the penalties for contraventions of the Act and establishing a new monetary penalty for failure to provide a notification for investments that meet certain criteria, in prescribed business sectors.

These amendments will be discussed in further detail below.

Currently, Bill C-34 is being studied at the Standing Committee on Industry and Technology (INDU). The Committee has interviewed multiple witnesses, including legal experts, experts on investment, trade, governance, and innovations, as well as business leaders and academics. Study of the Bill will resume in Fall 2023.

For more information on Bill C-34's progression including meeting summaries and briefs submitted to INDU, please refer to the Parliament of Canada committee website.<sup>13</sup>

#### *New pre-implementation filing obligation*

The Bill would introduce a pre-implementation filing obligation for certain investments in prescribed sectors in order to provide the Government earlier visibility on investments where there is risk that the foreign investor would gain access to sensitive assets, information,

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<sup>13</sup> <https://www.ourcommons.ca/Committees/en/INDU/StudyActivity?studyActivityId=12139069>

intellectual property or trade secrets, for example, immediately upon closing. The Government can therefore ensure that such irremediable harm does not occur.

### *Interim Conditions*

The amendment would introduce the authority for the Minister of Innovation, Science and Industry, after consultation with the Minister of Public Safety, to impose interim conditions on an investment during a national security review. This will reduce the risk of national security injury taking place during the course of the review itself, such as through the possible access to or transfer of assets, intellectual property or trade secrets before the review is complete. At the end of the review period, if an investment is allowed to proceed, an interim condition may be converted into a permanent undertaking or condition or, if appropriate, be removed.

### *Authority for the Minister to extend the national security review of investments*

The amendment would make the national security review process more efficient by providing the Minister, in consultation with the Minister of Public Safety, the power to extend reviews under the s. 25.3 stage of review, whereas previously a GIC order was required at this stage in the multi-step process.

Removing the additional step of getting an order by the GIC will provide more time for security and intelligence partners to complete the increasingly complex intelligence analysis.

### *Authority for the Minister to accept undertakings for the national security process*

The amendment would allow the Minister to accept binding undertakings from investors to reduce the potential national security injury that would result from the investment.

Potential undertakings could include obtaining Government of Canada approval for proposed business locations in order to avoid proximity to Canadian assets or creating approved corporate security protocols to safeguard information and access to a site—such as details on cybersecurity, visitor logs, etc.—or to grant access to facilities for compliance inspection.

Previously, the imposition of such conditions on a transaction to mitigate national security risks could only occur through a GIC order. Allowing binding undertakings at the ministerial level also means these can be amended—or even ended—in the right circumstances or if economic or security circumstances change.

These undertakings will have to satisfy the Minister of Innovation, Science and Industry, with the concurrence of the Minister of Public Safety, that they sufficiently address the national security injury that would result from the investment. Investors will be monitored for compliance.

### *New rules for the protection of information during the course of judicial review*

The amendment would introduce new provisions on closed material proceedings that will allow for the protection of potentially injurious information in the course of judicial review of national security review decisions, that is, allowing the use of sensitive information while protecting it from disclosure.

Decisions made under the national security review processes in the ICA can rely heavily on the use of sensitive information that, if publicly disclosed, would be potentially injurious to international relations, national defence or national security or would endanger the safety of any person. To strengthen the Government's ability to defend such decisions in case of judicial review, the Crown may use this process to protect sensitive information that forms part of the evidentiary record that was relied upon in making these decisions. This will ensure that judges in these proceedings can consider a more complete set of factors driving the decision making at issue, even where all the information in the record may not be disclosed to a non-government party.

#### *Improved information-sharing with international counterparts*

The amendment would facilitate international cooperation and information exchange by allowing the Minister of Innovation, Science and Industry to disclose information about an investor to allies in order to support their foreign investment review and national security assessments, on terms and conditions that the Minister deems appropriate. Prior to this amendment, information about a specific investor was considered privileged and could not be disclosed.

This change will help defend against a situation where an investor may be active in several jurisdictions seeking the same technology, for example, and where there is a common national security interest. That said, Canada would not share such information where there are confidentiality or other concerns.

#### *Updated penalties for non-compliance*

The amendment would update the penalties for non-compliance within the provisions of the Investment Canada Act and provide the authority to update these penalties in the future, as required, in regulations.

The penalties for non-compliance were established several decades ago and have not been revisited to correspond to current typical deal valuations or inflation. An update, with a new formula for ongoing updates set out in regulations, would make the penalty amounts more meaningful. In addition, a new penalty will be introduced for failing to comply with the pre-implementation filing requirements.

Penalties for non-compliance are a clear signal and incentive to comply with the ICA, and these changes are not expected to chill legitimate investment. The imposition of ICA fines will continue to be effected through court orders. The new penalty for a violation of the pre-implementation filing requirement is broadly in line with allied jurisdictions' foreign investment review mechanisms.

## **4. Investment Activity in 2022-23**

This past fiscal year was characterized by two filing trends: 1) the total number of filings returned to within the five-year average of approximately 1,000 filings per year following two atypical years marked by the COVID-19 pandemic; and 2) a decrease in the number of net benefit reviews as percent of total filings (trends regarding national security will be discussed in the following section).

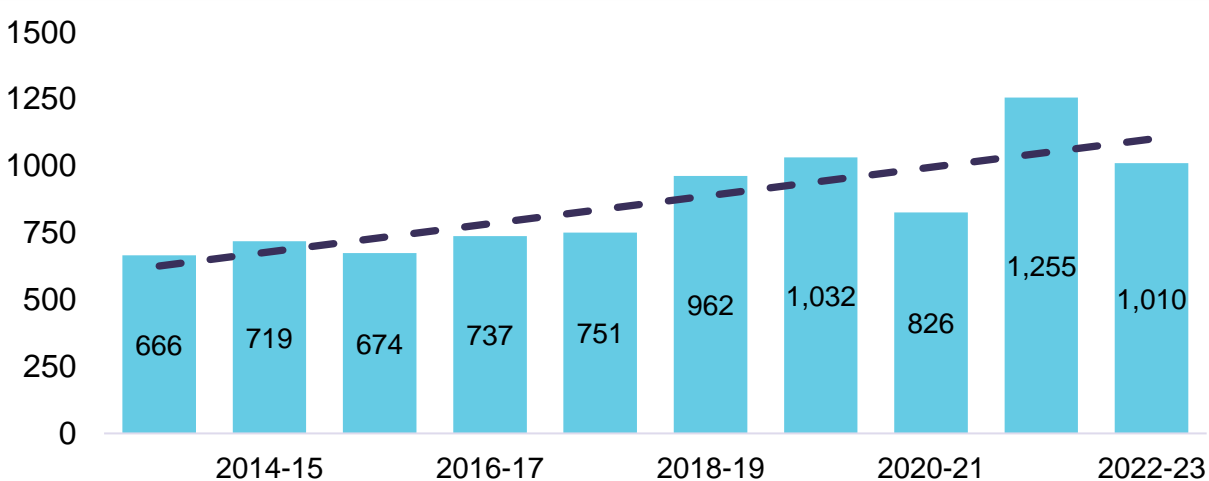


## Total Investments

In fiscal year 2022-23, 1,005 notifications were certified and five applications for review were approved under the Act, for a combined 1,010 filings. This figure represents a decrease of 19.5% compared to fiscal year 2021-22, when there were 1,255 total filings.

The United Nations Conference on Trade and Development reported that global foreign direct investment flows (FDI) in 2022 declined by 12% compared to the previous year.<sup>14</sup> A similar trend was observed with ICA filings this fiscal year, where the total number of filings decreased compared to the 2021-22 but remained significantly above the average annual totals observed in the previous decade. Figure 5 clearly demonstrates the increased filing activity under the Act observed within the last five years.

**Figure 5. Total Number of Applications and Notifications and Trend Line**

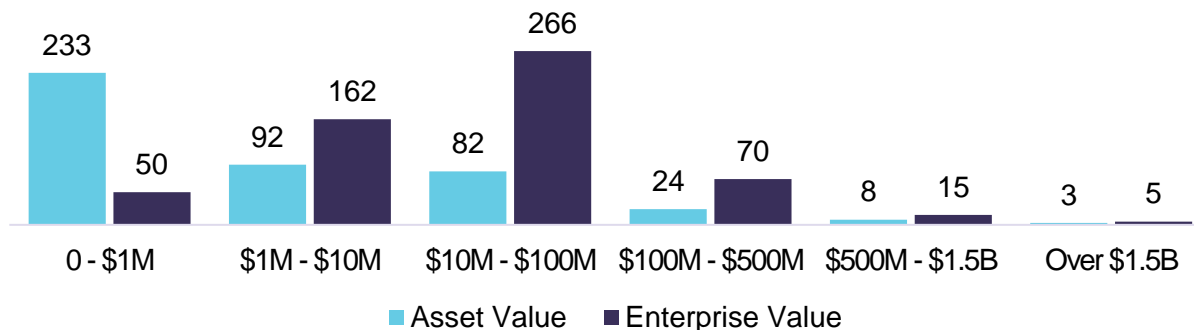


Of the total number of notifiable investments this year, 56.2% (568 filings) were calculated by Enterprise Value and the remaining 43.8% (442 filings) were calculated by Asset Value. These proportions are consistent with previous years. Of the investments measured by Asset Value, 54.3% (240 filings) were for the establishment of new Canadian businesses.

Investments measured by Enterprise Value ranged more broadly in value than those measured by Asset Value. Within this wider range, 75.4% of investments measured by Enterprise Value fell between \$1 million and \$100 million. Those investments measured by Asset Value were also predominantly below \$100 million in value (92.1%) with more than half – 52.7% – under \$1 million, consistent with the fact that many of these are greenfield investments creating new Canadian businesses. See Figure 6.

<sup>14</sup> <https://unctad.org/publication/world-investment-report-2023>, accessed July 13, 2023.

**Figure 6. Number of Investments by Value**

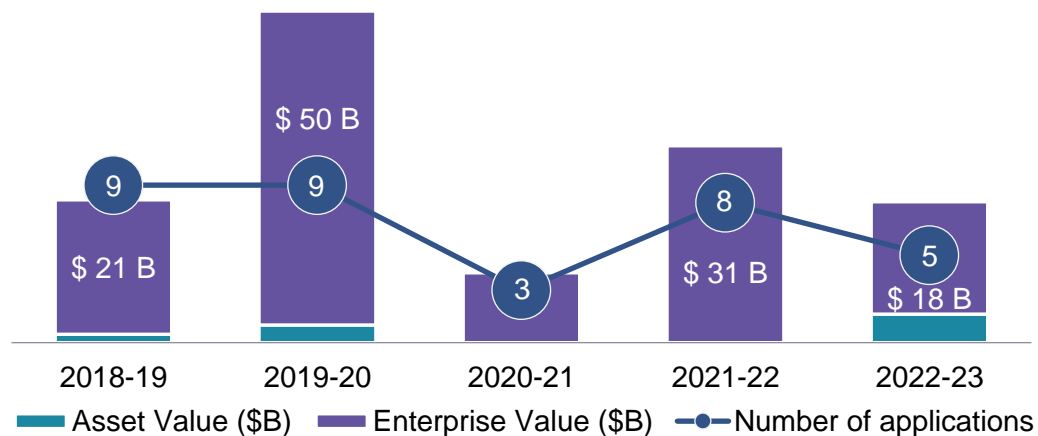


Note: Categories include the highest bound, and exclude the lowest (e.g., investments worth exactly \$1M are counted in the "0-\$1M" category).

### Applications for Net Benefit Review

The 2022-23 fiscal year saw five applications for net benefit review, compared to eight in 2021-22. Four applications for review in 2022-23 were measured by Enterprise Value totaling \$18.0 billion which is lower than last year's total of \$31.5 billion (see Figure 7). One application for review was measured by Asset Value; its value is being withheld to preserve commercial confidentiality. Although the total Enterprise Value of the four applications for review was lower, the average Enterprise Value of an application for review was higher this year (\$4.5 billion) compared to last year (\$3.9 billion).

**Figure 7. Number of Applications for Review and Related Enterprise Value and Asset Value**



Note: Because of the very low number of applications measured by Asset Value in 2018-19, 2019-20 and 2022-23 and those measured by Enterprise Value in 2020-21, to preserve commercial confidentiality, the specific amount of the transactions have not been included above.

The Act provides an initial 45-day period for reviews, which the Minister can extend by up to another 30 days. This statutory timeframe can be further extended, with consent of the investor, for as long a duration as necessary to complete the review.

The average length of net benefit reviews was 97 days, and the median review period was 93 days, which both exceeded the corresponding periods during the previous five years. This reflects the specific investments that were subject to review in this period rather than signalling a new trend in the timelines for net benefit reviews

## Notifications

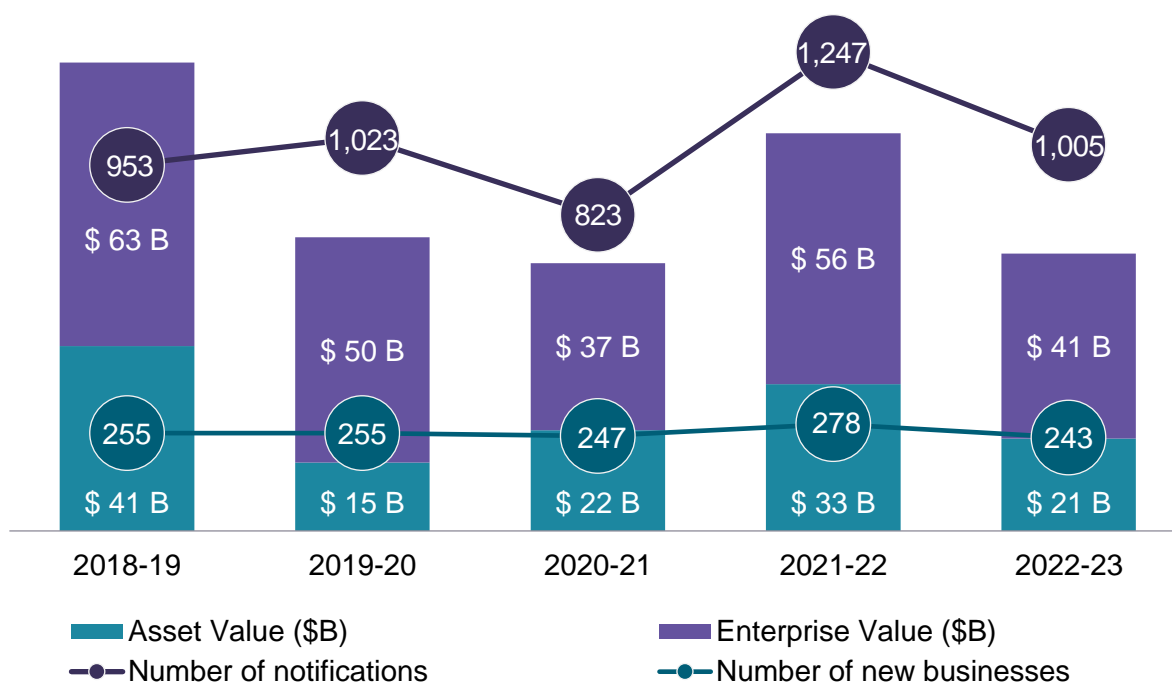
A notification is required for the acquisition of control of a Canadian business valued below the net benefit review threshold, indirect acquisitions of control and for all investments to establish a new Canadian business. This fiscal year, 1,005 notifications were certified, a decrease of 19.4% compared to 2021-22. Except for 2020-21 and 2021-22, two years marked by the COVID-19 decline and rebound in filing activity, the number of notifications over the past five years has been hovering around one thousand filings annually (see Figure 8). Although the filing volume has been relatively consistent in recent years, as mentioned earlier in this report, the longer-term trend of increased filing activity under the Act continued in 2022-23.

Consistent with past years, investments measured by Asset Value were mostly related to the establishment of a new business or to an indirect acquisition of a Canadian business involved in a larger global transaction; notifications involving SOE investors or asset acquisitions represented only a very small share. In 2022-23, notified investments measured by Asset Value totalled \$20.6 billion, a decrease of 32.7% over 2021-22. The average value of investments measured by Asset Value was \$46.7 million, a value 18.9% lower than the year prior (\$57.6 million). The number of filings involving SOE investors represented approximately 1% of all investments certified this fiscal year.

For investments measured by Enterprise Value, the total value of notified investments was \$41.3 billion, a decrease of 26.2% over the year prior. The average Enterprise Value investment also decreased to \$73.2 million in 2022-23, compared to \$127.4 million last year, representing a 42.6% decrease.

As in previous years, the number of notifications for acquisitions of control was significantly higher (762, or 75.8% of overall notifications) than the number of notifications associated with the establishment of a new Canadian business (243, or 24.2%).

**Figure 8. Number of Notifications and Related Enterprise Value and Asset Value**



### Investments by Sector

Applications and notifications are classified into five broad sectors based on the North American Industry Classification System (NAICS) codes. Continuing the same trend as in prior years, the number of investments was highest in the Business and Services Industries with a total of 433, or 42.9% of total filings (see Table 1). However, the value of these transactions represented a comparatively lower percentage of total values: only 9.5% of the Asset Value total, and 30.3% of the Enterprise Value total.

Although accounting for only 22.2% of the total number of investments, on a value basis, the Other Services sector accounted for a significantly higher share (54.3%) of Asset Value of total investments and but a relatively lower share (10.7%) of total Enterprise Value (see Figure 9).

On a year over year basis, the number of applications and notifications decreased in all sectors, except resources:

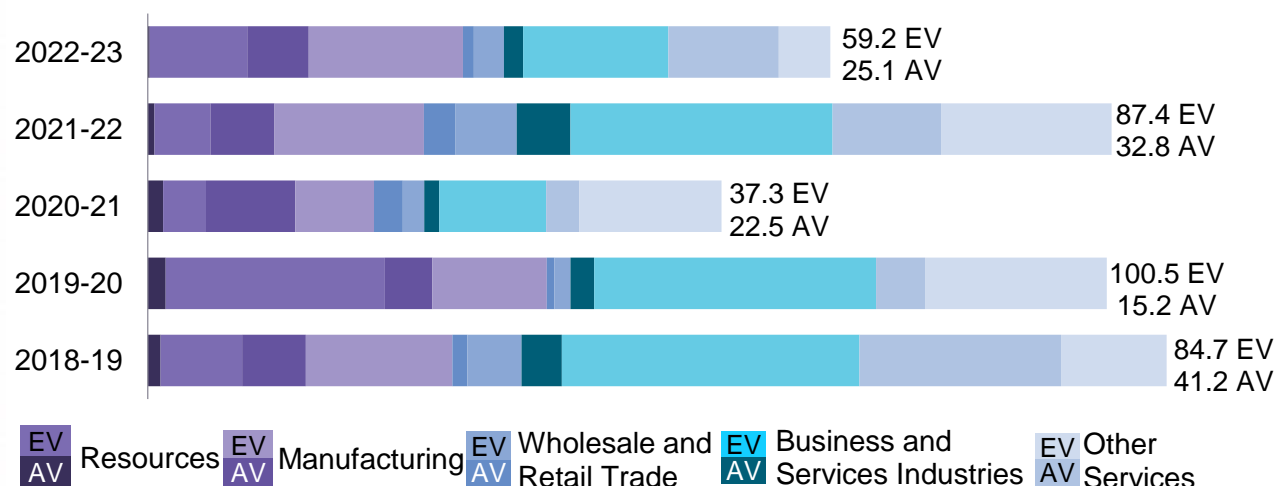
- Resources (+3.0%):** includes businesses in the mining, oil and gas, agriculture, forestry, fishing and hunting industries. Although the total number of investments was down in most sectors in 2022-23, there was one additional investment in Resources compared to last year for a total of 34 investments. Total Asset and Enterprise Values for the sector were \$219 million and \$12.1 billion, respectively.
- Manufacturing (-14.8%):** includes businesses engaged in the transformation of materials or substances into finished or semi-finished products. The number of investments in the Manufacturing sector was down by 14.8% over the year prior, to 184. While the number of investments decreased, Total Asset and Enterprise Values for the sector remained almost identical to the year prior suggesting that the average investment value in Manufacturing was higher in 2022-23.

- Wholesale and Retail Trades (-12.9%):** includes businesses engaged in wholesaling or retailing merchandise and rendering services incidental to the sale of merchandise. The number of investments in Wholesale and Retail Trades decreased to 135, or 12.9% over the 2021-22. Compared to the drop in number of investments, the total value decreased significantly more, with Asset and Enterprise Values shrinking by more than half compared to the previous year to \$1.3 billion and \$3.7 billion respectively.
- Business and Services Industries (-25.4%):** includes companies in service-oriented industries such as professional, scientific and technical services; education and healthcare services; arts and entertainment; accommodation and food services; and public administration. This sector saw the largest decrease in the number of investments with a drop of 110 investments, or 25.4% less than in 2021-22. Total Asset and Enterprise Values also contracted by more than half compared to last fiscal year, dropping to \$2.4 billion and \$19.2 billion, respectively.
- Other Services (-37.5%):** includes businesses in the utilities, construction, transportation, real estate, finance, information and cultural industries. This sector also experienced a noticeable reduction in number of investments, dropping to 224 in compared to 308 in the year prior, a decrease of 37.5%. Even with less investments in this category, Total Asset Value remained consistent to the year prior totaling \$13.4 billion, which signals investments were valued higher in 2022-23. In contrast, Total Enterprise Value contracted by a factor of more than three dropping to \$6.7 billion.

**Table 1. Investments by Sector and Total Value**

Industry Sector	Number of investments	Asset Value of Investments (\$M)	Enterprise Value of Investments (\$M)
Resources	34	\$219	\$12,095
Manufacturing	184	\$7,569	\$19,106
Wholesale and Retail Trades	135	\$1,309	\$3,729
Business and Services Industries	433	\$2,388	\$17,942
Other Services	224	\$13,651	\$6,367

**Figure 9. Investments by Enterprise Value and Asset Value by Sector**



## Investments by Country or Region of Origin

Pursuant to the Act, investors are required to identify the jurisdiction of their ultimate controller in their filings.<sup>15</sup> In 2022-23, as in recent years, the United States, the European Union, and the United Kingdom accounted for the absolute majority of investments on a number and value basis. Collectively, the United States, European Union and United Kingdom accounted for 804 filings or 79.6% of the total number of filings, 51.6% of investments measured by Asset Value, and 80.6% measured by Enterprise Value (see Figure 10).

The United States was Canada's most significant source of investment, accounting for 55.3% of the total number of investments and representing 36.0% of total Asset Value and 61.2% of total Enterprise Value. The next ten countries together accounted for only 30.3% of all filings, but a significantly higher share of investment value than in 2021-22 with 47.5% of total Asset Value and 40.3% of Enterprise Value. See Table 2. Historically, the United States is Canada's largest source of investments. Over the last five years, investments from the United States represented 54.8% of all investment filings. The value of these investments fluctuated each year, ranging from \$8.2 billion to \$36.5 billion for those measured by Asset Value and from \$23.7 billion to \$69.7 billion for those measured by Enterprise Value.

The European Union remained the second largest regional source of in-bound investment with 16.4% of all number of investments, or 15.4% of total Asset Value and 15.2% of total Enterprise Value. The share of investments from the European Union has remained relatively consistent over the last five years, ranging between 15.9% and 23.9% of total filings, depending on the year. Investments measured by Asset Value varied between \$1.4 billion and \$11.8 billion while investments measured by Enterprise Value totalled between \$4.9 billion and \$25.2 billion.

The United Kingdom was the third largest source of investment this year, with 7.8% of the total number of investments, a similar share than in 2021-22 (7.0%). The share of total Asset Value decreased to 0.3% from 0.7%, the lowest level in five years. The share of investments measured by Enterprise Value was consistent with the previous year at 4.2%. Over the last five years, investments measured by Asset Value ranged between \$71 million and \$3.1 billion; those measured by Enterprise Value ranged between \$2.5 billion and \$7.5 billion.

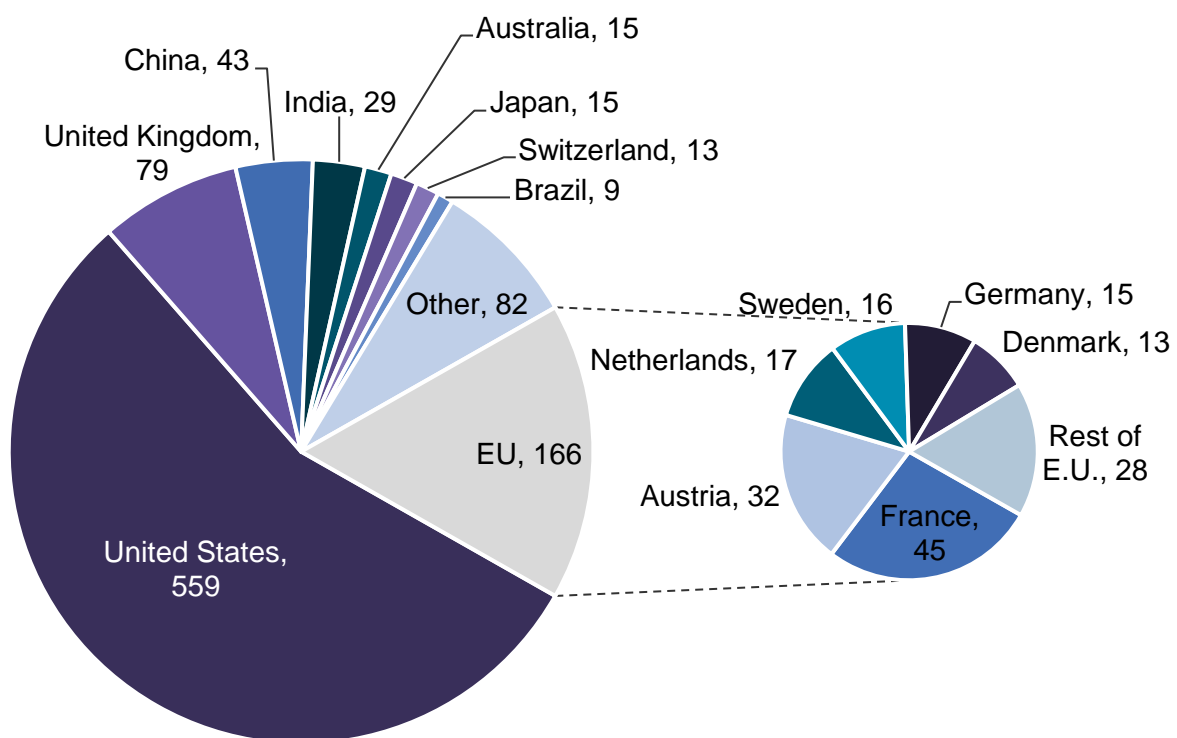
China's share of the total number of investments – which includes investments from Hong Kong – increased slightly to 4.3% in 2022-23, compared to 4.0% the year prior. Investments by Asset Value increased to \$1.3B from \$171 million, and those by Enterprise Value decreased to \$381 million from \$1.3 billion. Over the last five years, the share of filings from China has been consistent, ranging between 3.7% and 5.1% of the total number of filings (between 36 and 50). The value of investments has fluctuated to a relatively greater extent. Investments measured by Asset Value varied from \$171 million to \$1.5 billion while those measured by Enterprise Value ranged from \$48 million to \$1.3 billion.

Table 2 below presents the top ten countries of origin for investments.

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<sup>15</sup>The ultimate controller of an investor is the beneficial owner of voting interests that permit control an entity. Widely-held entities are considered to be controlled by their board of directors or a similar body. For instances in which the ultimate controller is not clearly associated to a unique jurisdiction (such as when a board consists of directors from more than one country), the investor is associated with the jurisdiction with which it is most closely associated, for the purposes of the Act.

**Figure 10. Investments by Country or Region of Origin**



**Table 2. Top 10 Investors by Country**

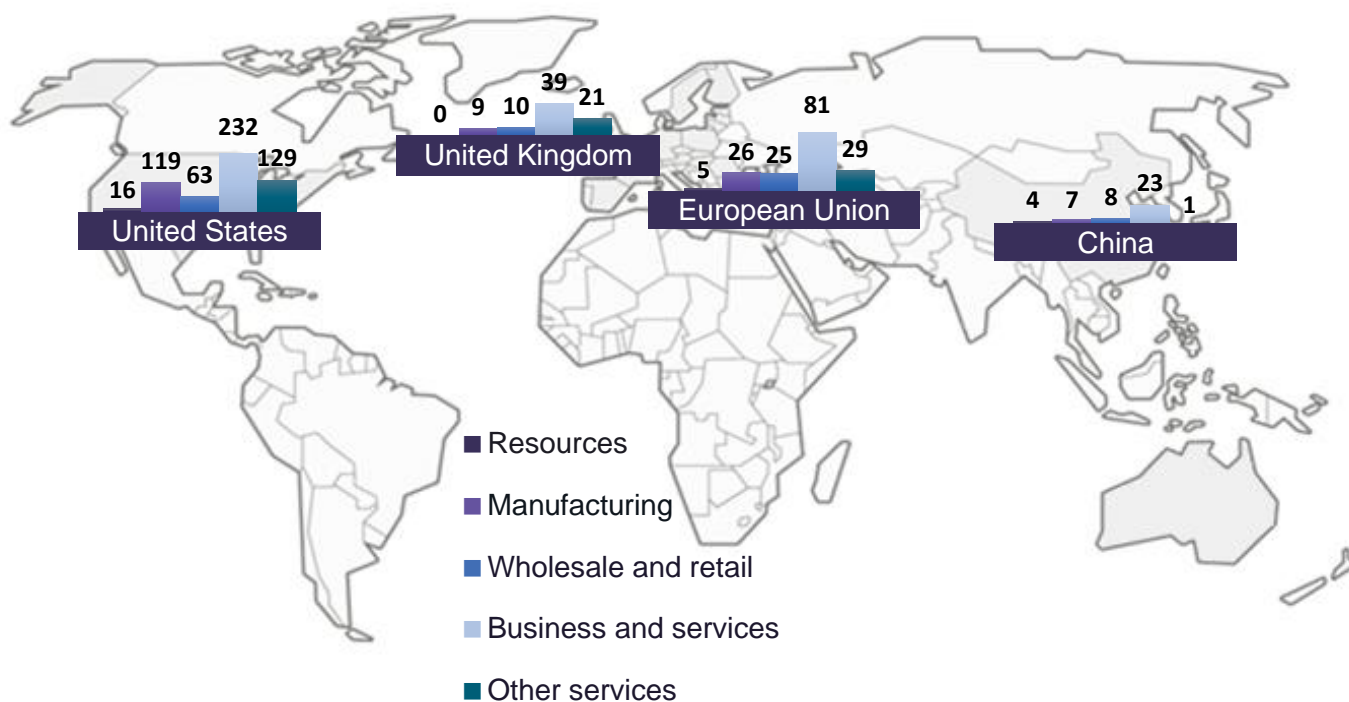
Country of Origin	Number of investments	Asset Value of Investments (\$M)	Enterprise Value of Investments (\$M)
United States	559	\$9,039	\$36,278
United Kingdom	79	\$71	\$2,469
France	45	\$1,645	\$3,802
China	43	\$1,259	\$381
Austria	32	\$0	\$568
India	29	\$762	\$161
Netherlands	17	\$3	\$1,364
Sweden	16	\$3	\$844
Australia	15	\$7	\$565
Germany	15	\$2,109	\$1,268
Japan	15	\$110	\$524

## Sectoral Investments by Top Source Countries or Regions

This section provides details on sectoral investments by investor's country or region of origin. Similar to the overall sectoral breakdown, the number of investments in the Business and Services Industries sector was the highest for Canada's largest source of investments, with slight variability thereafter among the sources (see Figure 11). Historically, this sector has generally attracted the highest number of investments for Canada's top sources of investments.

- United States:** As in past years, investments from the United States were focused on the Business and Services Industries sector with 232 investments (41.5%), Other Services sector with 129 investments (23.1%), and Manufacturing with 119 investments (21.3%). The Wholesale and Retail Trades sector accounted for 63 investments (11.3%) while investments in Resources were much lower with only 16 investments (2.9%).
- European Union:** The Business and Services Industries sector represented the largest share of investment from EU members, with 81 out of a total 166 investments, or 48.8%. The remaining sectors, by rank, were: Other Services with 29 investments (18.0%); Manufacturing with 26 investments (16.1%) and Wholesale and Retail Trades with 25 investments (15.5%). The Resources sector came last, seeing only five investments (3.1%).
- United Kingdom:** Approximately half of UK investments were also in the Business and Services Industries, with 39 of 79 total investments (49.4%), while Other Services (26.6%), Wholesale and Retail Trades (12.7%), Manufacturing (11.4%) saw significantly less investments.
- China:** Business and Services Industries was the highest-ranking sector with 23 investments out of a total of 43 investments (53.5%). It was followed by the Wholesale and Retail Trades sector with eight investments (18.6%) and Manufacturing with seven investments (16.3%). The Resources sector accounted for four investments while only one investment was made in the sector for Other services.

**Figure 11. Investment by Top Country or Region of Origin and Sector**

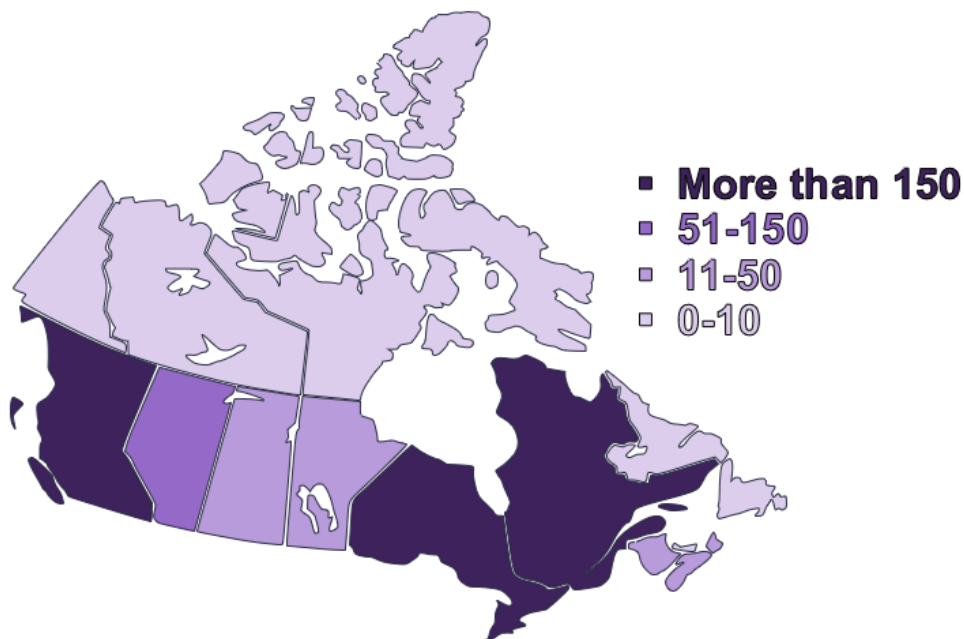




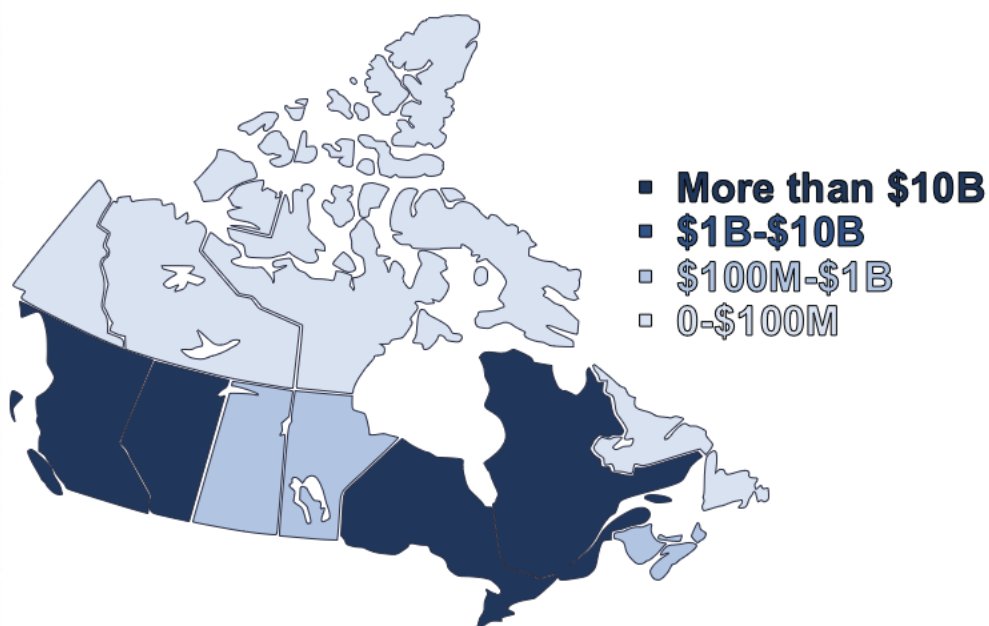
## Investment Destination by Province and Territory

Under the Act, the primary destination of investments is tracked based on province or territory. In 2022-23, Ontario was identified as the primary destination for 523 investments or 51.8%, followed by British Columbia (171 investments or 16.9%) and Quebec (161 investment or 15.9%). In terms of total value, Ontario, British Columbia, Quebec and Alberta all saw total investments valued above \$10 billion in combined Asset Value and Enterprise Value (see Figure 12 and 13).

**Figure 12. Destination by Number of Investments**



**Figure 13. Destination by Value of Investments**



## 5. National Security Reviews

Set out in this section is information on the processes and administration of the national security review provisions (Part IV.1) of the Act in the last fiscal year. The purpose of this section is to provide further transparency and to improve regulatory certainty for Canadian businesses and non-Canadians.

Details of specific cases, however, are not included in this Report in accordance with the strict confidentiality requirements of the Act to protect commercially-sensitive information and classified information in these reviews.

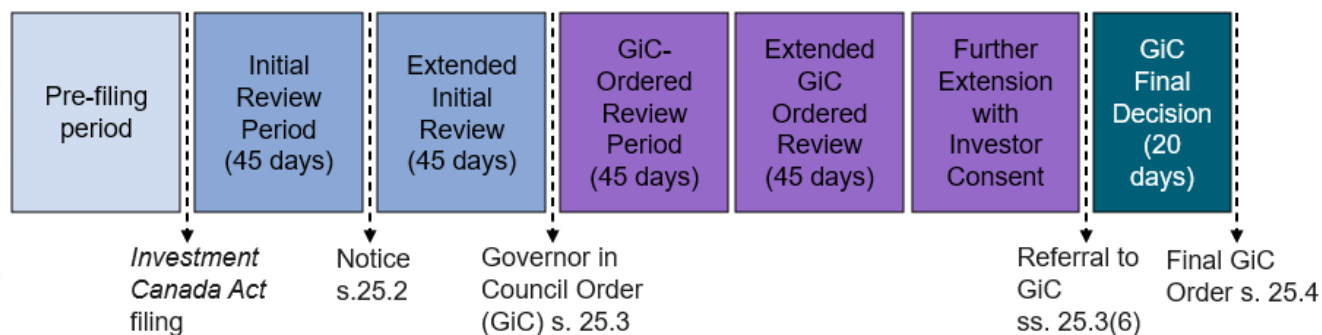
### Summary of the National Security Review Process

Pursuant to section 25.1 of the Act, all foreign direct investments are subject to national security review, regardless of value of the investment or level of control of the foreign investors. The Government not only reviews all ICA filings but also other investments subject to the Act, sometimes referred to as “non-notifiable investments”. These non-notifiable investments are identified using a variety of means, including referrals from security and intelligence agencies, news releases, media reports, and commercial databases.

The Minister is responsible for administering the national security provisions (covered in Part IV.1 of the Act) and makes a recommendation to the GIC after consultation with the Minister of Public Safety.

The national security review process has three main stages. Each stage has its own legal threshold that must be met for a review to continue to the next stage. The timelines for these steps are set out in Figure 14 below.

**Figure 14. National Security Review Process Timeline**



The initial period of review may begin during the pre-filing period when the Minister becomes aware of the investment. However, the statutory clock starts with a certified filing. Where a filing is not required, the statutory clock starts with implementation of the investment. The time periods for the different stages of review are prescribed in the *National Security Review of Investments Regulations* and reflect maximum time periods.

Reviews are conducted on a case-by-case basis, involving multiple parties such as ISED, Public Safety, and Canada’s security and intelligence agencies and relevant investigative bodies

(which are set out in Regulations<sup>16</sup>). Investments are thoroughly assessed based on information and intelligence related to, among other things:

- the Canadian asset being acquired, or business being established,
- the terms of the investment, and
- the foreign investor(s) and the potential for third-party influence.

As part of conducting the review, the Government may consult with Canada's allies or require the parties to provide any information necessary, which may include the history of a transaction, the investor's existing presence in Canada, or their full corporate structure.

For more information about the factors that are taken into account in assessing national security risk, please refer to the *Guidelines on the National Security Review of Investments*, updated in March 2021. Included in these guidelines is a specific annex identifying sensitive technology areas.

### Notices and Orders Issued Under Part IV.1

The complexities of today's economic and security climate result in longer reviews to thoroughly assess the risk of national security injury. While most investments reviewed are subject to no further action following the initial review period, an extended review is characterized by the issuance of a notice pursuant to s. 25.2(1) of the Act or the issuance of a s. 25.3 GIC order where no notice under section 25.2 was previously issued.

In fiscal year 2022-23, a record number of 32 investments were subject to extended reviews compared to 24 such investments in 2021-22, representing a 33.3% increase.

With respect to those 32 investment proposals, three resulted in the GIC issuing a final order requiring the investor to divest itself of its investment, eight were withdrawn by the investor and 20 were permitted to proceed following review when no further action was found warranted under the ICA. Decisions of *no further action* (as noted in Table 3) are made after a thorough review and on the basis of information obtained and the representations provided in the course of the extended review. At the time of publication, one extended review is still ongoing. The average length of review for these concluded processes was 174 days (see Table 3 for details of this year's review outcomes, and Table 4 for a historical comparison).

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<sup>16</sup> For a full list of the prescribed investigative bodies and classes of investigative bodies, see: <https://laws-lois.justice.gc.ca/eng/regulations/sor-2009-271/page-1.html#h-750876>

**Table 3. Outcome of Investments Subject to Section 25.3 Orders in 2022-23**

<b>Country of Origin*</b>	<b>Industry Sector (NAICS)</b>	<b>Investment type</b>	<b>Outcome of Review</b>
<b>China</b>	2122 - Metal ore mining	Minority investment	Withdrawal
<b>China</b>	2123 - Non-metallic mineral mining and quarrying	Acquisition of control	Withdrawal
<b>China</b>	2123 - Non-metallic mineral mining and quarrying	Minority investment	Divestiture
<b>China</b>	2123 - Non-metallic mineral mining and quarrying	Minority investment	Divestiture
<b>China</b>	2123 - Non-metallic mineral mining and quarrying	Minority investment	Divestiture
<b>United States</b>	2123 - Non-metallic mineral mining and quarrying	Acquisition of control	No further action under the ICA
<b>China</b>	3342 - Communications equipment manufacturing	New establishment	Withdrawal
<b>United States</b>	4145 - Pharmaceuticals, toiletries, cosmetics and sundries merchant wholesalers	Acquisition of control	No further action under the ICA
<b>China</b>	4931 - Warehousing and storage	New establishment	Ongoing
<b>China</b>	5121 - Motion picture and video industries	Acquisition of control	Withdrawal
<b>Cyprus</b>	5231 - Securities and commodity contracts intermediation and brokerage	New establishment	No further action under the ICA
<b>China</b>	5413 - Architectural, engineering and related services	Acquisition of Control	Withdrawal
<b>China</b>	5415 - Computer systems design and related services	Acquisition of control	Withdrawal
<b>China</b>	5415 - Computer systems design and related services	Acquisition of control	Withdrawal
<b>United States</b>	5415 - Computer systems design and related services	New establishment	No further action under the ICA
<b>France</b>	5415 - Computer systems design and related services	New establishment	No further action under the ICA
<b>China</b>	5415 - Computer systems design and related services	New establishment	No further action under the ICA
<b>China</b>	5415 - Computer systems design and related services	Acquisition of control	No further action under the ICA
<b>China</b>	5415 - Computer systems design and related services	Indirect acquisition of Control	No further action under the ICA
<b>China</b>	5417 - Scientific research and development services	Acquisition of control	No further action under the ICA
<b>China</b>	5417 - Scientific research and development services	New establishment	No further action under the ICA
<b>Czech Republic</b>	5616 - Investigation and security services	Acquisition of control	Withdrawal

Note: The Country of Origin column provides the country of origin of the ultimate controller of the investor, as indicated by the investor in the filings required by the *Investment Canada Regulations*.

In 2022-23, the average value of an investment subject to a GIC-ordered review was \$52.2 million, which is lower than for investments that did not reach that stage. Half of these investments were for the acquisition of a Canadian business. The remaining investments were split between the establishment of new businesses and minority investments.

**Table 4. Actions Under Part IV.1 – 2018-19 to 2022-23**

	Review continued pursuant to s.25.2	No further action following s.25.2 notice	Investor withdrew investment following s.25.2 notice	Review extended pursuant to s.25.3 order	No further action following s.25.3 order	Investor withdrew investment following s.25.3 order	Final decision under s.25.4
<b>2022-23</b>	32	10	0	22	10	8	3 Divest (one review ongoing)
<b>2021-22</b>	24	9	3	12	7	4	None (one review ongoing)
<b>2020-21</b>	23	12	1	11	4	4	2 Divest 1 Block
<b>2019-20</b>	10	3	0	7	1	3	3 Divest
<b>2018-19</b>	9	2	0	7	3	2	2 Divest
<b>5 Year Total</b>	<b>98</b>	<b>36</b>	<b>4</b>	<b>59</b>	<b>25</b>	<b>21</b>	<b>10 Divest 1 Block 2 Ongoing</b>

Note: The fiscal year runs April 1 to March 31. Decisions and actions associated with a review are reported according to the fiscal year in which the first action is taken (typically, a review being continued pursuant to s.25.2), even if subsequent actions are taken in the following fiscal year.

## 6. Conclusion

Fiscal year 2022-23 was marked by changes in the policy landscape as the Government strove to modernize the ICA through regulatory changes, policy statements, and with the introduction of Bill C-34. In terms of filings, Canada's levels of foreign direct investments have returned to within the five-year average of approximately 1,000 filings per year following two atypical years marked by the COVID-19 pandemic. The largest number of investments came from our closest allies and trading partners, which signifies that Canada continues to be an attractive and trusted destination for foreign investment.

Fiscal year 2022-23 also saw an increase in the number of extended national security reviews for the second year in a row. This upwards trend aligned with Canada's continuing efforts to protect the economy from investments that threaten national security in a time of shifting geopolitical realities and rapid innovation.

Overall, Canada remains open to investments that are beneficial to Canadians and the economy, including investments that drive innovation, wealth creation, and employment growth. The Government is committed to administering the Act in a transparent and predictable manner to provide investor certainty. Canadian businesses and investors are strongly encouraged to account for the ICA process in their investment planning and to engage with the Investment Review Division as early as possible on specific investment proposals.

# Appendix

## Interpretive Notes

- All references to the 2022-23 fiscal year in data, tables, charts and explanations mean from April 1, 2022, to March 31, 2023.
- In the section titled "Investment Activity under the *Investment Canada Act*", investments are ascribed to the year corresponding to their final action: the certification date for notifications, and the date of the Minister's decision for applications.
- Acquisitions are recorded by the Asset Value or the Enterprise Value of the Canadian business to be acquired, based on its most recent audited financial statements, not by the purchase price. The value of a new business proposal is recorded on the basis of the planned amount of investment over the first two years.
- The actual number and value of acquisitions of control and new business establishments by international investors may not be wholly reflected for reasons which include the following:
  - From time to time, two or more investors may submit applications for review to acquire the same Canadian business. In such cases, each proposal is recorded as a separate transaction.
  - In June 1999, responsibility under the Act for investments related to cultural activities listed in Schedule IV of the *Investment Canada Regulations* was transferred to Canadian Heritage. Accordingly, our statistics since that time do not include foreign investments in Canadian businesses engaged strictly in activities listed in Schedule IV.
  - A number of filings are submitted to ISED at the proposal stage and processed promptly under the terms of the Act. However, for commercial or other reasons, investors who have submitted a notification or application may subsequently choose not to implement the investment or to implement it at a later time.

## Data Comparison with Other Statistical Sources

The principal purpose of the Act is the review of investment activity by international investors. For each fiscal year, a report on the administration of the Act is produced and made available to the public.

Data collection is limited to new business proposals and acquisitions of control by foreign investors. Results only represent a portion of the value of international investment in Canada, and therefore cannot be compared with either the FDI flows, or stock figures published by Statistics Canada. For example, the value of major plant expansions by established foreign investors in Canada is not captured under the Act.

## Policy Statements and Guidelines Referenced in this Report

Guidelines on the National Security Review of Investments (updated March 2021)

<https://ised-isde.canada.ca/site/investment-canada-act/en/investment-canada-act/guidelines/guidelines-national-security-review-investments>

Policy Statement on Foreign Investment Review and the Ukraine Crisis (issued March 2022)

<https://ised-isde.canada.ca/site/investment-canada-act/en/investment-canada-act/policy-statement-foreign-investment-review-and-ukraine-crisis>

Policy Regarding Foreign Investments from State-Owned Enterprises in Critical Minerals under the *Investment Canada Act*

<https://ised-isde.canada.ca/site/investment-canada-act/en/policy-regarding-foreign-investments-state-owned-enterprises-critical-minerals-under-investment>

A complete list of policies, guidelines and interpretive notes relating to the *Investment Canada Act* can be found at: <https://ised-isde.canada.ca/site/investment-canada-act/en>