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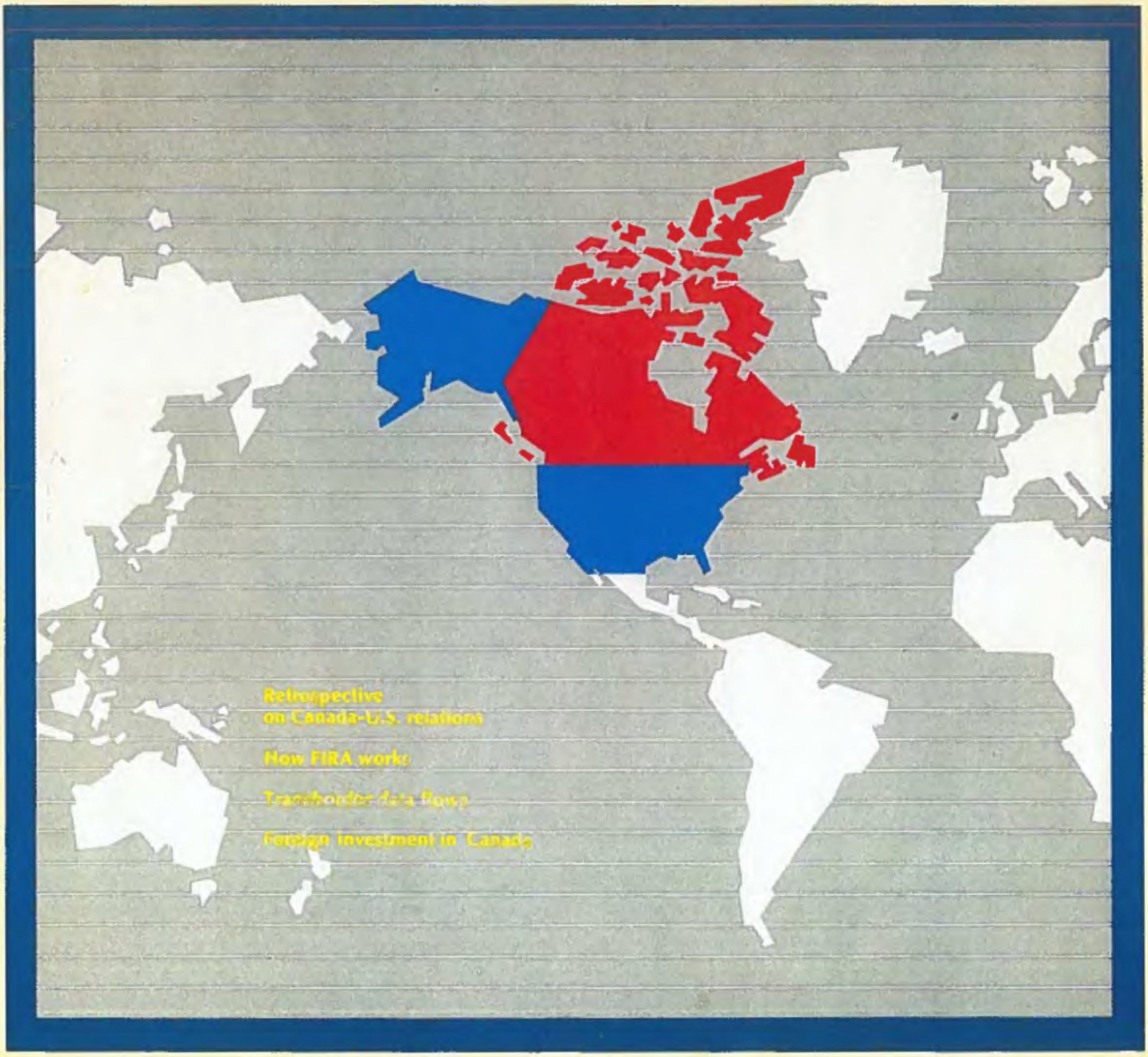

FOREIGN INVESTMENT REVIEW

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FOREIGN INVESTMENT REVIEW

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Robert L. Richardson

New Minister for FIRA

Effective September 30, 1982, the Honourable Edward C. Lumley replaced the Honourable Herb Gray as Minister of Regional Industrial Expansion, and therefore as the minister responsible for the administration of the Foreign Investment Review Act. Mr. Lumley was previously Minister of State (International Trade).

Mr. Lumley, 43, began his career in an international soft drink company, working in a number of capacities, but primarily in sales management and franchise consulting. He later became president of a private company in the soft drink and vending industry.

Mr. Lumley has been an active parliamentarian, serving on the Standing Committee on Regional Development, as official parliamentary observer to the United Nations, and as a member of numerous Canadian delegations to international meetings, including the North Atlantic Assembly, the Canada-U.S. Interparliamentary Meeting, and International Monetary Fund, World Bank, and Inter-American Bank meetings. Before being appointed Minister of State for Trade in 1980, Mr. Lumley served as parliamentary secretary to the ministers of Regional Economic Expansion and Finance.

Among the other Cabinet appointments made September 30 were the Honourable Gerald Regan, Minister of State (International Trade); the Honourable Charles Lapointe, Minister of State (External Relations); the Honourable Donald Johnston, Minister of State for Economic Development and Minister of State for Science and Technology, and the Honourable Herb Gray, President of the Treasury Board.

In an earlier announcement, the Honourable Allan MacEachen was named Minister of External Affairs; the Honourable Marc Lalonde, Minister of Finance; and the Honourable Jean Chrétien, Minister of Energy, Mines and Resources.

FIRA gets new Commissioner

After more than eight years with the Foreign Investment Review Agency, six of them as its Commissioner, J.E. Gorse Howarth, M.B.E., has been appointed President of the Canadian Commercial Corporation, effective October 15, 1982. Mr. Howarth has been replaced by Robert L. Richardson, former Deputy Secretary of the Programs Branch of the Treasury Board Secretariat.

The new Commissioner, Mr. Richardson, 52, assisted the President of the Treasury Board in a special assignment related to administered prices under the Government's economic renewal program immediately before his transfer to the Agency. Mr. Richardson spent 11 years in foreign postings with the Department of Industry, Trade and Commerce, and worked for the Public Service Commission and the Department of Finance before joining the Treasury Board Secretariat in 1971. Mr. Richardson has also helped to run his own small furniture factory for the past seven years.

Administrative changes under FIR Act

More foreign investment proposals will be eligible for review under the abbreviated procedures as a result of administrative changes under the Foreign Investment Review Act announced in the June 1982 budget of the Government of Canada. The abbreviated procedure requires only a short-form notice and leads to a decision, in most cases, within three to four weeks.

All investment proposals involving less than $5 million in gross assets and fewer than 200 employees will now be eligible for the short procedures. Previously the ceiling was $2 million in gross assets and 100 employees. With the higher ceilings, approximately 95 percent of new business investments and 80 percent of direct acquisitions will be eligible for consideration under the shortened procedures.

Indirect acquisitions — those involving the transfer of control of a Canadian business through a foreign merger or takeover of its foreign parent — involving gross assets not exceeding $15 million and fewer than 600 employees will also be eligible for review under the short-form procedures. About 80 percent of indirect acquisitions will now qualify for the abbreviated procedures.

In the budget the Government expressed its determination to avoid unnecessary delays in the review process and to focus it on investments that have very considerable economic effects or involve important Canadian interests. Thus investments eligible for the abbreviated procedure will be subject to the full review procedure only in exceptional circumstances, where the investment appears to raise important policy issues.

Further administrative measures to provide greater clarity about the interpretation of the Act and to streamline the decision-making process were announced in mid-August.

The Foreign Investment Review Agency has been authorized to issue interpretation notes covering provisions and expressions used in the Act that experience has shown to be difficult to interpret. Six notes are being issued initially; others will follow as required. The first set of notes covers limited partnerships, single or isolated contracts, rights to acquire shares or property, businesses that have ceased operations, and the phrases "part of a business capable of being carried on as a separate business" and "substantially all of the property used in carrying on the business".

The Agency has also been authorized to provide formal opinions to investors on whether or not their investments are subject to review under the Act. Such opinions had previously been given on an informal basis to assist and guide investors.

Retrospective on Canada-U.S. relations

by Donald Barry

During the past 15 years, Canada-U.S. relations have undergone significant changes. The world in which a special relationship had developed and thrived between Canada and the United States has evolved to a point where both countries have found it necessary to reassess and adjust their approaches to international relations in general and their bilateral relations in particular.

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Canada and the United States emerged from the Second World War closely allied and sharing a determination to restore stability and security in a world shattered by years of war. Both countries entered the immediate post-war years shouldering new international responsibilities, the United States as the leading nation in the Western Alliance and Canada as one of the alliance's strongest members. Both countries were instrumental in the creation of the North Atlantic Treaty Organization in 1949. This intense cooperation on the world stage was accompanied by close collaboration in their bilateral relations. This was exemplefied by their agreement on the joint construction of the St. Lawrence Seaway in 1953, the creation of the North American Air Defence Command (now the North American Aerospace Defence Command) in 1958, the Defence Production Sharing Arrangement in 1959, and the Automotive Agreement in 1965, which created free trade between Canada and the United States in automotive products. Allies in war, the United States and Canada had become partners in peacetime.

Naturally, differences occasionally arose between the two countries. For example, Canada complained when it felt that the United States had failed to consult its allies before taking certain initiatives and that U.S. tariff policies hindered Canadian access to the American market. It also complained when U.S. laws were applied extraterritorially to U.S.-controlled companies operating in Canada. For its part, the United States expressed concern about Canada's reaction to U.S. initiatives at the time of the Cuban missile crisis and about Canada's ambivalence toward the acquisition of nuclear arms. Overall, however, the differences that did arise between them tended to be overshadowed by the cooperative climate of the time, as clearly reflected in a 1965 joint Canada-U.S. report entitled *Principles of Partnership*. The report endorsed the concept of partnership as being central to the relationship and recommended that Canada and the United States pursue a quiet, behind-the-scenes approach to bilateral issues.

Throughout this period, however, Canadians were becoming increasingly concerned about the impact of the rapidly growing U.S. influence on Canada's cultural and economic sovereignty. Several Royal commissions of enquiry were established to study the issue as it related to culture (Massey report, 1951), the economy (Gordon report, 1957), broadcasting (Fowler report, 1957), and periodicals (O'Leary report, 1961). These led to the adoption of policies specifically designed to protect important sectors which Canada considered to be vital to its sovereignty, such as banking and broadcasting.

A major cause of Canada's concern was its dependence on foreign capital, particularly American capital. American investment rose from an overall level of 60 percent of all foreign investment in Canada in 1945 to 80 percent in 1964. The nature and concentration of U.S. investment was such that a number of Canadian industries seemed to be becoming, in the eyes of many Canadians, mere tributaries of American industry. Trade figures for the period reinforced this perception of Canada's economic dependence, the U.S. share of total Canadian foreign trade having grown from 55 percent in 1945 to nearly 65 percent in 1965.

Equally visible, if not more so, was the strong U.S. cultural influence on Canada. By the mid-1960s, for example, U.S.-based magazines had captured more than 75 percent of the Canadian market. *Time* and *Reader's Digest* alone drew more than 40 percent of the total domestic advertising revenue. Nevertheless, the Canadian government decided to exempt the Canadian editions of *Time* and *Reader's Digest* from the restrictions it had introduced on foreign periodical advertising in 1965. The United States, for its part, exempted Canada from the capital outflow restrictions designed to relieve its own balance-of-payments problems in 1963, 1965, and 1968. American influence was soon extended to television. In fact, the expansion of cable television was to bring American border television station programming to more than 50 percent of Canadian households, drawing increasing amounts of Canadian advertising revenue away from Canadian stations to the benefit of their U.S. counterparts.

In addition to these bilateral developments, the international conditions which had nurtured the special relationship between Canada and the United States had, by the mid-1960s, changed considerably. The first stirrings of detente, coupled with the economic resurgence of Western Europe and Japan and the emergence of the Third World contributed to a shift in international priorities from defence and security toward economic and social concerns. The emerging new world order with its challenges and opportunities caused national governments to reassess their foreign policy approaches. Canada and the United States were no exception.

In 1970 both governments released the results of their foreign policy reassessments. Surprisingly, neither of the reports touched seriously on the question of their bilateral relations, but they did confirm the adoption of more self-interested policies by both countries. The Canadian government announced a number of measures, including halving the Canadian troop commitment to NATO and extending its jurisdiction over Arctic waters. The American administration, among other things, enacted the Domestic International Sales Corporation (DISC) legislation, designed to substitute more American exports for investment abroad.

In Canada there was an upsurge in public concern over the extent of the country's economic and cultural dependence on the U.S., reflected in a Canadian government task force report on foreign ownership (Watkins report, 1968) and a study by a Special Senate Committee on the mass media (Davey report, 1970). In contrast to the Gordon report, which focused on foreign capital, the Watkins report concentrated on the profitability of foreign-controlled companies, particularly multinational enterprises, as well as the costs and benefits associated with foreign direct investment. The conclusions of the report prompted renewed public demands for government action. The Davey report evoked the same kind of reaction.

In 1971, the American administration suddenly announced its "New Economic Policy", a series of measures to relieve chronic U.S. balance-of-payments pressures. The measures included abandoning use of the gold standard as a measure of the convertibility of the value of the dollar and the imposition of a 10 percent surtax on imports. Significantly the American government refused to exempt Canada from the import surtax restriction. The refusal dramatically revealed the magnitude of Canada's vulnerability to the United States and prompted the Canadian government to make a full-scale reappraisal of the relationship.

The following year, both governments announced new bilateral approaches. President Nixon, in addressing the Canadian Parliament in April 1972, summarized the new American approach to Canada-U.S. relations in terms of the "the Nixon Doctrine" which " . . . rests on the premise that mature partners must have autonomous independent policies; each nation must define the nature of its own interests . . . ." He added: "Our economies have become highly interdependent. But the fact of our mutual interdependence and our mutual desire for independence need not be inconsistent traits. No self-respecting nation can or should accept the proposition that it should always be economically dependent upon any other nation."

For its part, the Canadian government issued a policy statement entitled "Canada-U.S. Relations: Options for the Future". The report outlined three options for Canada. The first two options — to maintain the status quo or to seek closer bilateral integration — were rejected. Canada chose the third option, "a comprehensive long-term strategy to develop and strengthen the Canadian economy and other aspects of its national life". This strategy consisted of internal policies to reinforce Canada's economy and cultural life and to diversify its external economic relations to counter-balance ties with the United States.

Other events in the early 1970s contributed to the adoption of more independent policies by the two countries. For example, the prolonged involvement of the United States in the Vietnam War led Americans to conclude that it was time for other countries to assume a larger share of international responsibilities, and for the United States to pay closer attention to its own national interests. Furthermore, the oil crisis highlighted the need to protect national natural resources and the danger of too strong a dependence on other countries for the supply of essential goods.

An example of this sense of vulnerability was the fact that with only 2 percent of the U.S. economy under foreign control at the beginning of the 1970s, the American administration became concerned about the amount of foreign investment entering the country. A number of measures were adopted, including the imposition of information requirements on companies; the creation, in 1975, of an interdepartmental committee to monitor foreign investment in the United States (Committee on Foreign Investment in the United States, or CFIUS); and later the establishment of an office, under the Department of Commerce, to monitor foreign investments on a more regular basis.

Canada also took a number of national interest measures. Following the recommendations of the 1972 Gray report, the Foreign Investment Review Act was passed in 1973. The report identified the costs and benefits of foreign investment and demonstrated the need for a mechanism to ensure that such investments would benefit Canada. In addition, a national petroleum company, Petro-Canada, was established in 1975, and in 1976 legislation was enacted to strengthen the country's television industry by removing tax breaks for Canadian business advertising carried on U.S. stations and aimed at the Canadian market. The legislation also applied to foreign print media, ending the Canadian status of *Time* magazine. On the international front Canada reached consultative agreements with the European Economic Community and Japan in 1976.

The increasing priority given to national interests in both Canada and the United States caused friction. Canada was concerned about U.S. attempts to redress a temporary bilateral trade deficit by forcing Canadian concessions on tourism, defence production sharing and the Auto Pact. In addition, the United States imposed a countervailing duty on tire exports from a new Michelin tire plant in Nova Scotia, arguing that the regional development incentive from the Canadian government had given the company an unfair advantage. The problem of the extraterritorial application of American laws also resurfaced over Canadian trade with Cuba, and a new American law was adopted to make it less advantageous to hold American conventions in Canada. Meanwhile, U.S. officials expressed dissatisfaction over such issues as Canada's decision to phase out and place a tax on oil exports following the 1973 energy crisis, its new foreign investment policy and its legislation affecting U.S. border television interests.

At the end of 1976, declining national and global economic prospects, coupled with the energy shortage, convinced the governments of both countries that greater cooperation was necessary. This "rapprochement" was evident in the Canadian government's decision to authorize emergency gas exports during the U.S. natural gas shortage in the winter of 1976-77, the Alaska Highway Natural Gas Pipeline Agreement (1977), the Great Lakes Water Quality Accord (1978), the East Coast fisheries agreement (signed in 1979), the 1979 GATT Multilateral Trade Agreement, which will free some 80 percent of Canada-U.S. trade by 1987, and a new bilateral tax treaty and a memorandum of intent on transborder acid rain pollution, both signed in 1980. Nonetheless, new bilateral differences began to emerge. For example, competition between Ohio and Ontario for new auto plant investments aggravated existing problems of bilateral sharing under the Auto Pact. Other examples included the application of new American countervailing duties on Canadian advanced-technology exports, Canada's National Energy Program and its Foreign investment review policy, acid rain, trucking and the U.S. Senate's refusal to ratify the East Coast fisheries agreement. More recently, there has been a growing disposition to link the settlement of one bilateral problem to the solution of an unrelated issue, especially by the U.S. Congress, as in the case of the border broadcasting issue and Telidon.

Canada-U.S. relations have changed perceptibly over the past 15 years or so as both countries have sought to reconcile their national interests with the reality of their interdependence. Irritants caused by this readjustment have occasionally overshadowed the deeply-rooted stability of Canada-U.S. relations. Though their traditional "special relationship" now seems to be almost a thing of the past, economic, commercial, geographic and strategic factors will continue to make Canada-U.S. relations unique among bilateral relationships in the world.

How FIRA works

What happens between receipt of an investor's application and a decision by Governor in Council to allow or disallow a foreign investment proposal? The following article will give you a better idea of how Canada's foreign investment review policy works.

Prepared by staff of the Foreign Investment Review Agency

The process is simple. When the Compliance Branch determines that an investment is reviewable, it refers the case to the Assessment Bureau. The Bureau then assigns an assessment officer to help the investor identify the potential benefits to Canada in the proposed investment. The bureau also consults provincial and federal government departments concerning the compatibility of the proposed investment with government economic and industrial policies, assesses the merits of the proposal in terms of the five assessment criteria, and gives an assessment report to the Minister outlining the likely benefit to Canada. The actual review of investment proposals is the responsibility of the Minister who administers the Act, and the final decision to allow or disallow a proposal is made by Governor in Council (the Cabinet, acting with the approval of the Governor General).

For a new business or direct acquisition investment involving less than $5 million in gross assets and fewer than 200 employees, or an indirect acquisition involving less than $15 million and fewer than 600 employees, the investor may submit an abbreviated form of notice or application, which requires much less information than does the standard form[1]. About 85 percent of all reviewable investment proposals fall under these thresholds and can be submitted on the short form.

After a short-form application is complete and receipt has been certified, the Minister has only 10 days in which to decide whether the information provided in the abbreviated form will be sufficient to enable him to recommend, without delay, that the investment be allowed. In exceptional circumstances, where the investment appears to raise important policy issues, the Minister may require that the proposal go through the in-depth review even though it falls below the specified thresholds.

If the application can be reviewed under the abbreviated procedure, the Agency uses Telex to notify the governments of any province or territory that may be significantly affected by the investment, and any federal government departments that may have a policy interest in the proposal. Through previously established procedures, the Agency sends information about the proposal to a single contact in each of the appropriate federal departments and provincial or territorial governments. Within 48 hours, these contacts must inform the Agency whether they have any industrial or economic concerns about the investment or whether they require more information before they can formulate their opinions on the proposal. The contacts are given only as much information about the proposal as they need to provide advice and they, too, are bound by the confidentiality provisions of the FIR Act not to disclose any information about the investment proposals they review.

Meanwhile, the Agency carries out its own evaluation. An assessment officer may contact the investor for further information, for example, for an elaboration of certain plans. Because of the short time allowed for processing short-form applications, contact is usually by telephone.

After the provinces and territories and other federal government departments have responded and the investor has been consulted, the Agency advises the Minister that the case could be assessed on the basis of the information provided in the short form, that more information is needed on some aspect of the proposal, or that the proposal should be required to undergo the full review. If more information or a full review is considered advisable, the Agency sends the Minister a description of the case, stating the reasons that more information is required. In such a case, the Agency proposes the options to the Minister usually within a week of certifying receipt of a short-form application.

Applications involving investments too large to qualify for the abbreviated procedure and small-business applications that raise major policy issues undergo full review. After the receipt of a complete standard form of notice has been certified, in other words, when all the basic information requirements that are prescribed by regulation have been met, the Minister has 60 days in which to decide whether he has sufficient information to recommend that the investment be allowed, and to give the investor the opportunity to submit further information if required.

Throughout the full review process, an assessment officer works closely with the investor or his representative. The number and kind of meetings vary from case to case, but in the majority of full procedure cases, the following pattern is evident. When the application has been certified as complete, an assessment officer may invite the investor to come to Ottawa for a meeting or, as frequently happens, a meeting is held at the request of the investor. Typically, the investor is represented by someone knowledgeable about the parent company operations and the new business to be established or the business being acquired, and by legal counsel. The Agency is usually represented by two assessment officers so that the investor is assured of always being able to reach someone in the Agency who is familar with the proposal.

The meeting begins with a brief description of the parent company's operations and of the planned Canadian investment. The inves-

[1] At press time the Regulations pursuant to the Foreign Investment Review Act were under review and pending their amendment, only investments involving less than $2 million and fewer than 100 employees could be submitted on the short form although the abbreviated procedure was being applied to all proposals under the new thresholds.

tor's representatives indicate why they believe the investment could benefit Canada. The assessment officers in turn may suggest ways in which the proposal could be improved to show significant benefit to Canada.

The assessment officer, in some ways, wears two hats. While he or she is there to assist the applicant in making the best investment proposal possible, the assessment officer is also the first step in the process of evaluating the proposal to determine significant benefit.

The assessment officers assist the investor to make the investment proposal as attractive as possible. Their suggestions, however, are just that, and the investor is free to accept or disregard them. Commitments or undertakings by the investor are not required, but obviously they can often help to make a proposal complete, precise, and binding, thus allowing the Government to assess with greater certainty the likely effects of the investment.

Following the meeting, the applicant and his counsel usually draw up a list of plans and undertakings for submission to the Agency. In a relatively few complex cases, a second or third meeting may be held, although refinements of the investor's proposal are more often handled over the telephone and confirmed by letter or Telex. Discussions with investors of their undertakings are confined to those relating to key elements of the investment proposal. Naturally, the key elements vary from proposal to proposal.

Undertakings offered by investors are not the only elements which must be assessed in the review process. Many features of an investment may be of significant benefit to Canada without being covered by an undertaking. For example, an investor's plans to establish a new business that uses important new technology might be considered intrinsically beneficial through its contribution to Canadian technological development. Similarly, a plan to bring unique or distinctive products or services to Canadian consumers, or products or services to an area or region of Canada that is inadequately served could be viewed as beneficial in its own right. In addition, a proposal by one small business to merge with another in an industry dominated by a few large firms might well be seen as beneficial by increasing effective competition in that industry.

For full review cases the entire application is sent out to the governments of provinces that would be affected by the investment. The contact — the same one who participates in the abbreviated procedure — is usually in the provincial department of industry or its equivalent, and is responsible for consulting any other provincial departments that may have some interest in the proposal. All officials consulted are bound by the confidentiality provision of the Act. Provincial views are an important consideration in the decision of the Governor in Council to allow or disallow a particular investment, especially in industries that are subject to provincial regulation. In addition, the Government of Canada in January 1982 announced a policy of giving particular attention to the regional dimension in all decisions and programs.

Other federal government departments are also consulted. For instance, all full procedure cases are sent to the Bureau of Competition Policy of the Department of Consumer and Corporate Affairs for comment on the effect the investment would have on competition. The Department of Regional Industrial Expansion (the merged departments of Industry, Trade and Commerce and Regional Economic Expansion), as the department most responsible for industrial policy, also reviews most cases. Other departments often, but less frequently consulted include Energy, Mines and Resources; Communications; Transport; and Agriculture.

The Agency, however, cannot solicit outside opinions because the confidentiality provisions of the Act protect privileged information submitted by investors. In fact, unless a proposal is already public knowledge, the Agency may not even confirm or deny its existence. But the Agency considers any view submitted by outside parties and reports it to the Minister. The public frequently becomes aware of transactions such as takeovers of Canadian businesses through the public disclosure requirements of the security exchange laws and regulations in a number of other countries, including the United States. In addition, sometimes an investor will advise the news media that a proposal is under review.

If, on the basis of the information he then has, within 60 days from the date of certification the Minister is unable to complete an assessment, to make any recommendation to the Governor in Council, or to recommend allowance, a notice is sent to inform the investor and advise him or her of the right to submit further representations.

The wording of the notice sent may indicate how the proposal is faring in the review process. Most notices state that the Minister "is unable to complete the assessment with regard to the investment", which generally means simply that the investor has not yet completed the submissions in support of the investment proposal. If, however, the notice states that the Minister "is unable to make any recommendation to the Governor in Council regarding the investment", or "is unable to recommend to the Governor in Council that the investment . . . be allowed", it suggests that the investor should re-examine his proposal with a view to strengthening it. At the request of the investor, the assessment officers responsible for the case will provide advice and assistance in addressing any shortcomings identified in the proposal. If an investor's proposal has not been allowed within 60 days and the Minister has not issued a notice advising the investor of his or her right to make further representations, the proposal is automatically deemed allowed on the 61st day.

When the investor's representations and the Agency's analysis are complete, Agency officials draft a memorandum for the Minister's signature. The amount of detail in the memorandum depends on the size, complexity and importance of the case. Included in the memorandum is the Agency's assessment report outlining the likely benefits to Canada. Also included is a summary of all representations made by provincial governments, other federal government departments and outside parties.

To meet his statutory responsibilities under the Foreign Investment Review Act, the Minister must, for each application, review the information gathered by the Agency, assess the merits of the investment proposal by reference to the five assessment factors specified in the Act, and make a recommendation to the Governor in Council as to whether the application should be allowed or disallowed.

The Minister has the choice of accepting or rejecting the advice of the Agency. However, in addressing a question put to him by the House of Commons Standing Committee on Finance, Trade and Economic Affairs, former Commissioner of the Agency, Gorse Howarth, said: "Without attempting any precision . . . probably in 96 or 97 percent of cases, the advice given by the Agency is compatible with the Minister's recommendation to his colleagues."

Once the Minister has decided upon his recommendation, the application proceeds to Cabinet. The Cabinet procedure used depends on the size of the case. For most cases that have gone through the abbreviated procedure, a summary of the investment proposal, including the Minister's recommendation and all the salient details, is prepared and sent to the Special Committee of Council for Governor in Council approval. While there may be some brief discussion of the proposal, most of the Minister's recommendations are approved without comment.

For larger and more complex cases, and for cases where the Minister wishes to consult with his colleagues, a detailed memorandum to Cabinet is prepared and sent to the Cabinet Committee on Economic and Regional Development, where it is discussed in depth. After the Committee makes a decision, the application is forwarded to the Cabinet as a whole for ratification.

When the final Governor in Council decision is made, the Agency is informed and in turn informs the investor by telephone or Telex. The news media and the public are informed the day after the decision is made by means of a news release issued by the Minister. About a week later, a certified copy of the Order in Council is sent to the investor, and a copy is sent to any provinces concerned.

The foreign investment review process has now been in place for more than eight years. By March 31, 1982, the Government of Canada had rendered a decision on 4,013 investment proposals, of which approximately 90 percent were judged to be of significant benefit to Canada and were, therefore, allowed. Although performance of the review mechanism has been relatively efficient over the past eight years, the Government of Canada announced changes to the process in the June 28 budget and again in mid-August. The new measures, which are featured in the "News brief" section of this issue, are designed to make the process even simpler and faster for most investors.

Transborder data flows: A multinational issue

by C.J. Maule

Information has travelled across borders from the time the first smoke signal was sent, or the first messenger was dispatched on foot. But now, with the simultaneous expansion of international business and the technological developments associated with computers and telecommunications, transborder data flows have emerged as an issue of world-wide concern. The ease and speed with which large volumes of data can be transmitted internationally is of interest to corporations, governments, educational institutions and individuals, all of whom participate in transborder data flows (TBDF), but much of the discussion to date has focused on corporations, and especially on multinational corporations. This article outlines the nature of TBDF, the issues that are being discussed and by whom, the actions that have been or may be taken by governments, and how these actions may affect the operations of foreign investors and multinational enterprises.

Transborder data flows can be defined as the movements across national boundaries of machine-readable data for processing, storage and retrieval. These movements involve both non-electronic means, for example, magnetic tapes, discs and punched cards, and electronic means using telecommunications facilities, although most of the discussion to date has related to electronic TBDF using computer-communications systems. The economic, political, social and legal implications of TBDF have been discussed in international forums such as at the Organization for Economic Cooperation and Development (OECD), in the United Nations' Centre on Transnational Corporations (CTC), and in the Intergovernmental Bureau for Informatics (IBI). Because the issue relates to international trade in ser-

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vices, it is also expected to be discussed at the General Agreement on Tariffs and Trade Ministerial Meeting to be held late in 1982. Each organization has a slightly different focus: the OECD represents the developed-country viewpoint, the IBI consists mainly of Third World countries, and the CTC is a United Nations organization with a strong Third World focus. The corporate viewpoint is represented in the OECD through its Business and Industry Advisory Committee. In addition, individual countries, notably Canada and Sweden, have expressed firm views on TBDF and have participated in the discussion from an early stage.

Multinational corporations are also involved in the debate in a number of ways. They may produce the computer and telecommunications hardware and software; they may provide data processing services; they may offer access to an expanding number of machine-readable data bases; and they may engage in transborder data flows in the course of administering their organizations.

There are two main data flow types: flows between corporations, which may be called commercial, involve the purchase of data processing services and access to data bases; flows within a corporation, which may be called corporate, involve the transmission of data within a corporation for processing and access as a means of administering the organization.

Commercial transborder data flows occur when data-processing service bureaus sell their expertise to clients in other countries. Data are transmitted to the bureaus, which undertake the required processing and transmit the data back to the client. These bureaus may provide a standarized service or may develop customized software to meet the needs of individual clients. Commercial flows also occur when a customer purchases access to a foreign data base of reference or statistical information.

Examples of service bureaus include Cybernet, Sharp APL, and Tymshare. The principal computing centres of Tymshare, a fairly typical service bureau, are located in California and Texas, while its subsidiary Tymnet serves its other domestic and international customers. Tymshare offers services to corporate management in planning and development, marketing and sales management, manufacturing and production control and administrative management. Also provided are support services such as training, leasing, maintenance and systems production.

The revenues of the computer services industry in the U.S. rose from about $2 billion in 1970 to $8 billion in 1978 from domestic customers alone. In Western Europe revenues were more than $5 billion in 1978: roughly 40 percent from batch processing, 25 percent from software services, 20 percent from remote computing and 10 percent from software products. Comparable Canadian statistics are not available.

In 1979, it was estimated that world-wide there were 528 reference data bases, containing 150 million records. The data bases were split almost evenly between the U.S. and other developed market economies, but 60 percent of the total data records were held in the U.S. One of the major concerns of developing countries is that access to data banks means dependence on organizations in developed countries and especially in the U.S., and at the same time that the commercial processing of data will tend to be done in the developed countries.

Exhibit 1
Corporate Functional Activities Which May Involve Transborder Data Flows

Corporate planning and development
- Economic and market simulation
- Merger and acquisition analysis
- Return-on-investment analysis

Financial management
- Corporate, divisional, departmental, budgeting
- Financial forecasting
- Profit planning
- Cash-flow analysis and control
- Cash management
- Financial modeling
- Portfolio management and valuation
- Tax preparation
- Consolidation reporting

Marketing and sales management
- Sales forecasts by product, territory and market
- Market and product sales analysis
- Pricing analysis
- Marketing stategy development
- Market and product planning
- Consumer complaint tracking

Manufacturing and production control
- Inventory control
- Bill of materials processing
- Materials requirements planning
- Purchase-order tracking
- Sales-order entry and invoicing

Administrative management
- Personnel information systems
- Contract negotiation support
- Organization planning
- Pension fund management and evaluation
- Transportation

The multinational corporation can be seen as an information-processing organization, where one of the challenges for management is to control the parts of the organization. Clearly information is a critical ingredient for the control process. It is not surprising therefore that Raymond Vernon, a leading researcher on multinational corporations, wrote that: "For the multinational enterprise, the importance of the computer lay in the fact that the routine data needed for the direction and control of global operations could be transmitted in vast quantities and could be retrieved and regrouped with lightning speed." Corporate TBDF therefore refers to the transfer of data across borders, but within a corporation.

The reasons for corporate flows are similar to those for commercial flows. A corporation may decide that its data processing will be centralized in one or a few places rather than dispersed or distributed, or it may store data in certain locations and allow each subsidiary access to the data through a computer communications link. The corporation may also transmit data between the parts of the organization to exercise management control in the different functional areas.

The corporate activities that might involve transborder data flows, whether undertaken internally or with the assistance of service bureaus, are listed in Exhibit 1 and include planning, finance, marketing, production, personnel and general administration. It would appear that the management efficiency of corporations would improve as a result of TBDF and the use of computer communications systems, and preliminary evidence suggests that cost savings do occur in some areas, for example:

- economies in working capital from improvements in inventory management;
- economies of scale in production as a result of subsidiaries producing those product lines most suited to their environment;
- economies due to centralized purchasing; and
- reductions in exchange rate risk and improvements in overall financial management.

The concerns about TBDF are, of course, not with the cost savings due to improved efficiency, but with other effects of cross-border data transmission. These concerns are sufficiently disquieting that countries may create barriers to TBDF despite the efficiency improvements, forcing multinational enterprises to restructure their operations.

TBDF raise a mixture of economic and non-economic concerns (see Exhibit 2). The developing countries argue that they tend to export raw data to the U.S. and other developed countries for processing and storage, and therefore that information about their economies is held outside of their country in corporate networks they do not control. At the same time, because the major data bank are located in the U.S. and developed countries, the developing countries must pay to have access to their own information, and if they want the equipment required to gain access to the data banks they must import it as well.

A major concern, therefore, is that employ-
nent opportunities are lost, either because he commercial data processing is taking place n the developed countries, or because mul-inational corporations process their subsidiar-es' data at the head office. In either case, jobs re lost. For Canada it has been estimated that 0 percent of total net transborder data flows or data processing involve data flowing from ubsidiaries in Canada to foreign parent ompanies, mostly in the United States. A urvey of 400 Canadian subsidiaries of U.S. ompanies in 1978 estimated that from $300 o $350 million of computing services was im-orted from U.S. parent companies, and this mount was forecast to increase to $1.5 billion y 1985.

It has also been suggested that a related conomic effect of TBDF is that developing ountries are denied an opportunity to devel-p the skills or service industries required to upport the efficient operation of their esource and manufacturing industries. conomic growth opportunities are then lost ogether with the opportunity to train labour or these occupations.

A second economic impact is the balance-f-payments effect that results from data eing shipped abroad for processing by arent companies or by foreign data process-ng service bureaus. Some countries have at-empted to measure the international flow of lata for commercial or corporate purposes in n attempt to assess the balance of payments ffects, but it has proven difficult. For one eason, the electronic computer-to-computer ransmissions moving through telephone lines annot be distinguished from normal tele-hone conversations.

A principal non-economic concern about ransborder data flows is the issue of the pro-ection of privacy of the information about in-lividuals that has been stored in foreign-based omputer systems. Personal files may contain wide range of information about an individu-l's financial, economic, educational, welfare, usiness and insurance status, medical and riminal history, membership in professional ssociations and political and religious beliefs.

Exhibit 2
Perspective of Informatics Dependents

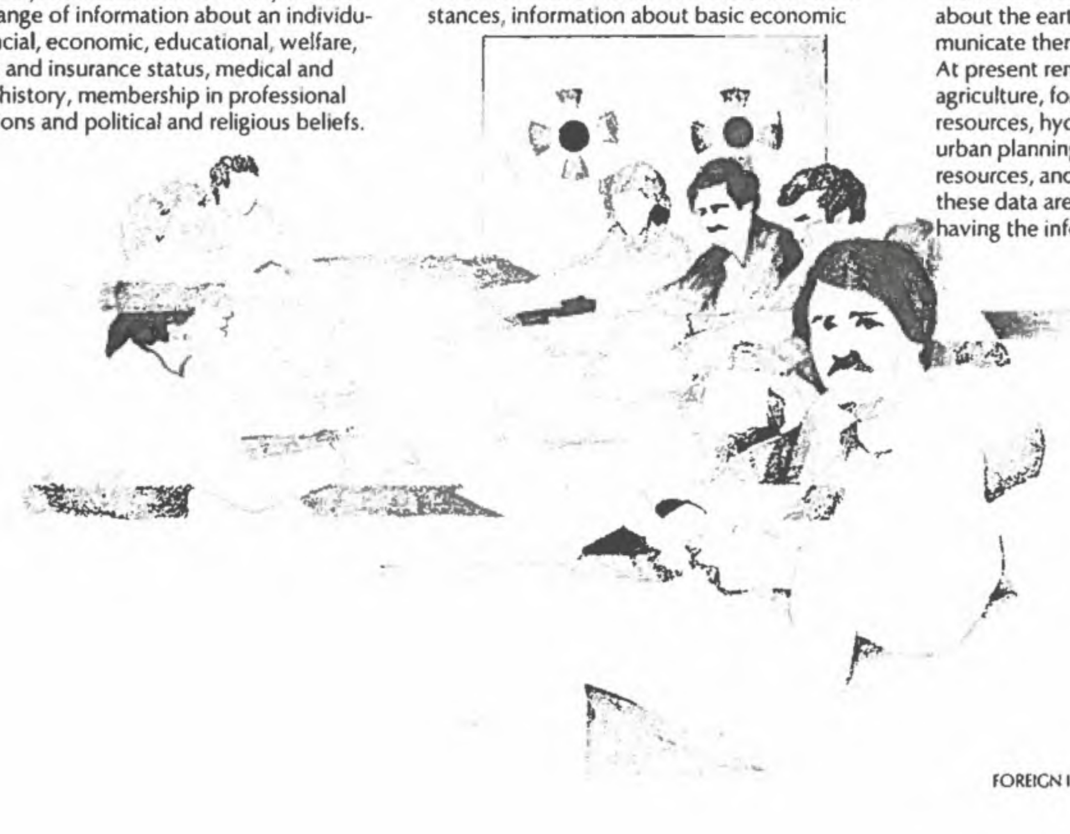
DIGITAL "RAW" DATA OUTFLOW	• LOSS OF GROWTH IN D.P. — INDUSTRY — PROFESSION — REVENUE AND TAXES
SOME INFORMATION RETRIEVAL	• LOSS OF CONTROL OVER — DP FACILITIES — DATA PROTECTION
TECHNICAL INFORMATION INFLOW	• TECHNICAL DOMINATION AND DEPENDENCY • INAPPROPRIATE TECHNOLOGY • CULTURAL CONFLICTS
MEDIA PRODUCTS INFLOW	• MEDIA COMPETITION • LESSENED GOVERNMENT INFLUENCE
	REDUCED NATIONAL SOVEREIGNTY

SOURCE: R. Turner, ed., Transborder Data Flows: Concerns in Privacy Protection and Free Flow of Information, *Vol. 1,* Report of the AFIPS Panel on Transborder Data Flows *(Washington, American Federation of Information Processing Societies, 1979).*

Data bases have also been compiled by governmental agencies for intelligence systems used by police forces and national security agencies. All these matters are important to individual countries, and the increase in and ease of transborder data flows merely heighten the concern that foreign governments or persons may have access to the information.

The issue of personal privacy is extended by many countries to data about corporations, industries and general economic conditions, information which has a security value to other countries. Because of TBDF, in some instances, information about basic economic conditions within a country, for example agricultural yields for wheat or coffee, or the output of certain raw materials, may be known in a foreign country at the same time as it becomes known domestically, or may even be known first in the foreign country. Such information could be used to advantage by the foreign country in various ways for financial gain.

One example of this problem noted by developing countries is TBDF which result from remote-sensing facilities. Satellites equipped with earth-resource sensors can collect data about the earth and its environment and communicate them to different parts of the world. At present remote sensing is being applied to agriculture, forestry, geology and natural resources, hydrology and water resources, urban planning, oceanography and marine resources, and meteorology. The recipients of these data are again at an advantage by having the information before other users do.



The impact of TBDF on the organization of multinational enterprises has been a particular point of enquiry. Will TBDF lead to greater centralization or decentralization of managerial control? Will subsidiaries be given more or less autonomy? In the event that they have less autonomy, then this would run counter to some of the benefits which host countries feel that they obtain from foreign investment. The U.N. Centre on Transnational Corporations has expressed the view that TBDF will lead to greater centralization of control, and a number of case studies undertaken on multinational firms operating in Italy, the U.S. and Canada arrive at the same conclusion.

An opposing view is that the increasing use of equipment which allows for distributed data processing will permit subsidiaries to undertake more functions and thereby gain more control over their operations. A distinction has to be made here between routine data processing work on payroll and accounts receivable and payable, which may well take place in the subsidiary, and the transfer of information required to make key managerial decisions concerning sourcing, production, marketing and financing, which is still likely to be centralized.

The overall concern of host countries is to balance the positive aspects of TBDF due to increased corporate efficiency, against the negative aspects associated with employment and balance of payments effects, personal and commercial privacy, national security and subsidiary autonomy. Among other things, an OECD report concluded that:

- The use of international data transmission has produced substantial financial benefits to large multinational companies, airlines and banks.
- The benefits have been achieved by using company resources more efficiently. Efficient use of resources has been made possible by sophisticated data communications networks.
- Many of the companies that have taken advantage of the benefits of international data transmission, the world's airlines for example, have radically changed their operations, to the point that they are dependent on the continued reliability of the service.

This report highlighted the fact that TBDF are a critical ingredient for certain industries, such as airlines, banking, and insurance, which require instant on-line access to information on a worldwide basis. Other industries which have an equal interest in TBDF are radio and television broadcasting and newpaper publishing. These industries were the topic of a recent UNESCO report entitled *Many Voices, One World: Towards a New More Just and More Efficient World Information and Communications Order.*

International investors will be aware that the concern over TBDF has led to a number of actions being taken nationally or internationally. Some Canadian concerns have been expressed in a report entitled *Telecommunications and Canada* published by the Government of Canada in 1979. The implications of TBDF for Canadian sovereignty are wide-ranging, and the report noted that greater use of foreign computing services and growing dependence on them could:

- reduce Canadian control over disruptions in service resulting from technical breakdowns or work stoppages;
- reduce Canadian power to ensure protection against events such as invasions of personal privacy and computer crime;
- lead to greater dependence on foreign computing staff, which in turn would limit development of Canadian expertise, human and technological resources, and systems specifically geared to Canadian requirements;
- jeopardize the exercise of Canadian jurisdiction over companies operating in Canada which store and process their data abroad;
- undermine the telecommunications system in Canada by the use of foreign communications satellites and roof-top receiving antennas for the importation of data into Canada;
- risk publication of information that is confidential in Canada;
- give access to Videotex services based on foreign databanks emphasizing foreign values, goods, and services; and
- facilitate the attempts of the government of the U.S. to make laws applicable outside U.S. territory.

An interdepartmental task force was set up by the Government of Canada to study the issue. Among others, represented on the committee are the Foreign Investment Review Agency, and the departments of Communications, External Affairs, Regional Industrial Expansion, and Justice. Similar concerns have been raised by other countries, although the emphasis may differ from country to country. Individual governments of developed countries have taken a range of actions, from constitutional provisions to laws and the preparation of reports that deal with privacy concerns and TBDF in one way or another (see Exhibit 3).

Exhibit 3
National Data-Protection Provisions in Developed Market Economies, March 1981

Country	Nature of action
Austria	Law
Belgium	Draft legislation
Canada	Law, Legislation in parliament
Denmark	Law
France	Law
West Germany	Law
Iceland	Draft legislation
Luxembourg	Law
Netherlands	Draft legislation
New Zealand	Law
Norway	Law
Portugal	Constitutional provision
Spain	Constitutional provision
Sweden	Law
United States	Law, Legislation in parliament

SOURCE: Adapted from Transnational Data Report, 4 *(Washington: January and March 1981).*

Actions have also been taken internationally. The OECD issued "Guidelines Governing Protection of Privacy and the Transborder Flow of Personal Data" (September 23, 1980) and the Council of Europe adopted a "Convention for the Protection of Individuals with Regard to Automatic Processing of Personal Data" (September 18, 1980). The OECD statement stresses the need to balance the desirability of the free flow of information with the protection of individual privacy. The Council of Europe statement emphasizes personal privacy considerations.

In the case of non-personal transborder data flows, according to the Centre on Transnational Corporations, about 60 countries have issued some official statement. These statements deal mainly with the procurement and use of data processing equipment and in this way touch on TBDF. In one extreme example, government permission is required for use of international data transfer systems. In that country approval has been granted in the case

›f airline reservation and demonstration sys-
ems, but denied in the case of time-sharing ervices, use of foreign data banks, and sys-
ems related to the operations of certain ypes of foreign affiliates.

Senior executives of multinational enter›rises have also recognized the need to dis:uss the issue. For example, in November 1979, a seminar on TBDF was sponsored by he U.S. Council of the International Chamber of Commerce, and addressed by executives rom Associated Press, IBM, American Express, Control Data Corp., General Mills Corporation, Merck & Co., and Chase Manhattan Bank. As another example, in 1979 a New York consulting firm, McCaffery, Seligman and von Simson nc. undertook a study of the actual transborder flows of data in 11 major North American companies. This study examined the issue in elation to production scheduling and coordination, financial systems, engineering systems, purchasing and customer systems, and payroll and personnel systems. The importance of TBDF was found to vary widely between each area, so that any restriction on the flow of international data would not cause a uniform burden on all functions or on all companies. The conclusions with regard to possible restrictions were that:

- The transborder flows of production and engineering data are critical. Restrictions would require relocating and reequipping industrial plants and seriously hamper corporate planning and management.
- The transborder flows of accounting information could be accomplished with less sophisticated technology (public Telex or mail), although serious problems of timeliness and accuracy would probably develop.
- Transborder data flows for information about individuals (employees or customers) are insignificant for most large U.S. multinational industrial and consumer companies. Record systems that contain information on individuals are usually processed on a local basis.

The impact of restricting transborder data flows on multinational enterprises and on countries is not yet well understood. Available case studies suggest that the effect of restrictions is uneven, and depends on industry and firm-specific factors. Certain information-intensive service activities such as banking, insurance, airlines and tourism, and the operations of the mass media would be most seriously affected by restrictions. Other firms would likely have to reorganize certain functional activities, which could have cost implications. One aspect of the issue seems clear, and that is that host countries are sensitive to a wide range of issues associated with transborder data flows, and as the need arises will address these issues in their dealings with foreign investors.

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Foreign Investment in Canada: What's the Score?*

by Herbert C. Byleveld

While the 1970s saw a remarkable net influx of foreign long-term capital, early indications are that the 1980s may see great swings in both inflow and outflow of investment.

The role of foreign capital in Canada's economic development has been a hardy perennial in public discussions for several decades and the 1980s are unlikely to be an exception. Much discussion has taken place on the various foreign investment policies, either in force or contemplated, but there has been less done on setting out the conceptual complexities and the statistical framework of current and past trends in foreign investment. These are the prerequisites of informed debate and thus, indirectly, the prelude to judicious policy making.

Foreign investment may refer to short- and long-term capital. We deal essentially with the latter here. Data on foreign long-term capital in turn may specify flows — cross-border movements over a *period* of time, as recorded on the balance of payments — or identify the book value of a cumulative stock of foreign long-term capital in Canada at a *specific* time. The book value is also referred to as the foreign investment position and is usually measured at the end of each year.

Such balance sheet data take a long time to collect and process and hence are published with a delay of several years. Accordingly, they are often neglected in public discussion, while up-to-date data regarding capital flows catch the headlines, although they tell only part of the story, as we shall see.

Both foreign capital flows and the book value measured at a specific time may comprise *direct* investment, provided by investors with some voice in the management of the recipient companies ("direct investment enterprises," in official statistics), as well as *portfolio* capital, supplied by those primarily interested in revenue or capital appreciation. Our analysis disregards a relatively smaller third category of miscellaneous foreign investments, such as securities, mortgages or other assets held for non-residents by trustees or agents. These conceptual distinctions are made meaningful by putting numbers on them, starting with foreign direct investment (FDI) in the 1970s, as background to the current situation.

Net inflows of FDI

The 1970s were a remarkable period for the net influx of foreign direct capital. In the first half of this decade it totalled more than $4 billion, the highest amount ever reached in any five-year period. In contrast, during 1975-79, cross-border net flows of direct investment into Canada dropped below $1.75 billion, the lowest five-year total on record since 1950.

Several reasons have been advanced for this decline. In 1975, the June 23 budget suspended the withholding tax on medium- and long-term corporate obligations (this measure is still in force). This concession, mostly to foreign institutional investors, has indirectly encouraged Canadian firms to meet a larger part of their capital requirements through medium- and long-term debt instruments. Moreover, 1975 was the first full year in which the first phase of the Foreign Investment Review Act was in effect, providing for screening of foreign takeovers of Canadian firms. Finally, the 1975-79 period saw a significant Canadian repatriation of foreign-owned firms or assets in the oil and gas and mining sectors (e.g., Atlantic Richfield Canada and Pacific Petroleum by Petro-Canada, the expropriation of potash mines by Saskatchewan). The resulting outflow of funds to pay for these Canadianized assets formed a partial offset to the inflow of foreign direct investment, which on a net basis, however, remained positive in nearly every year and for the 1975-79 period as a whole.

Swings in foreign direct investment in the 1980s may be even more marked than in the past decade. The year 1980 started with a net inflow of nearly $600 million, nothing unusual. But 1981 showed an unprecedented *net outflow* (return flow) of foreign direct capital exceeding $5 billion. In nominal or current dollar terms, this outflow is more than five times as large as the highest annual net direct inflow on record, which occurred in the early 1970s and approached $1 billion.

In comparing distant years, however, such nominal data should be interpreted with caution: a million 1981 dollars is, in terms of purchasing power, worth somewhat less than half of the same sum in 1971. In real terms, the 1981 outflow would therefore represent close to $2.25 billion when expressed in 1971 dollars, using the Gross National Product (GNP) deflator for business fixed capital formation as a yardstick for the rate of inflation over this decade.

Secondly, there have been special reasons for this large net return flow of foreign capital here in 1981. The introduction of the National Energy Program (NEP) in October 1980 provided Canadian-controlled enterprises with substantially greater incentives to explore and develop domestic oil and gas resources than are now available to enterprises controlled by non-residents. Subsequently, several massive takeovers of foreign-controlled subsidiaries by Canadian companies occurred last year. The largest transactions included — in approximate order of magnitude — the takeover of the Hudson Bay Oil and Gas Company Ltd. by Dome Petroleum, of Petrofina by Petro-Canada, of the Aquitaine Company of Canada Ltd. by the Canada Development Corporation, of a share in Suncor by the Ontario Energy Corporation, of Sulpetro Limited by CanDel Oil, and several others.

Thirdly, foreign direct investment expands through earnings retained by Canadian subsidiaries. While not recorded on the balance of payments, it is an important growth factor, which will now be considered.

FDI position

An increase in the book value of foreign direct investment in Canada can come about in three ways:

1) through a net capital inflow of direct investment from abroad, as discussed above;
2) through earnings retained by a Canadia subsidiary in Canada (a factor stressed in the 1972 Gray report[1]); or
3) through "other factors", such as a revaluation of the book value of FDI when Canadian owners acquire foreign-owned firms or assets at prices higher than their historic book value.

When the usual net inflow under 1 turns negative, as in 1981, the total book value of FDI in Canada may still increase, if items 2 an 3 are sufficiently positive.

Although recent data are not yet available a rough "guesstimate" of item 2 suggests tha the net increase in undistributed earnings in 1980 may have added about $4.5 billion to the book value of foreign direct investment and in 1981 some $4 billion.

As regards number 3, there have been several substantial takeovers of foreign-own subsidiaries by Canadian buyers in 1981, cau ing both a return flow of foreign funds under and an offsetting increase through revaluatic of the FDI in place in Canada under 3. As a working hypothesis, the offset might be put some $3 billion.

Because of factors 2 and 3, it is thus conceivable that the foreign direct investment p sition in Canada at the end of 1981 was still higher than the year before, in spite of the huge net outflow of more than $5 billion on the balance of payments under factor 1.

* *This article first appeared in the Summer 1982 issue of* The Canadian Business REVIEW, *published by the Conference Board of Canada.*

elative importance of FDI

Canadian concern about foreign direct in-
›stment seems to have ebbed and flowed
ith its relative importance in the total posi-
on of foreign capital in Canada. In the early
ostwar years, the need to find jobs for the re-
rning "boys overseas", the fear of a postwar
cession and later the post-Korean resource
oom encouraged an open-door policy
ward foreign direct investment, which rose
over half of all long-term capital inflows
om abroad in the 1950s. Numerous takeovers
Canadian firms by foreign interests gradually
ised concern, however, and in 1957, the
oyal Commission on Canada's Economic
ospects (the Gordon Commission) recom-
ended a foreign investment policy that
ould "see a larger share of foreign capital in-
ested in the form of bonds and mortgages,
hich do not involve control of large sectors
f the economy."

For some twenty years, this did not happen.
ntil the early seventies, the share of FDI
ayed high, often just a sliver below 60 per-
ent, and this ratio persisted until 1974. Since
en, however, the upsurge of portfolio invest-
ent has cut back the reported share of FDI,
hich dropped to 51 percent by 1978 when
alculated on the traditional basis.

In fact, a new definition of foreign direct in-
estment, now used by both Statistics
anada and the International Monetary Fund
Washington, shows that the book value of
DI by the end of 1978 was only 47 percent of
otal foreign long-term investment in Canada
548 billion out of $102 billion). The new defi-
ition eliminates from FDI some funds orginat-
g in the "country of control" that are closer
portfolio investment and are now so classi-
ed. Not only is the new definition of the
tock of direct investment logically more pre-
ise, it also ties in with the FDI flows in the
fficial balance of payments statements.

The old data are still useful as approximate
dications of long-term trends over the post-
Vorld War II period. As regards the more
ecent past, the practical significance of the
evised data is their disclosure that FDI by the
ite 1970s accounted for less than half of total
ong-term capital in place in Canada. Prior to
he availability of this data it had been be-
eved that this situation would only emerge
ome time in the 1980s.

nflows of portfolio capital

A different and more complete picture
merges if one considers, along with foreign
lirect investment, the net inflows into Canad-
an corporations of foreign capital in portfolio
orm. From 1970 to 1974, corporations re-
eived from abroad through new issues of
onds and debentures (net retirements) some
700 million. In the second half of the decade
1975-79), this influx of foreign capital into
Canadian businesses soared to $7.5 billion.
maller amounts were added by net new
hare issues.

Table 1
Foreign Long-Term Capital Investment in the Private Sector (millions of dollars)

	1970-74	1975-79	1980	1981
Cross-border flows				
Net direct investment[1]	4,125	1,660	585	-5,300
Net new bond issues	700	7,420	1,420	3,500
Net new stock issues	125	380	465	320
Subtotal	4,950	9,340	2,470	-1,480
Earnings retained in Canada by foreign-controlled subsidiaries	8,600	17,000	4,500[2]	4,000[2]
Total (approximate)	13,550	26,350	7,000	2,500

1 Excludes substantial borrowings by various levels of government and their enterprises. For instance, federal and provincial enterprises (predominantly the latter) attracted an inflow of some $1,600 million in 1980 and some $3,800 million in 1981 through net new bond issues from abroad.

2 Preliminary entries by author based on incomplete information.

Source: Statistics Canada

Comments on the 1970s

Table 1 combines the data regarding direct and portfolio investment discussed above. The variety of diametrically opposed conclusions that can be derived from a one-sided reading of this table is striking. To start with the 1970s, the statement that the flow of foreign capital into Canadian industry has declined greatly during the decade is correct only if the concept is limited to net direct investment flows and if the early and late 1970s are compared. Such a conclusion would be reached fom the cross-border flows of net direct investment, which show a decline by nearly $2.5 billion from over $4 billion in 1970-74 to less than $1.75 billion in 1975-79. The decline in real terms would be even greater if inflation were taken into account.

On the other hand, looking at net new bond issues abroad by Canadian business, foreign capital entered Canada at the unprecedented rate of well over $7 billion in the period 1975-79 against a moderate $700 million in the first part of the decade. Along with net new share issues, this raised the total cross-border flows of foreign capital (direct plus portfolio) destined for the private sector from less than $5 billion in the early 1970s to more than $9 billion in the late 1970s (see subtotal in Table 1).

The "stay-put" type of foreign capital — the earnings retained in Canada by foreign subsidiaries — do not appear in Canada's balance of payments, but they are an injection of foreign-owned funds nevertheless. In current dollars, they rose from over $8.5 billion in the early 1970s to some $17 billion in the 1975-79 period. In the United States such retained earnings are included in their balance of payments estimates. The total of foreign capital inflows into the private sector then becomes approximately $13.5 billion in 1970-74 and over $26 billion in 1975-79, measured in current dollars.

To be meaningful, however, this upsurge of foreign capital flowing into Canada during the 1970s must be evaluated against the change in size of the Canadian economy over the same period as measured by GNP. Both statistical series were affected by accelerating inflation during the period, and thus the ratio of one to the other (see bottom row) is probably the most significant figure to watch in Table 2.

The bottom line shows that the supply of foreign-owned long-term capital to the Canadian private sector matched the growth in the GNP from the first to the second half of the latest decade; the ratio was about 2.5 percent in both periods of the 1970s. Numerically, foreign capital flows into industry became neither more nor less important in the Canadian economy over the last decade. This is certainly true in current dollars, and if one assumes that inflation affected national output and the various industrial recipients of foreign-owned capital in about the same way, then it would be true in real terms as well.

Comments on the 1980s

It would be hazardous to make any prognosis for 1980-84 on the basis of the first two years, which already show considerable divergence, especially in net direct investment flows as shown in Table 1. Adding in net new corporate bond and share issues, the total shows an inflow of $2.5 billion into the private sector in 1980 and an outflow of $1.5 billion in 1981.

The year 1981 was certainly unusual by past standards and dominated the 1980-81 totals. The combined foreign long-term capital

Table 2
GNP Compared to Foreign Long-Term Capital Flows into the Canadian Private Sector (billions of dollars)

	1970-74	1975-79	1980-81
Foreign long-term capital flows into private sector	13.6	26.3	9.5
Cumulative GNP over 5-year period (for 1980-81 a 2-year period)	556.5	1,055.2	617.2
Foreign long-term capital as % of cumulative GNP	2.4	2.5	1.5

Source: Statistics Canada

investments in the private sector in Canada for 1970-74, 1975-79 and 1980-81 are shown in the bottom row of Table 1 and are transposed to Table 2 as the top line. According to the cumulative GNP for these periods, the supply of foreign long-term investment capital matched the growth in GNP during the two five-year periods of the 1970s (2.5 percent). But the 1980-81 ratio dropped to 1.5 percent in 1981-82, largely becaue of the events of 1981. In other words, it was only last year that earlier talk about shrinking net inflows of foreign capital in the Canadian economy received some support from comprehensive statistical evidence. In acknowledging this much, it is nevertheless enlightening to make a distinction between two different capital flows that are concealed in summary statistics showing the dominant "mainstream" only. Foreign direct investment flowing into Canada in 1981 taken as a separate "undercurrent" amounted to over $2 billion and was actually higher than the comparable figure for 1980. What produced the negative entry (or net outflow) of $5.3 billion, shown in Table 1 as a net direct investment, was a strong "counter-current" or return flow of about $7.5 billion of foreign direct investment from Canada. This occurred through the repatriation of previously foreign-controlled companies or assets in Canada — in other words, through takeovers of or significant participations in foreign-controlled firms here by public or private Canadian entities in 1981. To put it arithmetically: $2.25 billion inflow minus $7.5 billion outflow on the entry "foreign direct investment in Canada" becomes $5.25 billion outflow.

Much of this return flow (through repatriation) of foreign direct investment in Canada occurred in the energy sector, as illustrated earlier. One of the objectives of the government's National Energy Program is a greater Canadian private and public presence in the production of oil and natural gas; in practice, this would at least in part imply takeovers of foreign firms or major participations in their activities.

Noteworthy in the non-energy sector is the takeover of the Canadian International Paper Company Ltd. by Canadian Pactific Enterprises from International Paper in New York on October 1, 1981 — a transaction exceeding $1 billion.

At this point, it is necessary to turn to another set of direct investment flows on the balance of payments, those under "Canadian direct investment abroad." Here the principal actors are head offices of Canadian firms acquiring or disposing of assets abroad. While it is statistically possible to add the two entities together, thus producing a "double net" figure, analytically they should be probed separately.

Direct investment abroad

Investments abroad made by Canadian firms advanced from $2.5 billion in the first half of the 1970s to $6.75 billion in the second half of the decade. In 1980, the outflow amounted to $2.75 billion, and it rose to nearly $5 billion in 1981. The latter figure represents mostly further investments in existing Canadian subsidiaries abroad, the remainder being new takeovers during the year.

Whether this trend should be a matter of concern depends in part on the reasons for such outflows, which are influenced both by domestic and foreign economic conditions and opportunities.

The growth of Canadian direct investment abroad may well be associated with the rise of Canadian corporations to international status and the relatively small size of the Canadian market.

The direct investment flows in 1981 were highly unusual, however. If one adds up the extraordinary net return flow on foreign direct investment account (over $5 billion) and the net outflow of Canadian direct investment abroad (nearly $5 billion), there has been a "double net" outflow of some $10 billion on the two direct investment entries of our capital account for the reasons mentioned. The bunching of transactions has put pressure on the Canadian dollar, while causing concerns about inflationary pressures and rising external debt service burdens.

In view of these considerations, the Minister of Finance on July 29, 1981, requested a number of the larger Canadian banks to substantially reduce those lending activities in which the proceeds were converted to foreign currencies and used to finance takeovers of foreign companies abroad or in Canada.

How to interpret the events of 1981? As the National Energy Program's specified Canadianization objective does not exceed 50 percent of Canadian ownership of the oil and gas industry (in terms of upstream production revenues), the large net return flows on the foreign direct investment account of 1981 should perhaps be seen as part of some unusual transitional steps in the pursuit of this new equilibrium, rather than as a continuing trend. In fact, while the Minister of Finance in July 1981 specifically exempted loans for NEP Canadianization purposes from his request, he added that the process of Canadianization was proceeding rapidly and "some slowing of this pace would be therefore quite consistent with the energy policies of the government."

To review, the Minister of Energy, Mines and Resources noted last May that the percentage of the Canadian oil and gas industry owned by Canadians had already progressed from 28 to 35 percent of upstream production revenues. Regarding takeovers, the Canada Development Corporation, which acquired Aquitaine Canada and the Canadian assets of Texasgulf Inc. last year, announced in its recent annual report that it did not plan to make any significant acquisitions in the next two or three years. It should also be considered that takeovers would not be the only way to make further progress toward the long-term goal of 50 percent Canadian ownership in the oil and gas industry. It could also be promoted to the extent desired through relatively faster growth of Canadian-owned companies as a result of incentives offered in the legislation.

With all the one-sided attention paid to the exceptional outflows of direct investment capital from Canada, it has often escaped notice that the total inflow of long-term capital from abroad has not changed at all in 1981. It was some $1.25 billion, the same as the year before. This was largely due to a flood of net new bond issues, which raised more than $10 billion abroad. It is the nature of the long-term capital inflow that is changed rather than the total volume.

On the whole then, there has not been a decline in the inflow of long-term capital into Canada in 1981. If one also considers substantial inflows on the account of short-term capital, there has, on the contrary, been a significant increase in the total net foreign capital inflow.

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[1] Foreign Direct Investment in Canada, *published by Information Canada, Ottawa, 1972, 523 pp. This report, prepared by a task force under the Honourable Herb Gray, explored the determinants and impact of foreign direct investment, considered policy implications and prepared the way for the Foreign Investment Review Act of 1973.*

Capital investment projects in Canada

:lectric power, oil and gas, and nining

A decline in planned capital investments reflects the sluggishness of the Canadian economy over the past year or more. A number of large projects have been cancelled outright; others have been trimmed or deferred. According to Statistics Canada, capital spending in 1982 will actually be more than 7 percent less than forecast at the beginning of the year. Considering inflation, that means that there may be a real decline from the 1981 level although in nominal terms planned investment may be more than 2 percent higher than 1981 levels.

This list shows major capital spending pro- :ects now in progress or firmly committed in the electrical power, oil and gas, and mining sectors. Only projects costing more than $10 million are included. Major projects planned but subject to government approval are not included. Information has been obtained from press reports. This report was prepared by the staff of the Foreign Investment Review Agency with the assistance of the Economics Department of the Bank of Nova Scotia.

Company and project description		Completion date	Cost ($ million)	Location
British Columbia				
Electric power				
B.C. Hydro and Power Authority	hydro	1984	1,700	north of Revelstoke
Transmission line		1983-84	1,000	mainland to Vancouver Island
Oil and gas				
Chevron Canada Ltd.				
Refinery improvements		1982	13	Burnaby
Shell Canada Ltd.				
Expansion, refinery		1982	50	Burnaby
Mining				
Alcan Aluminium Ltd.				
Carbon paste plant		1983	68	Kitimat
B.C. Coal				
Coal mine		1983	282-335	Sparwood
Bethlehem Copper Corp. and Valley Copper Mines Ltd.				
Copper, molybdenum and precious metals mine		1983	18	Highland Valley area
Cominco Ltd.				
Electrolytic and melting plant		1982	210	Trail
Upgrade sulphur gas handling systems		1983	48	Trail
Modernize sulphide leaching plant		1985	n.a.	Trail
Fording Coal Ltd.				
Expansion, coal mine		1982	115	Elkford
Gibraltar Mines Ltd.				
Copper mine		1984	76	Williams Lake
Noranda Mines Ltd.				
Copper-zinc-sulphur mine		1982	23	Buttle Lake
Quintette Coal Ltd.				
Coal mine		1983-85	850	Peace River area
Shell Canada Resources Ltd.				
Coal mine		1982	340	Sparwood area
Teck Corp. Ltd.				
Coal mine		1983	280	Peace River area
WestCoast Transmission Co. Ltd.				
Expansion, sulphur recovery plant		1982	10	Fort Nelson
Westmin Resources				
Zinc-copper-lead-precious metals mine		1982	23	Buttle Lake
Alberta				
Electric power				
Edmonton Power	thermal	1986-87	760	Genesee
Trans Alta Utilities	thermal	1984	1,200	Keephills
Transmission system		1983	n.a.	Keephills to Edmonton
Trans Alta Utilities and Alberta Power Ltd.	thermal	1985-86	750	near Hanna

Oil and gas				
Alberta Natural Gas Ltd.				
Ethylene extraction plant expansion		1982	70	Cochrane
Chieftan Development Corp. and Texas Resources Ltd.				
Gas processing plant		1982	21	Hythe area
Dome Petroleum Ltd.				
Expansion, gas processing plant		1982	12	Willesden Green field
Gas processing plant		1982	12	Cutbank field
Foothills Pipe Lines (Yukon) Ltd.				
Prebuild section, Alaska Highway pipeline		n.a.	600	James River Junction to Monchy, Saskatchewan
Gulf Canada Ltd.				
Expansion, refinery		1983	245	Edmonton
Gulf Canada Resources Ltd.				
Gas production facilities		1982	15	near Edson
Processing plant		1983	250	near Edson
Hudson's Bay Oil and Gas Co. Ltd.				
Gas processing plant		1983	70	West Pembina area
Husky Oil Ltd.				
Expansion, heavy oil refinery		1982	55	Lloydminster
Imperial Oil Ltd.				
Expansion, refinery		1983	300	Edmonton
Pan Canadian Petroleum Ltd.				
Gas processing plant		1982	10	Carseland field
Shell Canada Ltd.				
Modernization, expansion, gas processing plant		1983	60	Jumping Pound gasfield
Expansion, gas processing plant		1982	20	Waterton
Refinery/petrochemical complex		1984	1,400	Scotford
Suncor Inc.				
Experimental bitumen project		1984	88	Cold Lake
Mining				
Cardinal River Coals Ltd.				
Coal mine		1983	n.a.	Hinton area
Gregg River Coal Ltd.				
Coal mine		1983	215	Hinton area
Luscan Sterco (1977) Ltd.				
Expansion, coal mine		1984	n.a.	Edson
Union Oil Company of Canada Ltd.				
Coal mine		1984	300	Hinton area

Saskatchewan

Electric power				
Saskatchewan Power Corp.	thermal	1982	170	Coronach area
	hydro	1986	505	Nipawin
Nipawin				
Oil and gas				
Federated Co-operatives Ltd.				
Refinery expansion		1983	25	Regina
TransCanada Pipelines Ltd.				
Pipeline		n.a.	218	Alberta to Eastern Canada
Mining				
Cluff Mining				
Uranium mine (Phase II)		n.a.	100	Cluff Lake
Key Lake Mining Corp.				
Uranium mine-mill		1983	563	Key Lake
Potash Corporation of America				
Expansion, potash operation		1982	30	Saskatoon area
Potash Corporation of Saskatchewan Ltd.				
Expansion, potash mine		1984	430	Lanigan

Manitoba				
Electric power				
Manitoba Hydro				
Generating station		1989	2,500	Limestone, Nelson River
Rehabilitation, generating station		1983	35	Great Falls
Rehabilitation, generating station		1983	25	south of Seven Sisters
Mining				
Hudson Bay Mining and Smelting Co. Ltd.				
Copper-zinc mine		1982	28	Flin Flon area
Copper-zinc mine		1983	16	Flin Flon area
Copper-zinc mine		1983	14	Snow Lake area
Zinc casting plant		1982	10	Flin Flon area
Inco Ltd.				
Nickel mine		1985	72	Thompson
Ontario				
Electric power				
Great Lakes Power Co. Ltd.	hydro	1982	113	Sault Ste. Marie
Ontario Hydro	thermal	1984	630	Atikokan
	nuclear	1983	3,600	Pickering
	nuclear	1983-1987	5,500	Bruce
	nuclear	1988-90	6,700	Darlington
Oil and gas				
Imperial Oil				
Oil processing plant renovation		1983	100	Sarnia
Suncor Inc.				
Heavy oil upgrader		n.a.	335	Sarnia
TransCanada Pipelines				
Pipeline		1982	450	North Bay to Morrisburg
Mining				
Amoco Canada Petroleum Co. Ltd., Dome Mines, and Campbell Red Lake Mines				
Gold mine		1983	146	Detour Lake
Denison Mines Ltd.				
Expansion, uranium mines		1985	250	Elliot Lake
Dickenson Mines Ltd.				
Expansion, renovation of gold mine		1983	25	Red Lake area
Dome Mines Ltd.				
Expansion, modernization gold mine		1984	92	Timmins
Domtar Inc.				
Expansion, rock salt mine		1982	35	Goderich
Eldorado Nuclear Ltd.				
Uranium refinery		1983	152	Blind River
Uranium conversion plant		1983	106	Port Hope
INCO Ltd.				
Cobalt refinery		1983	24	Port Colbourne
Mattabi Mines Ltd.				
Zinc-copper mine		1984	26	Sturgeon Lake
Rio Algom Ltd.				
Reactivation of uranium mine		1983	243	Elliot Lake
Willeroy Mines				
Gold mine		1985	30	Kirkland Lake area
Quebec				
Electric power				
Hydro-Québec	hydro	1986	600	Manicouagan River (north of Baie Comeau)
	nuclear	1983	1,360	Gentilly
Substation, transmission line		1986	150	Sherbrooke to New Hampshire or Vermont
Société d'énergie de la Baie James	hydro	1985	1,500	James Bay area

Oil and gas				
Gaz Inter-Cité Québec Inc.				
Gas distribution system		1991	500	Trois-Rivières, Québec City and other points east of Montreal
Gaz Métropolitain, Inc.				
Expansion, gas distribution system		1982	150	Montreal and east of Montreal
Golden Eagle Canada Ltd.				
Upgrader and ancillary equipment		late 1983	200	St-Romuald
Imperial Oil Ltd.				
Upgrading, pollution abatement		1983	21	Montreal
Heavy fuel upgrading		n.a.	61	Montreal
Petro-Canada Ltd.				
Upgrader		1982	35	Pointe-aux-Trembles
CANMET upgrader		1984	117	Montreal East
Shell Canada Ltd.				
Upgrader		n.a.	30	Montreal
Oil recycling plant		1983	12	Montreal
TransQuebec & Maritimes Pipeline Inc.				
Pipeline		1984	1,000	east from Montreal
Mining				
Agnico-Eagle Mines Ltd.				
Gold mine		late 1983	12	Joutel Township
Long Lac Minerals Ltd.				
Gold mine-mill		late 1982	21	Cadillac-Malartic area
Les Mines Seleine Inc.				
Salt mine		fall 1982	66	Magdalen Islands
Noranda Mines Ltd.				
Oxygen plant		late 1982	35	Noranda
Expand zinc reduction plant		early 1983	35	Valleyfield
Société Nationale de l'Amiante				
Magnesium compounds plant		spring 1983	14	Thetford Mines area
Atlantic Region				
Electric power				
Lower Churchill Development Corp.	hydro	n.a.	4,500	Muskrat Falls, Nfld.
Newfoundland and Labrador Hydro Commission	hydro	1982	155	Upper Salmon River, Nfld.
Newfoundland Light and Power Co. Ltd.				
Various projects		n.a.	34.5	Newfoundland
Nova Scotia Power Corporation	thermal	1984	160	New Waterford, N.S.
Nova Scotia Tidal Power Corp.				
Demonstration project		1983	50	Bay of Fundy, N.S.
Oil and gas				
ICG Brunswick Gas Ltd.				
Gas distribution system		1992	420	33 N.B. communities
TransQuébec and Maritimes				
Pipeline		n.a.	800	New Brunswick, Nova Scotia
Mining				
Cape Breton Development Corp.				
Coal mine development		1983	70	Prince mine, N.S.
Transportation, coal-handling		n.a.	58	near Glace Bay, N.S.
Coal preparation plant		1982	23	Victoria Junction, N.S.
Denison-Potacan Potash Co.				
Potash mine		1984-85	190	near Salt Springs, N.B.
Yukon and Northwest Territories				
Electric Power				
Northern Canada Power Commission				
Hydro plant expansion		1984	53	Whitehorse Rapids, NWT
Oil and gas				
Interprovincial Pipe Line (NW) Ltd.				
Pipeline		1985	576	from Norman Wells, NWT
Mining				
Cominco				
Arsenic trioxide treatment plant		1982	14	Yellowknife area
Cyprus Anvil Mining Corp.				
Lead-zinc mines, modification of mill		1985-88	170	Faro, YT

Provincial incentives

In an effort to attract new investment and industry, Canada's provincial governments have developed a range of programs designed to provide professional, technical and financial services to both foreign and Canadian firms. These incentive programs vary from province to province according to their economic vocation, industrial structure and priorities. In addition to providing technical assistance, such as the information and advisory services offered usually by their departments of industry and commerce, several provinces have created economic development corporations which offer financial assistance in the form of subsidies, loan guarantees and participation in share capital. Other provincial corporations work with industry to take advantage of certain market opportunities. All these provincial incentives should be considered together with the federal government's programs and services. The latter were described last in volume 4, number 2 of the *Review*.

Newfoundland

"Energy" could become a key word in Newfoundland's future economic vocabulary. The province has already harnessed enormous reserves of hydro-electric power. In addition, several years of intensive offshore oil exploration have produced some very promising results. Currently, however, the cornerstones of the province's economy are fishing, pulp and paper and mining, particularly iron ore. Uranium and gold have also been found. Newfoundland has a limited manufacturing sector in electronics and food and beverages. The province's scenic beauty and unique folklore have made it the site for the development of a significant tourist industry.

Newfoundland and Labrador Development Corporation Limited

The corporation assists small- and medium-sized business enterprises in the primary and manufacturing sectors to carry out capital projects not exceeding $2.5 million by lending up to 80 percent of the total capital costs for up to 15 years at the prevailing interest rate. The corporation can provide up to 49 percent of equity requirements with holdings to be in the form of preference shares.

To encourage the secondary and final processing of fish and fish products, the corporation provides loans, interest free for the first two years if principal repayment is within program guidelines, for the purchase of suitable machinery and equipment approved by the corporation. **Contact:** Newfoundland and Labrador Development Corporation, P.O. Box 1738, 44 Torbay Road, St. John's, Newfoundland, Canada A1C 5P5.

Department of Development

The department has a market and product development program for assisting Newfoundland companies which plan to market goods or services outside the province or within the province in order to substitute for goods and services being imported. A capital assistance program provides conditional grants to new or expanding ocean manufacturing industries and ocean service industries. The grants are for 50 percent of the approved capital cost of the project, to a maximum of $50,000. **Contact:** Department of Development, P.O. Box 4750, St. John's, Newfoundland, Canada A1C 5T7.

To encourage manufacturing business enterprise to reduce the need for imported goods and to secure sales of provincially manufactured goods ouside the province, an exemption from retail sales tax for capital investment in machinery and equipment is available. These exemptions will be jointly managed by the Departments of Development and Finance.

As a further boost to small business, the sawmilling industry is exempted from retail sales tax for capital equipment expenditures made by sawmill operators and used directly in their manufacturing process. This exemption does not apply to the pulp and paper industry.

Department of Rural Development

The department offers rural development authority loans to encourage the development of small resource-based industries. It provides low-interest loans of up to $25,000 for the purchase of land or buildings, the construction or renovation of buildings, the purchase of machinery and equipment, and for working capital for start-up or expansion.

The department also offers development grants as follows:

(1) 50 percent of the capital cost up to $25,000 for the establishment, expansion or modernization of manufacturing or processing facilities. Maximum grant $12,500.
(2) 50 percent of the capital cost up to $60,000 for the establishment of industries utilizing primary resources. Maximum grant $30,000.
(3) 50 percent of the capital cost up to $30,000 for the expansion or modernization of industries utilizing primary resources. Maximum grant $15,000.
(4) 75 percent of the approved cost up to $10,000 for the research and develop-

ment of new industry ideas. Maximum grant $7,500.

Contact: Department of Rural Development, P.O. Box 4750, St. John's, Newfoundland, Canada A1C 5T7.

Prince Edward Island

Prince Edward Island has much to offer prospective investors in locating their new or expanded manufacturing or processing operation on "the Island". Traditionally, agriculture and fishing have been the cornerstones of the provincial economy. The Island's charming scenery has made tourism one of the province's principal industries. In recent years concentrated effort has provided the human and physical infrastructure required to facilitate industrial development. Indeed, in recent years the province has enjoyed considerable industrial growth, notably in specialized manufacturing and food processing. This industrial growth has helped to provide a greater balance to the provincial economy.

To assist in the further development of the industrial sector of the economy, the province provides a wide range of industrial incentives. To ensure orderly adminstration of these programs, the province has structured a number of facilitating departments and agencies.

Department of Tourism, Industry and Energy

The Industry Branch of the P.E.I. Department of Tourism, Industry and Energy is responsible for the development of policy and recommendations for consideration by the Executive Council relative to industrial development activities in Prince Edward Island. The branch offers a variety of support services to existing industries as well as to potential new industries locating in P.E.I. The branch is responsible for seeking out and attracting new industries to the province. **Contact:** Industry Branch, Department of Tourism, Industry and Energy, Charlottetown, Prince Edward Island, Canada C1A 7N8.

Industrial Enterprises Incorporated

Industrial Enterprises Incorporated is a Crown agency governed by a Board of Directors, and charged with responsibility for the further development of medium- to large-scale industrial operations in Prince Edward Island. The corporation provides long-term loans to assist in the purchase of land and buildings, as well as various incentive programs. **Contact:** Industrial Enterprises Inc., West Royalty Industrial Park, Charlottetown, Prince Edward Island, Canada C1E 1B0.

Market Development Centre

The Market Development Centre acts as a marketing agency for primary, processed and manufactured products in attempting to increase the sale of Island products in local and world markets. The activities and programs of the centre include sales activities, provisions of research and development, as well as a range of market management and promotion activities. **Contact:** Market Development Centre, P.O. Box 1510, Charlottetown, Prince Edward Island, Canada C1A 7N3.

Nova Scotia

Canada's second smallest province, Nova Scotia, is a peninsula on the east coast of Canada. The province has historically relied on the ocean for fish, trade and transportation, and now the ocean is the setting for aggressive new oil and gas exploration. Recently this activity has accelerated since Mobil Oil Canada announced a commercial natural gas discovery near Sable Island. Coal mining is experiencing a resurgence as the Cape Breton Development Corporation's mines produce metallurgical coal for the Sydney steel plant and for export, and thermal coal for power generation. Only 45 of the more than 1600 manufacturing companies in the province employ more than 200 people each, which means that slightly more than half the manufacturing labour force is in small businesses.

Expanding opportunities in the offshore have encouraged the development of advanced-technology and research and development companies. Research and education facilities include the Bedford Institute of Oceanography, the Nova Scotia Research Foundation Corporation, the Canadian Marine Transportation Centre and four universities. An ocean industries park in Dartmouth provides special programs and facilities to assist ocean-related industries. The deepwater port at Halifax has two container facilities, a major naval dockyard and full shipyard capacity with a drydock able to handle Panamax-size vessels. Autoport at Dartmouth is the largest automobile import-export operation in Canada. The ports of Halifax, Port Hawkesbury and Sydney are ice-free year-round.

Nova Scotia Department of Development

The Nova Scotia Department of Development is responsible for the development of businesses and industry. It offers loans to tourist industries and processing plants in agriculture, forestry and fisheries, through the Nova Scotia Resources Development Board. The Industrial Benefits Office acts as a focal point for inquiries about business opportunities arising in the offshore petroleum sector. The department also has specific assistance programs in marketing, management development and professional consulting. A rural industry program offers capital grants to businesses wanting to establish, expand or modernize outside the Halifax-Dartmouth area. Other programs are offered by the departments of Agriculture, Lands and Forests, Tourism, Labour, Fisheries and Education which may be relevant to business and industry. **Contact:** Nova Scotia Department of Development, P.O. Box 519, Halifax, Nova Scotia, Canada B3J 2R7.

Industrial Estates Ltd.

Industrial Estates Ltd. is a Crown corporation for the financing of industry in Nova Scotia. It provides long-term loans on 20-year first mortgages of up to 100 percent of the cost of land and buildings of manufacturers and 10-year financing of up to 60 percent of the installed cost of machinery. **Contact:** Industrial Estates Ltd., Suite 709, 5151 George Street, Halifax, Nova Scotia, Canada B3J 1M5.

New Brunswick

New Brunswick offers some very real geographic advantages to investors: on one side of the province is its common border with the United States, and on the other its seaports provide easy access to both North American and European markets. As a result, New Brunswick is an important trading area on the Atlantic coast. Agriculture, forestry and mining are all important economic activities in the province. In recent years, manufacturing has grown significantly, particularly pulp and paper, food processing and non-ferrous metals.

Department of Commerce and Development

The department offers firms established in New Brunswick an extensive support program in the areas of management, marketing, production and distribution. The department also seeks out and processes new industrial projects, and evaluates applications for financial assistance submitted to the New Brunswick Industrial Development Board by entrepreneurs wishing to establish businesses in New Brunswick. **Contact:** The Department of Commerce and Development, P.O. Box 6000, Fredericton, New Brunswick, Canada E3B 5H1.

New Brunswick Industrial Development Board

The board offers financial assistance to firms in the form of direct loans, bonds or loan guarantees, or the acquisition of shares. The board also administers a joint federal-provincial grant and loans program for small businesses. **Contact:** The Department of Commerce and Development, P.O. Box 6000, Fredericton, New Brunswick, Canada E3B 5H1.

Provincial Holdings Ltd.

This Crown corporation has holdings in the share capital of manufacturing companies located in New Brunswick. The agency can hold equity in manufacturing and processing industries that wish to become established in New Brunswick. **Contact:** The Department of Commerce and Development, P.O. Box 6000, Fredericton, New Brunswick, Canada E3B 5H1.

Quebec

Quebec has a wealth of natural resources on which it can base further economic expansion. The province has a relatively strong industrial base, particularly in aeronautics, shipbuilding and public transportation equipment. It has strong growth prospects in the machinery and electrical products industries. Quebec's tremendous reserves of hydro-electric power, available at a very competitive price, make the province an attractive location for the development of highly productive manufacturing industries, particularly in the electrometallurgical and electrochemical sectors. Also worth mentioning are Quebec's relative strength and technological competence in transportation equipment, communications instruments, electrical equipment and pharmaceuticals.

Quebec Industrial Development Corporations (QIDC)

The QIDC is the Government of Quebec's principal tool for providing financial assistance to manufacturing firms established or being established in Quebec. This assistance is offered in different forms according to the nature and needs of the recipient firm: loans at prevailing market interest rates; partial reimbursement of loans when certain criteria are met; and participation in share capital. At press time, the QIDC had reevaluated and was awaiting a decision on its program of partial reimbursement of debt costs. **Contact:** Quebec Industrial Development Corporation, 1126 Chemin Saint-Louis, Room 700, Sillery, Quebec, Canada G1S 1E5.

Department of Industry, Commerce and Tourism

The department provides technical services to firms in marketing, financing, management, manpower and production, the negotiation of licensing agreements, market studies and statistics. Under certain conditions and for certain investments, the tourism industry may also be eligible for financial assistance from the department. It has permanent delegations or economic counsellors in Atlanta, Boston, Brussels, Caracas, Chicago, Dallas, Dusseldorf, Edmonton, London, Los Angeles, Milan, New York, Paris, Tokyo and Toronto. **Contact:** Quebec Department of Industry, Commerce and Tourism, Industrial Promotion Branch, 1 Place Ville-Marie, Suite 2300, Montreal, Quebec, Canada H3B 3M6.

Quebec enterprise development corporations (SODEQ)

These are private corporations that invest in small- and medium-sized Quebec manufacturing firms to which they offer management assistance. **Contact:** Department of Industry, Commerce and Tourism, Enterprise Services Branch, 710 Place d'Youville, 8th Floor, Quebec, Quebec, Canada G1R 4Y4.

SOQUEM, SOQUIM, SOQUIP, SOQUIA, REXFOR

These Quebec government-owned companies are involved in financial participation in joint ventures with Canadian or foreign private-sector investors in the mining sector (SOQUEM), oil and gas (SOQUIP), agriculture and food industries (SOQUIA) and forestry (REXFOR). **Contact:** Quebec Ministry of Industry, Commerce and Tourism, Industrial Promotion Branch, 1 Place Ville-Marie, Suite 2300, Montreal, Quebec, Canada H3B 3M6.

Processing firms can also receive exemptions from the provincial sales tax on certain products, and tax rebates on fuel purchases and on industrial machinery used for processing in Quebec.

Ontario

Ontario is one of Canada's most important centres of economic activity. Of all the provinces, it has the largest number of manufacturing firms and is the home of numerous head offices. Its capital, Toronto, is the financial heart of the country and the service industry is highly concentrated there. Its most important industries are automobile manufacturing, steel, tourism, mining and pulp and paper. The Government of Ontario offers various programs which provide financial incentives and advisory services to stimulate the economy and create jobs.

Development corporations

Ontario has three development corporations: the Ontario Development Corporation, the Eastern Ontario Development Corporation and the Northern Ontario Development Corporation. They offer a comprehensive program of financial and advisory services to business and industry thoughout Ontario. Secondary manufacturing industries, service industries closely allied to manufacturing, tourist operations and tourist attractions are all eligible for development corporation assistance.

The type of financial assistance provided is tailored to the needs of the applicant and may be provided through any one or combination of the following methods: corporation consultants may help the client in approaching private lenders or other sources of government funding; guarantees may be provided to encourage private lender participation; direct loans from the development corporations involving a variety of terms and conditions of repayment can be adapted to meet the specific needs of the small business person; and special incentives may be offered if it can be shown that the project would not succeed unless an incentive were available. **Contact:** the appropriate corporation at: 1200 Bay Street, 6th Floor, Queen's Park, Toronto, Ontario, Canada M7A 2E7.

Small Business Development Corporations Program

Incentives in the form of grants to individual investors and tax credits to corporate investors are provided to encourage equity investment in Ontario-based small-business ventures. The incentives are available only on new issues of SBDC shares.

Subject to certain conditions, investors may establish their own small business development corporation through a straightforward registration procedure. In 1981-82, the minimum capital requirement for an SBDC is $100,000. Businesses involved in mining, oil and gas exploration, development and production do not qualify as eligible investments, but are handled in separate incentive programs.

Upon receipt of their share certificates from the SBDC, individuals may apply to the Ontario Ministry of Revenue for a grant amounting to 30 percent of their capital investment in the SBDC. A special statement concerning the share purchase is provided by the SBDC to the Ministry of Revenue for this purpose. For corporations, the statement is submitted to the Ministry of Revenue and, when approved, installment payments not fully applied in the year of investment may be carried forward indefinitely. **Contact:** Ministry of Revenue, Parliament Buildings, Queen's Park, Toronto, Ontario, Canada M7A 1X8.

Ministry of Industry and Trade

The Ministry of Industry and Trade assists the private sector in three main areas: expansion of trade, encouraging investment opportunities and strengthening the competitiveness of Ontario's industrial base. The ministry assist businesses in selling to promising markets, both domestically and internationally. Initiatives in this area include identification of major sectors with high import-replacement opportunities, working with the private sector in an expanded consumer "Buy Canadian" program and assisting large Canadian firms to find domestic suppliers. To help Ontario capture more international trade and investment, a new trade division works with the Ontario International Corporation to recruit participation in trade missions and trade fairs to introduce Ontario firms to world markets and to build on existing opportunities in foreign trade. The ministry is responsible for the launching of six technology centres in the province. These centres will be concerned with the application of advanced but existing technology to Ontario industry. Other ministry activities include assisting small business development, encouraging world-scale manufacturing facilities, encouraging emerging sectors, and accelerating new technology introduction and transfer. **Contact:** Ontario Ministry of Industry and Trade, Parliament Buildings, Queen's Park, Toronto, Ontario, Canada M7A 2E1.

Manitoba

Gateway to Canada's west, Manitoba has one of the most diversified provincial economies in Canada. Agriculture and mining constitute the primary sector, but in recent years the province has seen its economic base expand as a result of a growing manufacturing sector which leads the economy in terms of output and employment generation. For all Manitoba programs **contact:** Manitoba Department of Economic Development and Tourism, 155 Carlton Street, Winnipeg, Manitoba, Canada R3C 3H8.

Department of Economic Development and Tourism

The major thrust of the department's programs for business and industry is Enterprise Manitoba, the $44-million federal-provincial Industrial Development Agreement. Its major objective is to stimulate growth in manufacturing, and has identified six priority sectors: aerospace, electronics, food and beverages, health-care products, light machinery and transportation. The department provides strong service support to these industries through its pool of experienced industrial consultants.

Small Enterprise Development

Small Enterprise Development is responsible for providing a broad range of programs to small- and medium-size business with an emphasis on manufacturing and processing enterprises. Rural Small Enterprise Incentives Program provides interest-free forgivable loans for manufacturing, processing or related maintenance or repair business. New or expanding firms are eligible for assistance and must be located outside metropolitan Winnipeg.

Advance Factory Space provides self-contained modules from 140 m^2 to 379 m^2 in two Enterprise Development Centres located in Brandon and Winnipeg. Available on a cost-sharing basis for new buinesses, or businesses launching a new product, the program is designed to permit earlier start-up than might otherwise be possible. As well, the centres offer technical and business services through the use of staff and private consultants, the latter on a 50-percent cost-sharing basis.

Trade Development Branch

Trade Development provides services and support to increase interprovincial and export sales of Manitoba-made goods and services, thus strengthening and expanding the manufacturing base of the province. The aim is to upgrade marketing capabilities of Manitoba firms and to tie in sales of Manitoba-made products to major projects in Western Canada.

Regional Benefits Branch

This branch has been established to maximize the use of Manitoba goods and services in all major capital projects throughout the province and to maximize purchases by the Manitoba government of Manitoba-made goods and services.

Travel Manitoba

Responsible for marketing Manitoba as a desirable vacation destination, this branch assists entrepreneurs with the development of tourism accomodations, facilities and attractions. The branch also administers and delivers the programs of Destination Manitoba, the federal-provincial cost-shared agreement for the development of tourism in Manitoba.

Manitoba Design Institute

The institute provides design consulting and advisory assistance to manufacturers for design research and product innovation. Cost-shared funding is available for design projects — packaging design, brochure design, corporate identity and product design improvement.

Manitoba Research Council

The council provides technical assistance in the area of product and processes development, raw material selection and testing, product testing and quality control. The council operates Industrial Technology and Food Product Development Centres to deliver these and other technology-assistance programs.

Manitoba Interest-Rate Relief Program

This small business program offers limited one-time assistance to business in default to major creditors. At present, businesses with gross receipts of less than $350,000 are eligible for up to $6 000 a year in aid for up to two years ending December 31, 1983.

Saskatchewan

Saskatchewan is Canada's most important agricultural province and given the importance of agriculture to the province's economy, it is not surprising that a number of important agricultural equipment manufacturers have established themselves there. In addition, Saskatchewan has a growing resource sector, particularly in potash, uranium and petroleum. The province is also the home of the Canadian west's largest steel industry and its production of pipe and steel products has been increasing steadily. Saskatchewan has a special interest in industries related to machinery and equipment, food processing, electronics, plastics, pharmaceuticals and industries supplying the resource sector.

Department of Industry and Commerce

The department offers a variety of development programs to assist businesses in the province. These include: The Aid to Trade Program for manufacturers wishing to extend their market areas through promotion; the Product Development Program which provides assistance for developing and testing of new products; and the Management Development Program which is aimed at helping firms improve performance through counselling, technical assistance, courses and seminars. For the most part, these programs provide assistance up to 50 percent of approved costs.

The Small Industry Development Program provides forgivable loans to manufacturers planning to expand, modernize or establish new facilities in Saskatchewan. The amount of assistance depends upon the size of the project and its location. Grants are available under the Small Business Interest Abatement Program to businesses borrowing to start new operations or expand and upgrade existing ones. **Contact:** Saskatchewan Department of Industry and Commerce, 3rd Floor, SaskTel Building, 2121 Saskatchewan Drive, Regina, Saskatchewan, Canada S4P 3V7.

Saskatchewan Economic Development Corporation (SEDCO)

SEDCO's primary objective is to foster economic growth within the province. This role is facilitated through diversified financial, industrial and property services to virtually all sectors of the provincial economy. SEDCO provides project financing to Saskatchewan businesses in the form of term financing, guarantees, equity participation and a variety of pecial programs as the need arises. In addition, SEDCO organizes industrial sites for lease or sale and provides property-related services o businesses in the province. SEDCO is also he developer and manager of Innovation Place, a major research park situated adjacent o the University of Saskatchewan at Saskatoon. **Contact:** Saskatchewan Economic Development Corporation, Communications, 1106 Winnipeg Street, P.O. Box 5024, Regina, Saskatchewan, Canada S4P 3M3.

Alberta

With its abundant petroleum, natural gas and coal resources, Alberta is Canada's most important energy-producing province. In addition to intense exploration and development activities in Alberta's conventional and nonconventional energy resources, the manufacturing and service sectors have grown extensively. Alberta is also an important agricultural producer, particularly in grains and livestock. The volume of government revenues from petroleum production royalties and exploration and development permits has made it possible for Alberta to have the lowest personal and corporate income tax rates in Canada.

Department of Economic Development

The department offers a variety of services relevant to industry. Its Strategic Planning Services are responsible for coordinating economic activity related to a number of government departments. Its Industry Development Branch seeks to improve the performance of Alberta's manufacturing and processing industries by means of sector development programs, business expansion assistance and new-business establishment programs. The department offers marketing services, seeking to match product and manufacturing capacities with domestic and foreign market opportunities as well as assisting business on marketing problems. The department also offers trade-development services by assisting the industrial and consulting sectors to expand export sales through trade shows, exhibits, missions, joint ventures and licensing opportunities. **Contact:** Department of Economic Development, Government of Alberta, Industry Development Branch, 9th Floor, Pacific Plaza, 10909 Jasper Avenue, Edmonton, Alberta, Canada T5J 0M8.

Alberta Opportunity Company

The company provides funds for growth, expansion and diversification of industry when other forms of conventional financing are not readily available. This includes direct loans at market rates for up to 15 years and loan guarantees. Emphasis is placed on small business in smaller communities. **Contact:** Alberta Opportunity Company, P.O. Box 1860, Ponoka, Alberta, Canada T0C 2H0.

Department of Tourism and Small Business

The department aims to develop Alberta as a year-round destination for tourists by offering marketing and development services to the tourist industry. Small business is assisted by means of counselling activities, management consulting, small business guides, community economic development, and an industrial land and business site location program. **Contact:** Department of Tourism and Small Business, Government of Alberta, 16th Floor, Capitol Square, 10065 Jasper Avenue, Edmonton, Alberta, Canada T5J 0H4.

British Columbia

Canada's Pacific province, British Columbia, has an extensive export-oriented resource-based economy in which forestry, mining, fishing and agriculture predominate. British Columbia's geographical position has made it a natural site for the development of important export industries with direct access to Pacific Rim and other world markets. In fact, the province's largest city, Vancouver, is Canada's gateway for trade with Japan, China and other Asian countries, the western United States, Latin America and Europe. British Columbia's principal manufacturing firms are closely tied to the province's natural resources, essentially forest products, pulp and paper, mineral commodities and hydrocarbons.

Ministry of Industry and Small Business Development

The ministry offers a variety of programs designed to stimulate industrial and export development, especially in secondary manufacturing. Its export services include programs related to trade missions, market development, incoming buyers and trade shows. The ministry's technical services assist companies to expand their facilities, diversify their product lines or establish new businesses by means of financial support for hiring outside professionals to help develop corporate plans and operations.

The ministry also coordinates and manages a number of federal-provincial programs designed to encourage the economic and industrial development of the province. One such program is a $70-million agreement to provide assistance for research, regional economic development commissions, small business and community industrial development (industrial parks, sites, malls and advance factory space). A $60-million agriculture and rural development program provides assistance for research, planning, training, market promotion, coordinated resource management, primary resource development, support services and community development. A third program, the result of a $50-million agreement, provides assistance to the province's travel industry. All these programs have geographical target regions which generally exclude the areas in and around Vancouver and Victoria. **Contact:** Executive Director, Business Development Branch, Ministry of Industry and Small Business Development, 315 Robson Square, 800 Hornby Street, Vancouver, British Columbia, Canada V6Z 2C5; or, Director, Program Design and Project Appraisal Branch, Ministry of Industry and Small Business Development, Parliament Buildings, Victoria, British Columbia, Canada V8V 1X4.

British Columbia Development Corporation (BCDC)

The BCDC provides financing in the form of term loans, loan guarantees, performance bonds, indemnities to chartered banks and leasing of buildings. While there is no limit on the amount of funds the corporation may provide, in large-scale projects it prefers to provide assistance in conjunction with other financial institutions. As well as its own corporate lending activity, the BCDC administers the province's Low Interest Loan Assistance Program by virtue of which loans can be made to manufacturing or processing businesses that wish to modernize, expand or establish in British Columbia. Finally, the BCDC provides serviced land on a sale or lease basis to secondary manufacturing and related service industries. Land is available through the Land Development Division. The BCDC acts as project manager of large capital projects in British Columbia. **Contact:** British Columbia Development Corporation, 272 Granville Square, 200 Granville Street, Vancouver, British Columbia, Canada V6C 1S4.

Northwest Territories

NWT Financial Assistance Programs

The Government of the Northwest Territories administers a number of financial assistance programs to promote the development of economic activity and the creation of jobs in the NWT by assisting business operations and related activities. Special emphasis is given to businesses owned or operated by the Territories' original peoples. Assistance may include immediate interim financing to resident business enterprises, and seed cpaital funds to complement development loans. Special ARDA cash grants are given for projects that provide jobs and improve incomes and opportunities of people of Indian and Inuit ancestry. **Contact:** Government of the Northwest Territories, Box 1320, Yellowknife, NWT, Canada X1A 2L9.

Statistical tables

REVIEWABLE ACQUISITION CASES*

Table 1 — Outcome or status

	1978	1979	1980	1981	JAN — JUNE 1981	JAN — JUNE 1982
Reviewable new cases	360	380	337	341	173	179
Carried over from previous period	73	106	114	123	123	179
Total of above	433	486	451	464	296	358
Total resolved	327	372	328	285[r]	113	194
Allowed	282	320	249	230	91	161
Disallowed	28	24	37	29	13	15
Withdrawn	17	28	42	26[r]	9	18
Carried over to next period	106	114	123	179[r]	183	164
Allowed cases as percentage of resolved (%)	86	86	76	81[r]	81	83
Value of assets, all cases ($000,000)	4,489	4,049	3,988	8,320	1,649	1,653

Table 2 — Country of control

	1978	1979	1980	1981	JAN — JUNE 1981	JAN — JUNE 1982
Total	360	380	337	341	173	179
United States	243	248	197	202	114	120
United Kingdom	47	52	53	46	23	19
Other Western Europe	52	68	65	70	28	26
Austria	—	1	—	—	—	—
Belgium	1	2	1	4	—	1
Denmark	1	1	1	2	1	—
Finland	—	2	3	2	—	1
France	5	9	12	12	4	5
Germany, West	17	22	20	21	10	10
Greece	—	1	—	—	—	—
Italy	1	2	2	2	—	—
Liechtenstein	1	1	2	—	—	—
Luxembourg	1	—	—	—	—	—
Netherlands	8	6	7	4	3	1
Norway	1	—	1	2	—	1
Spain	—	1	—	—	—	—
Sweden	7	13	6	9	6	4
Switzerland	9	7	10	12	4	3
All other	18	12	22	23	8	14
Australia	—	3	4	2	1	2
Bermuda	—	1	1	2	1	—
Japan	7	2	2	3	2	2
Others	11	6	15	7	4	10
Allowed cases as percentage of resolved	%	%	%	%	%	%
United States	87	85	74	76[r]	76	81
United Kingdom	78	87	79	78	77	89
Other Western Europe	89	88	78	92	96	82
All other	80	93	76	90	83	93

Table 3 — Industrial sector

	1978	1979	1980	1981	JAN — JUNE 1981	JAN — JUNE 1982
Total	360	380	337	341	173	179
Primary	30	29	17	17	9	12
Agriculture, fishing and trapping	5	4	1	3	1	2
Forestry	1	—	2	—	—	—
Mines, quarries, oil wells	24	25	14	14	8	10
Manufacturing	162	178	141	133[r]	71	71
Food, beverage and tobacco	15	14	14	6	4	5
Rubber, plastic and leather	12	5	6	8	6	6
Textiles, knitting and clothing	4	14	7	11[r]	2	2
Wood, furniture and paper	14	10	8	15	7	1
Printing, publishing and allied	4	5	4	6	4	2
Primary metal and metal fabrication	20	34	24	22	9	15
Machinery and transport equipment	28	43	23	22	13	13
Electrical products	16	20	17	10	6	10
Non-metallic mineral products	8	4	6	5	4	3
Petroleum and coal products	1	1	—	1	1	—
Chemical	22	17	12	17	10	10
Miscellaneous	18	11	20	10	5	4
Construction and services	168	173	179	191[r]	93	96
Construction	1	6	6	15	7	6
Transportation, communication, utilities	10	9	9	8	5	5
Trade	101	93	93	83	38	48
Finance, insurance, real estate	19	12	27	19	8	6
Community, business, personal services	37	53	44	66[r]	35	31

* Provision for review of acquisitions came into force April 9, 1974.

[r] Revised.

REVIEWABLE NEW BUSINESS CASES*

Table 4 — Outcome or status	1978	1979	1980	1981	JAN — JUNE 1981	JAN — JUNE 1982
Reviewable new cases	331	379	398	421	213	185
Carried over from previous period	52	64	70	129	129	200
Total of above	383	443	468	550	342	385
Total resolved	319	373	339	350[r]	145	235
Allowed	273	323	287	247	106	151
Disallowed	21	22	27	43	17	27
Withdrawn	25	28	25	60[r]	22	57
Carried over to next period	64	70	129	200[r]	197	150
Allowed cases as percentage of resolved (%)	86	87	85	71	73	64
Planned investment, all cases ($000,000)	323	202	1,005	1,068	471	2,255

Table 5 — Country of control	1978	1979	1980	1981	JAN — JUNE 1981	JAN — JUNE 1982
Total	331	379	398	421	213	185
United States	192	205	223	237	119	107
United Kingdom	26	45	37	40	23	15
Other Western Europe	80	82	111	78	37	45
Austria	3	—	3	—	—	—
Belgium	1	5	1	2	1	1
Denmark	4	2	7	2	2	1
Finland	1	7	1	4	4	3
France	16	15	23	19	6	12
Germany, West	18	19	25	23	11	11
Gibraltar	—	—	1	—	—	—
Greece	1	—	1	—	—	—
Ireland	1	1	—	1	1	—
Italy	10	6	14	4	3	1
Liechtenstein	—	—	1	—	—	—
Luxembourg	1	—	1	1	—	—
Monaco	—	—	—	—	—	—
Netherlands	1	4	12	8	4	3
Norway	3	1	3	1	—	5
Portugal	1	—	—	—	—	1
Spain	2	1	2	—	—	—
Sweden	5	6	9	5	2	2
Switzerland	12	15	7	8	3	5
All other	33	47	27	66	34	18
Australia	3	2	3	1	—	1
Hong Kong	3	4	6	27	17	1
India	1	1	—	3	—	1
Japan	6	17	3	14	7	6
Others	20	23	15	21	10	9
Allowed cases as percentage of resolved	%	%	%	%	%	%
United States	86	86	84	70[r]	73	65
United Kingdom	81	92	83	76	77	74
Other Western Europe	87	88	89	75	71	77
All other	82	83	75	61	75	44

Table 6 — Industrial sector	1978	1979	1980	1981	JAN — JUNE 1981	JAN — JUNE 1982
Total	331	379	398	421	213	185
Primary	27	16	42	23	14	3
Agriculture, fishing and trapping	2	—	7	4	2	2
Forestry	2	1	2	—	—	—
Mines, quarries, oil wells	23	15	33	19	12	1
Manufacturing	99	100	126	118	61	50
Food beverage and tobacco	6	11	11	5	4	5
Rubber, plastic and leather	5	9	11	10	3	3
Textiles, knitting and clothing	5	8	6	10	7	4
Wood, furniture and paper	6	9	14	9	5	1
Printing, publishing, and allied	4	5	4	3	3	1
Primary metal and metal fabrication	12	13	24	21	10	8
Machinery and transport equipment	19	20	18	23	13	13
Electrical products	7	8	13	7	2	6
Non-metallic mineral products	6	1	5	6	3	2
Petroleum and coal products	—	—	1	1	1	—
Chemical	6	7	9	10	4	4
Miscellaneous	23	9	10	13	6	3
Construction and services	205	263	230	280	138	132
Construction	14	12	12	18	10	7
Transportation, communication, utilities	11	11	7	11	4	6
Trade	103	156	129	149	72	82
Finance, insurance, real estate	11	14	7	11	7	2
Community, business, personal services	66	70	75	91	45	35

* Provision for review of new businesses came into force October 15, 1975.

[r] Revised.

Articles in previous issues:

Copies of these issues, as well as annual reports of the Agency and information of interest to investors making application under the Foreign Investment Review Act, are available from: Circulation Manager, Foreign Investment Review Agency, Box 2800, Station "D", Ottawa, Canada K1P 6A5

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