

SUBJECT: Criteria for Evaluating Foreign Investment

SUBMITTED BY: Investment and Growth Committee

BACKGROUND/ISSUE

Saskatchewan's growing economy has created a situation in which companies from outside the province are often seeking to make investments into Saskatchewan, or purchase Saskatchewan companies.

Likewise on a national scale, there have been a growing number of offers in recent years by companies outside of Canada to purchase Canadian-headquartered companies or make significant purchases of Canadian assets.

The Investment Canada Act requires the federal government to evaluate any foreign bids to purchase Canadian companies that are greater than \$1 billion and subsequently forbid purchases that do not result in a "net benefit" to Canada. While most purchases of Canadian companies are below that threshold, it is still important for the Saskatchewan Chamber of Commerce (SCC) to create a frame of reference through which all investments can be evaluated, regardless of their size.

There have been many occasions when the SCC has been asked to provide its view on foreign investments, takeover bids, and the involvement of foreign state-owned enterprises in Canada's economy. When forming its comments on those various situations, the SCC has relied upon its organizational principles and values to maintain consistency when evaluating each unique scenario.

The SCC has a number of principles that it adheres to when creating and advocating various policy positions.

- The free exchange of goods and opinions in open markets, and the right to associate and make contracts to advance this exchange.
- A democratic government and the right of each person and legal entity to liberty and equality before the law.
- Individual success as a foundation for community success.

There are also a set of values that the SCC relies upon when determining its views on various issues that impact Saskatchewan's business community.

- Fair, balanced, and competitive labour market regulation that encourages full participation, innovation, productivity, mobility, and investment in human capital.
- Economic development and the growth of the private sector in the province for increased wealth creation.
- Clear, concise and sensible regulations for business.
- Simplicity, clarity, and accountability in taxation, using a regime that encourages the efficient use of resources.

- A provincial policy framework that encourages entrepreneurs and attracts capital investment.
- Accountability, transparency, efficiency, prudence, and cost-effectiveness in government.
- The development of a diverse, stable, and skilled workforce for current and future needs.
- That business is a primary stakeholder in all forms of education, and that lifelong learning is the basis of a strong workforce and vibrant community.

Regardless of what part of the world foreign investment is coming from, who the entities involved in the investment activities are, or what the monetary values of the investment might be, the SCC must filter each unique situation through its principles and values to determine whether the deal should be viewed positively or not.

As investment amounts continue to get larger and as state-owned companies increase their foreign investment activities throughout the world, this process will make the evaluative process much more straightforward and allow the SCC to provide comments on new and unique situations as they arise.

RECOMMENDED

1) That the Saskatchewan Chamber of Commerce evaluate future foreign investments into Saskatchewan and Canada by examining how closely the details of each transaction align with the principles and values of the SCC.

2) That the Saskatchewan Chamber of Commerce encourage the Government of Canada and Government of Saskatchewan to use principles and values similar to the SCC's when assessing future foreign investments that exceed the current \$1 billion threshold.