2013 – MHF Comment – International Trade and Foreign Investment – CNOOC and Nexen

The Canadian government must be clear that Canada is OPEN for business – but NOT for sale.

I support economic development, because that's how we'll achieve greater prosperity for all Canadians. For that, we need investment, both domestic and foreign; but there aren't enough domestic investment sources so Canada needs to encourage more foreign investment.

With respect to CNOOC and Nexen, I supported the deal in principle. But there are some legitimate concerns about state-owned enterprises. Foreign or domestic, SOEs operate according to different drivers. But the answer to proposed investments in Canada by foreign SOEs is not to simply say "no" or "yes". We need to be clearer on what our expectations are for foreign investors, and to then hold them to commitments – with defined consequences if they don't. And we need to be objective across all countries.

Canada needs to be clear that it is open for business – but not for sale. Prosperity depends on development, and we want to encourage it, but we owe it to all Canadians to ensure that all foreign investments adhere to Canadian governance, environmental, labour, and other laws.

The first problem is that potential investors aren't sure what those rules are. Even though with the CNOOC deal the government announced that henceforward state-owned enterprises would not be able to acquire majority stakes, the "net benefit" test of the *Investment Canada Act* remains completely vague.

To give credit where it is due, it seems that the government's announced requirement with regard to state-owned enterprises and the oil sands will at least buy Canada some time in order to determine more precisely how to address whatever concerns we have. Greater understanding of what challenges state-owned enterprises present – or don't – is certainly needed.