

**Competition Policy and Limiting Foreign Ownership:  
National Security and Reciprocity the Top Criteria with  
Culture and Media at the Bottom**

**BDO Dunwoody Weekly CEO/Business Leader Poll  
By COMPAS in *Canadian Business*  
For Publication July 3, 2008**



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## **1.0. Introduction**

During the week that the federal government's Competition Policy Review Panel, chaired by Red Wilson, submitted its report to Minister of Industry Jim Prentice on Canada's foreign investment policies, the COMPAS panel of CEO's and business leaders was asked for its views.

A virtual philosophy of ownership emerged. Panelists believe

- By a huge margin that militarily significant sectors should be protected;
- By a very large margin that the petroleum sector should be protected and that foreign companies should be treated more generously if their own countries practice reciprocity; and
- By a large margin that foreign private enterprise should be treated more favourably than foreign state enterprises.

The view that ownership policy should be used to encourage democracy elicited weak majority support. Majority support for protecting culture and media was weaker still.

These are the key findings from this past week's Internet survey of CEOs and business leaders on the COMPAS panel. The weekly business survey is undertaken for *Canadian Business* magazine under sponsorship of BDO Dunwoody LLP.

## **2.0. Details**

On balance, panelists believe that Canada's foreign ownership rules are a hodge podge that needs fundamental re-thinking but opinion is far from consensual, as shown in table 2a.



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While panelists fall short of a consensus on whether there ought to be a new policy, they are far closer to one mind about what a new policy would look like. Military security tops the list with 94% in agreement, as shown in table 2b. Meanwhile 80% favour protection of oil and gas against foreign ownership while 85% would treat more favourably firms from countries that practice reciprocity.

By contrast, the majority favouring protection of culture and media achieves only minimal majority support (53%).

In keeping with the near consensus on many of these matters, panelists offered few verbatim thoughts, perhaps believing that the nature of a desirable ownership policy were sufficiently obvious for comment to be un-necessary. Some respondents nonetheless volunteered that

Grants or subsidies should not be granted to foreign companies operating in Canada;

Reciprocity is vital...like an equal field, therefore by the definition of the word "trade", equality to markets is paramount to healthy competition;

Canada needs to protect our water resources too.

The federal government needs to focus its energies on the U.S. border, which is getting tighter and tighter.



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*Table 2a: (Q1) This week, the federal government's Competition Policy Review Panel, chaired by Red Wilson, submits its report to Minister of Industry Jim Prentice on Canada's foreign investment policies. On a 7 point agreement scale where 7 means strongly agree and 1, the opposite, please score how much you agree with the following viewpoints. RANDOMIZE*

	Mean	7	6	5	4	3	2	1	DNK
Canada's foreign ownership policy tends to be a hodge podge of uncoordinated rules that needs a thorough re-thinking	5.1	17	27	20	9	7	9	2	9
Canada's restrictions on foreign ownership, which vary from sector to sector, tend to work well	3.8	3	8	23	23	14	16	6	7

*Table 2b: (Q2) On a 7 point importance scale where 7 means very important and 1, the opposite, how important should each of the following criteria be in limiting foreign ownership? How important should it be to RANDOMIZE*

	Mean	7	6	5	4	3	2	1	DNK
Protect militarily significant sectors such as military use technology or uranium	5.9	34	36	24	3	2	1	1	0
Protect energy sectors, notably oil and gas	5.6	31	27	22	11	2	3	3	1



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	Mean	7	6	5	4	3	2	1	DNK
Focus on reciprocity, allowing more ownership to companies from countries that are open to investments by Canadian companies	5.6	28	35	22	6	8	3	0	0
Privilege private enterprise, allowing more ownership in Canada to companies that are privately owned and not state enterprises	5.0	18	19	32	16	8	4	3	1
Reinforce democracy, allowing more ownership in Canada to foreign companies based in democratic societies	4.6	10	20	31	14	12	8	4	0
Protect cultural and media sectors	4.4	9	15	29	18	9	10	8	2

### **3.0 Methodology**

The COMPAS web-survey of CEOs and leaders of small, medium, and large corporations was conducted June 24 - 26, 2008. Respondents constitute an essentially hand-picked panel with a higher numerical representation of small and medium-sized firms.



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Because of the small population of CEOs and business leaders from which the sample was drawn, the study can be considered more accurate than comparably sized general public studies. In studies of the general public, surveys of n=119 are deemed accurate to within approximately 9.0 percentage points 19 times out of 20. The principal and co-investigator on this study are Conrad Winn, Ph.D. and Tamara Gottlieb.

