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Forget nationality: It's what foreign investors do in Canada that matters.

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Canada should be agnostic about the nationality of foreign investors, while maintaining strict oversight of corporate behaviour inside its borders. Bad corporate actors are just as likely to be Canadian as foreign

The Chinese Are Coming, the Chinese Are Coming.

Breathless media coverage of a pending deal by a Chinese investor to buy Vancouver's iconic Grouse Mountain Resorts is reminiscent of that classic 1960s movie, *The Russians Are Coming, the Russians Are Coming*. The comedy spoofs the paranoia of locals when a Russian submarine runs aground on a tiny New England island in the middle of the Cold War.

China Minsheng Investment Group – China's largest privately owned investment manager – is near to closing a \$200-million purchase of the 485-hectare landmark, whose ski slopes, restaurant, hiking trails and zip lines dominate the vista in North Vancouver, *The Globe and Mail* reported¹ last week. The McLaughlin family, which owns the property, will say only that it has struck an agreement with a potential purchaser.

The *Globe* story raised questions about China Minsheng's links to Communist Party insiders and the Chinese government. It also linked the deal to the role of Chinese buyers in Vancouver's real estate boom and to national security concerns involving other recent Chinese takeovers of Canadian companies.

So what's wrong with a Chinese buyer acquiring Grouse Mountain?

It's not obvious anything is amiss.

The real issue for Canadians is not the nationality of foreign investors, but what they do and how they behave when they get here.

If China Minsheng's plan is to put an amusement park on Grouse Mountain, or replicate the Hong Kong skyline, that wouldn't be cool. Marketing materials circulated by Grouse Mountain's real estate broker suggested a hotel and spa might be built on the site.

Roland Paris, a former foreign policy adviser to Prime Minister Justin Trudeau, mocked fears about the Grouse Mountain deal in a tweet² last week. On what grounds, he wondered, would Ottawa justify a

national security review, "to safeguard zip-line technology?"

The Vancouver Sun similarly dismissed the China scaremongering. If the prospect of Grouse Mountain falling into Chinese hands troubles you, the newspaper pointed out, "rest assured that the mountain is staying where it is."

Vancouverites, and all Canadians, can take some comfort that the District of North Vancouver has considerable control over any future development of the mountain. The resort is located in an ecologically sensitive area and there are restrictions on what can be built, and where.

Mayor Richard Walton quite rightly insisted that his only concern is that whoever takes over Grouse Mountain respects community interests. "[Decisions] need to be balanced with a very good understanding of regional expectations," Mr. Walton assured³ The Globe's Ian Bailey.

And that's the point. Canada should be agnostic about the nationality of foreign investors, while maintaining strict oversight of corporate behaviour inside its borders. Bad corporate actors are just as likely to be Canadian as foreign.

Canada is a small open economy that has long depended on foreign investment – outbound and inbound – to make its way in the world. Foreign companies in Canada account for 12 per cent of jobs and roughly half of this country's goods-and-services exports.

The stock of Chinese foreign direct investment in Canada totaled \$21.4-billion in 2016 – a relatively small percentage of the \$826-billion worth of foreign direct investment (FDI) in Canada, according to Global Affairs 2017 State of Trade report. There is \$13.3-billion of Canadian FDI in China. And China's investment in Canadian real estate reached \$6.4-billion at the end of June, according to an investment tracker compiled by the University of Alberta's China Institute.

Canada maintains a relatively stringent foreign investment regime, designed to thwart takeovers that aren't in the country's best interests. The Grouse Mountain transaction is too small to trigger a formal Investment Canada review, which is automatic for transactions worth at least \$1-billion. And there is no obvious national security risk involved in rocks, trees and ski lifts.

Just look around your own cities and communities. There are plenty of examples of poorly planned and unsightly developments everywhere. Most of them almost certainly predated the arrival of Chinese money.

It's not about nationality. It's about regulation.

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