

News Release



For release: **IMMEDIATELY**
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Montréal, August 5, 1982 - Imasco Limited announced that it is more likely to invest its future earnings outside of Canada as a result of not having received a favourable ruling on its Application for Exemption from the provisions of the Foreign Investment Review Act. The Hon. Herb Gray, Minister of Industry, Trade and Commerce advised the company of his decision on Tuesday, August 3.

In commenting on Mr. Gray's decision, Paul Paré, Chairman and Chief Executive Officer of Imasco, said: "It makes no sense to me to force Imasco to invest millions outside of Canada to meet its growth objectives. Imasco's funds for new investments are primarily earned in Canada through the efforts of some 11,000 Canadians. For many years, the Company has and continues to be controlled in Canada by its board of directors and management team. Their consensus is that the future growth of the Company be primarily in Canada."

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Imasco Limited applied to the Minister for an exemption from the Foreign Investment Review Act in December 1980. This followed a letter of December 8, 1980 from the Minister to Mr. L.E. Ricard, president of the Company, which stated in part:

"...the determination of non-eligibility or eligibility of any corporation depends upon the eligibility or non-eligibility of the person or persons who in fact control the corporation. If, as you state, Imasco is in fact controlled by Canadians then the corporation is not a non-eligible person for purposes of the Act. But of course it is up to Imasco to show, if called upon to do so, that this is indeed the case."

The Foreign Investment Review Act allows the Minister to exempt from review any corporation which is in fact controlled by Canadians. As of March 31, 1981, 72 exemptions had been granted.

Imasco and the financial community which monitors its performance have repeatedly described the ruling on the exemption as one of the most important strategic factors affecting the future growth of the company in Canada.

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Commenting further on the Minister's decision, Mr. Paré said:
"It has now been over a year and a half since we applied for our exemption. Since then, no one in the Agency or in the Department has challenged us on any of the facts we presented which we feel demonstrated beyond any doubt that Imasco was controlled by Canadians . Furthermore, as a result of our experience and Mr. Gray's recent decision we are convinced that the manner in which the Act is currently being interpreted is contrary to its original purpose and in many instances is detrimental to the economic interest of Canada. For example, since applying for our exemption, the number of Imasco employees in the United States has risen from 250 to over 28,000. Over the same period the moneys that we have invested in the U.S. have exceeded \$150,000,000 while those invested here totalled only \$12,000,000. We cannot see how this is providing economic benefit to Canada. Surely Mr. Gray has missed an opportunity to liberate and focus the creative economic energies of corporations like ours on further investment in Canada. This is particularly disappointing when the country is experiencing such difficult economic times."

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Commenting on Imasco's course of action following Mr. Gray's decision, Mr. Paré said "Despite this setback Imasco's resolve to invest in Canada is undiminished and we will now direct our efforts towards ensuring that changes are made to the Act so that it may more effectively provide economic benefits to all Canadians. We are determined to make our case experience known to Canada's legislators and ask that a more realistic definition of control in fact, which would include a concept of "Canadian Corporate Citizenship", be incorporated in the next revision of the Foreign Investment Review Act."

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