

# Canada tightens guidelines around foreign investment amidst evolving trade environment

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The federal government has updated its national guidelines around foreign investments in Canadian companies—a change that was deemed necessary due to “the rapidly shifting trade environment,” according to Innovation Minister François-Philippe Champagne.

Though the regulations apply to all investments from abroad, partner and co-chair of Torys’ Competition and Foreign Investment Review practice [Omar Wakil](#) said in an interview with [The Globe and Mail](#) that it is “clearly part of the government's response to the Trump tariff announcement.”

“It is a warning to U.S. investors,” Omar said. “The minister is effectively saying that, if your U.S. businesses are trying to exploit weaknesses and vulnerabilities that are created by tariffs by buying Canadian companies at reduced values, we might take action.”

“This is an important change. The government is formally changing their policy to say that national security includes economic security.”

Omar also pointed out that this policy change will certainly affect M&A activity in Canada, and that any transaction involving a non-Canadian buyer could face extra scrutiny.

“It is a signal that the government is prepared to review any investment, no matter how significant,” he said. “There aren't any thresholds.”

Ultimately, Omar says the new guidelines signify that the government’s push toward tighter foreign-investment restrictions will continue to expand. This is a trend we have seen advance in recent years, particularly as Canada aligns with other Western countries to address China’s growing influence in the critical minerals supply chain.

“Over the past several years, the government has clearly adopted a more restrictive policy toward critical minerals that has created some degree of uncertainty for investors in that space,” he said.

“This now extends that to every potential investor in every space, but with a clear message to Americans.”

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