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Potash Takeover Bid Should Raise Red Flags for Canadians

FINANCIAL POST, 26 AUGUST, 2010 – Last week's hostile takeover bid for the Potash Corporation of Saskatchewan (PCS) should raise a red flag for Canadians.

However, it is an opportunity for a national debate on the future of Canada's potash industry, the continuing onslaught of foreign takeovers of Canada's resources and industries, and the effectiveness of the Investment Canada Act.

PCS is simply the most recent Canadian economic jewel swept up in the relentless surge of foreign takeovers: Stelco, Xstrata, Inco, to name but a few. Canada no longer has a single major steel producer. In 2006 alone, foreign ownership of Canadian mining leapt to 48% from 12%.

PCS began as a Crown corporation, wholly owned by the people of Saskatchewan. The 1989 legislation privatizing the company prevented non-residents of Canada from owning more than 45% of the shares. In 1994, the Saskatchewan government removed this restriction. Although PCS remained a Canadian company, non-residents held just over half of its shares at the end of last year.

BHP's bid would bring PCS wholly under foreign ownership. There are numerous reasons for Saskatchewan communities to be concerned about its bid, and governments' unwillingness to protect Canadians' interests.

BHP has mused about leaving Canpotex, the agency that has marketed Canada's potash offshore for four decades. BHP may have enough clout to go it alone in world markets.

To read the entire column, [click here](#).