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Canada Updates National Security Review Guidelines Amid Trade Tensions

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Canada's Minister of Innovation, Science and Industry (Minister), François-Philippe Champagne, has announced an update to the *Investment Canada Act* (ICA) National Security Review [Guidelines](#) (Guidelines) to expressly include "the potential of the investment to undermine Canada's economic security through the enhanced integration of the Canadian business with the economy, or any sector of it, of a foreign state" as a factor the government may consider when assessing the impact of an investment on Canada's national security. The Minister's full statement, released on March 5, 2025, is available [here](#).

All direct or indirect investments by non-Canadians in Canadian businesses (including minority investments) may be subject to national security review (i) in cases where an ICA filing is made, within 45 days following the filing, and (ii) in cases where no ICA filing is required, for up to five years following the implementation of the investment. The Guidelines set out a non-exhaustive list of factors that the Canadian government may consider when deciding whether an investment raises national security concerns. Other minor, concurrent updates to the Guidelines include incorporating a reference to the government's [Sensitive Technology List](#) and reflecting recent amendments to the ICA.

The timing of the announcement suggests that the change was driven by trade tensions with the United States. Indeed, [another statement](#) released by Minister Champagne on March 5, 2025 indicates that the update was motivated by "a rapidly shifting trade environment" in which "some Canadian businesses could see their valuations decline, making them susceptible to opportunistic or predatory investment behaviour by non-Canadians." In a [speech](#) earlier in the week, Prime Minister Trudeau similarly emphasized the need to "prevent predatory behaviour that threatens Canadian companies because of the impacts of this trade war, leaving them open to takeovers."

While the Guidelines did not previously reference economic security, prior statements indicate that the government already considered Canada's economic security relevant to its national security reviews. (See, for example, the Minister's 2020 [statement](#) on the impact of the COVID-19 pandemic on foreign investment reviews. The government's [background](#) describing amendments to the ICA that were enacted in March 2024 also indicated that the "Government of Canada has committed to promoting economic security and combatting foreign interference by modernizing the ICA to strengthen the national security review process and better mitigate economic security threats arising from foreign investment.") That being said, based on the current environment, we expect there to be greater focus on economic security by Investment Canada officials moving forward, and potentially greater scrutiny of U.S. investors than has historically been the case.

We will continue to monitor developments in this area. For the time being, non-Canadian investors should be prepared for the possibility of increased scrutiny under the ICA.

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