

1984 roughly 7% of British direct investment abroad was in Canada. By 1992, the Canadian share had fallen to 5%.³⁷

While Japanese direct investment in Canada grew rapidly in the 1980s, this investment is still quite small (4% of the total stock in 1993) compared to that of the U.S. (65%) or the U.K. (12%). Canada has maintained a fairly constant 2% share of total Japanese direct investment abroad since 1983.³⁸

Direct investment from non-OECD countries grew between 1983 to 1993 from 3% to 4% of the total. The largest non-OECD investor is Hong Kong. Direct investment from Hong Kong grew by almost 2000% (from a very low base) between 1983 and 1992 to 2% of total direct investment in Canada. Other non-OECD direct investment in Canada comes from a broad range of countries, not principally from any one region.

5. TECHNOLOGY

Canada, as a medium sized economy, relies to a large extent on research and development done elsewhere for new technology. Some of this technology is acquired by licensing of patents for technology developed abroad. Also, one of the benefits of foreign direct investment for the Canadian economy is the transfer of technology and expertise through research and development activity in Canada. However, all foreign investment is not equal in this regard.

5.1 Patents

The United States is by far Canada's most important source of new technology. For the past ten years roughly half of all Canadian patent applications have been filed by U.S. residents. In recent years, this proportion has fallen slightly. The Canadian Intellectual Property Office reported that, in the 1992-93 fiscal year, 44% of all Canadian patent applications were filed by Americans.³⁹ More importantly, the statistics for patent and trademark royalty payments show that, in 1992, 81% of these royalty payments by Canadians went to the United States.⁴⁰ While very high,

³⁷ OECD, *International Direct Investment Statistics Yearbook 1994*, pp. 250-1.

³⁸ OECD, *International Direct Investment Statistics Yearbook 1994*, pp. 158-9.

³⁹ Canadian Intellectual Property Office, *1992-93 Annual Report*, p. 31.

⁴⁰ Statistics Canada's StatCan: Cansim Disc 1994-2, Business Services Details, Matrix 2324.