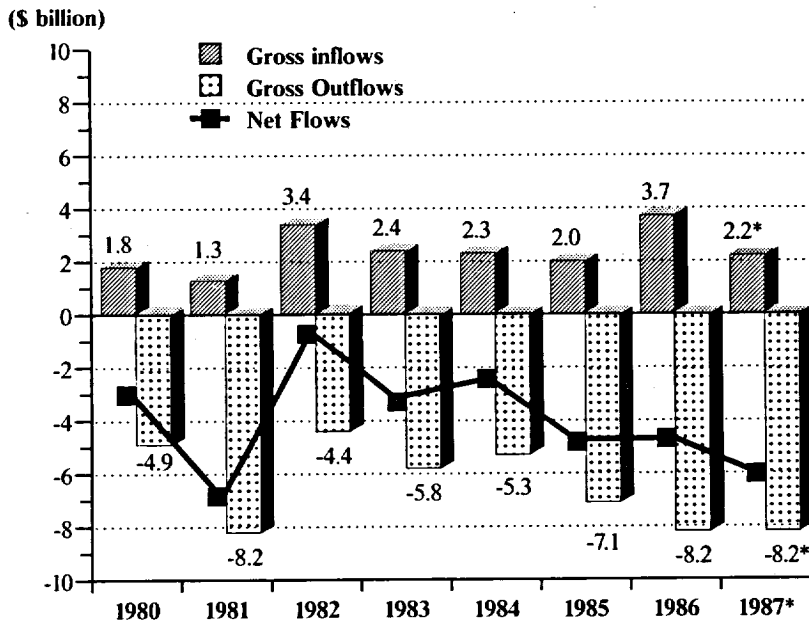


GROSS AND NET FLOWS OF CANADIAN DIRECT INVESTMENT ABROAD



*Preliminary data.

Source: Statistics Canada.

Prepared by Investment Canada, March 30, 1988.

to receive briefings on the Canada-U.S. Free Trade Agreement, and were provided with the Department's trade and investment promotion plans for review and comment.

Investment and technology development

Foreign investment development

With the government's investment promotion program entering its third year, the year under review was one of new records in investment interest in Canada and in investment flows — with total foreign direct investment increasing from \$92.5 billion in 1986 to \$103.1 billion in 1987, an increase of 11 per cent. The United States continued to be the largest single source of foreign direct investment but in a decreasing percentage; the United Kingdom, the Federal Republic of Germany, the Netherlands, Japan, France and Switzerland were the remaining major sources. The major growth sources are Japan, West Germany, the Netherlands, Switzerland and France, with increases ranging from 130 to 500 per cent. In addition, significant new investment flows came from Australasia, Hong Kong, Italy and Sweden. These figures reflect promotional initiatives undertaken by departmental personnel at some 43 investment promotion missions abroad. While the Department has focused on markets where it maintains investment counsellors recruited from the private sector to service the U.S., U.K., France, Germany, and Japan, other centres of investment potential

have received attention through Canadian trade commissioners stationed in other European countries and countries in the Pacific Rim.

The investment promotion program abroad is supported by Investment Canada and DRIE and entails co-operation with provincial governments. Increasing attention has been given to foreign investment which serves to bring new and competitive technologies into Canada.

Technology Inflow Program

The Technology Inflow Program (TIP) was begun in January 1986 to assist Canadian small- and medium-sized enterprises to acquire the foreign technology innovation needed to produce new or improved products, processes or services. The goal is to increase the competitiveness of Canadian industry.

The two main elements of the program are (a) TIP Post Services — specially recruited staff at missions abroad who respond to requests from Canadian organizations to identify sources of new or emerging technologies, investigate opportunities for licensing or joint ventures, and arrange to bring together prospective partners; and (b) TIP Fund — this fund provides financial support to defray the costs of exploratory or working visits abroad by Canadians, visits by foreign experts to Canada, or the international costs of joint ventures or joint research and development projects. Support is directed primarily at small- and medium-sized enterprises.