

strategy by taking advantage of opportunities arising from the FTA, by developing establishments or joint ventures in Europe, or by being bought out themselves by European companies whose will to internationalise is stimulated by Europe 1992.²³

Analysis of the evolution of EC direct investment in Canada and in the United States confirms that European companies are strengthening in North America. From 1984 to 1988, direct investment stock originating from the EC increased by 82 per cent in Canada and 101 per cent in the United States. Canada,

therefore, is in a strong position to attract European companies that wish to get a foothold in the North American market (see Table 5).

As we have already outlined, this strengthening of European companies implies risks for Canadian firms. However, it may also represent good fortune, since these investments contribute to reinforcing Canada's economic fabric and technology potential and may result in good business deals for Canadian companies being acquired.

TABLE 5

Direct Investment from the EC to Canada and to the U.S. — 1984-1988

Canada (C\$ billion)						
Origin	1984	1985	1986	*1987	*1988	Growth 1984 / 1988 (%)
EC	12.7	13.6	17.4	19.4	23.1	82
All countries	78.8	82.0	90.7	100.4	110.3	40
EC/Total (%)	16.1	16.5	19.2	19.3	20.9	
* Estimates						

Source: *Survey of Current Businesses*, U.S. Department of Commerce.

United-States (US\$ billion)						
Origin	1984	1985	1986	1987	1988	Growth 1984 / 1988 (%)
EC	96.6	107.1	127.2	165.4	193.9	100.7
All countries	164.5	184.6	220.4	271.8	328.9	99.9
EC/Total (%)	58.7	58.0	57.7	60.9	59.0	

Source: *Survey of Current Businesses*, U.S. Department of Commerce.