

Table 5

Respondents' Assessment of Next Most Important  
Criterion Affecting Decision to Invest In Canada

<u>Criteria</u>	<u>% of Respondents*</u>
Expected Profitability of Investment	15
Potential Market Share	14
Market Growth	11
Government Regulation	8
Diversification Into New Markets	8
Natural Resource Environment	6
Political Stability	6
Product Image	4
Foreign Investment Controls	4
Industry Profitability in Canada	3
Technological Expertise	3
Capital Costs	3
Management Expertise	3
<u>Tariff/Non-tariff Barriers</u>	2
Quality of Labour Force	2
Government Incentives	2
Taxation Factors	2
Labour Costs	2
Energy Availability	1
Influence of Unions	1
Transportation Networks	1

\* Total Number: 234

Source: Id. p. 29

It is noteworthy as well that market and competitive factors were considered as the most significant criteria by respondents to this survey.

Thus, foreign firms in this survey which seriously considered investing in Canada did not consider tariff and non-tariff barriers as very important criteria and rated their presence as having a neutral impact on their decision.

To further refine these findings, the Department of External Affairs recently conducted a survey of some 200 large US corporations having Canadian subsidiaries. The purpose of the survey was again to ascertain the impact of trade liberalization on corporations with a Canadian presence. A three part questionnaire was prepared inquiring on: 1) the factors determining direct investment during the next five to ten years; 2) the importance of tariff and non tariff barriers as a factor in determining investment in Canada or the United States during the next five to ten-years; and 3) the impact of tariff elimination in future investment plans. At the time of writing, 122 firms had replied, some through letters and the rest through interviews with trade personnel at Canadian consulates in 13 US cities.

For purposes of analysis, replies to the first question were grouped according to the classification used by the Conference Board study; namely factors related to market, (including tariff and non-tariff barriers) factors related to competitiveness and factors relating to environment; and then the frequency in which these were mentioned tabulated. Results are given in Table 6: