
As a function of government, investment development has had neither the profile nor the support accorded to trade development. In 1996, as part of its jobs and growth agenda, the federal government launched a new strategy to attract, retain and expand international investment in Canada. This strategy provided a broad framework against which all federal investment promotion activities were to be designed as well as a more focused marketing approach to specific MNEs in priority markets and target sectors.

The strategy has five elements.

Enhanced Marketing of Canada

The first calls for systematic and effective marketing of Canada's investment strengths, in particular, as the gateway to NAFTA.

- ▲ Canada's "brand image" will be marketed to eliminate the serious gap between perception and reality in the minds of potential international investors. The recently-released 1997 KPMG Study, which compares business costs in cities in Canada, the USA and Europe, provides a strong endorsement of Canada as a choice location for investment. This message is reinforced by studies published by international authorities such as the World Economic Forum, the Economist and the United Nations and is being systematically communicated to key investment decision-makers around the world.
- ▲ Inviting the Prime Minister and other federal and provincial ministers to spread the message will increase its impact, as will an initiative to employ the services of Canada-based Chief Executive Officers to make the case for investing/expanding in Canada.
- ▲ Investment resources at our foreign missions will be strengthened, especially in key areas such as the USA and Western Europe to enhance their capacity to promote foreign investment in Canada.
- ▲ A toll-free telephone service, in all major markets, has been installed in major markets to serve potential foreign investors.

Improved Investment Climate

To move up the global FDI ranking, we must continuously benchmark and improve Canada's investment regime vis-à-vis the competition. Canada stands up well against foreign competition; it is important that we catalogue our advantages and publicize them in pursuit of targeted investment opportunities.

- ▲ We will use our network of foreign posts as well as outreach with foreign companies already established in Canada to identify perceived impediments to new or expanded investments, and signal these to senior policy makers for appropriate action. For example, the absence of financial incentives, both tax- and expenditure-based, is mentioned as a factor that can work against us when competing against numerous jurisdictions in the USA and, at times, in Europe. Others argue that the importance of company-specific incentives in investment decision-making is exaggerated and what matters most are macro-factors such as market access, infrastructure, Research and Development and other tax related factors, and the availability of skilled labour. Greater effort is needed to package and market our assets effectively in these areas.

- ▲ Federal departments and agencies involved in IBD, together with other Team Canada partners, will continue to improve conditions for investment in the Canadian economy.
- ▲ The investment attraction strategies of key competitors will be monitored to assess Canada's competitiveness.
- ▲ Based on these inputs, an annual report on Canada's investment climate will be prepared for distribution to decision-makers and stakeholders.

Selective Targeting of MNEs from Key Countries and Priority Sectors

The third component of the investment strategy led to the creation of Investment Partnerships Canada (IPC), a joint IC/DFAIT unit to coordinate targeted campaigns to attract and retain multinational investment for Canada.

- ▲ IPC and embassies abroad provide one-stop servicing of the investment needs of selected MNEs.
- ▲ Posts have their own corporate liaison programs abroad which complement IPC activities as well as the domestic call programme involving senior officials in Canada.
- ▲ Seven federal Deputy Ministers have been assigned as Country Champions to define opportunities, build relationships and promote Canada as a place to invest by traveling abroad to meet with targeted MNE's. These efforts focus on markets in Asia (South Korea, Japan), Europe (UK, France, Netherlands, Germany and Sweden) and the United States.