

For the foreseeable future, it is expected that investors will continue to focus on manufacturing and energy-intensive industries but with an increasing interest in the chemical industry, electrical machinery, value-added wood products, pre-fab housing, food products, computer-related products/services and the leisure/travel industry. Recent major investments in Canada include the joint development of a large shopping centre in Vancouver by Mitsui and Yaohan International, an engine plant to be built in Cambridge, Ontario by Toyota, a \$30 million expansion of Kao Corporation's computer diskette facility in Arnprior, Ontario, and a new \$240 million hot-dip galvanizing line in Windsor, which is a joint venture between NKK, National Steel Corporation and Dofasco.

Foreign Investment in Japan

According to Japanese Ministry of Finance statistics, the United States is the leading foreign investor in Japan with a 41.9% share of the US\$26.9 billion notified. Canada's share is 4.4%, the Netherlands' 7.4%, the United Kingdom's 5.0%, Switzerland's 6.9%, Germany's 4.6% and Hong Kong's 2.3%. In FY 1992, foreign firms invested about US\$4 billion in Japan, down about 6% from the previous year.

Compared with other major industrialised countries, Japan's inward-bound FDI is very small. For example, Japan's ratio of outward to inward-bound investment is some twelve times that of Germany and seventeen times that of the United States.

The reasons for this imbalance are manifold, but most often cited causes are: the high cost of investment in Japan, characterized by high costs of commercial rental and office space; difficulties in securing necessary labour and skilled personnel; general lack of information about investing in Japan; and social, cultural and language differences, particularly as they affect business practices.

Canadian Investments in Japan

Canadian companies with established investments in Japan include: Alcan, Moore Business Forms, Canadian Airlines International, Falconbridge, Inco, MacMillan Bloedel and Canada Packers. More recent investors include: Northern Telecom, Newbridge Systems, Cognos, Imax and Four Seasons Hotels and Resorts.

Investment Canada Review Activity

Between 30 June 1985 and 31 December 1993, there were 337 cases of investment from Japan subject to review or notification under the Investment Canada Act. Of these, 82 cases were in manufacturing. The value of new businesses to be established was approximately \$2 billion and acquisitions totalled nearly \$5 billion.