

- 13. A less litigious environment than in the United States
- 14. One of the highest qualities of life in the world

Increasing international investor confidence in Canada

Confidence in Canada as a place in which to invest has to be instilled by constant reference to the "reasons to invest" described above. Equal emphasis should be placed on the strong performance of the Canadian economy, low inflation, growth in business investment, strengths in knowledge-intensive manufacturing and services and government policies which consistently welcome foreign investment.

The investment climate is a key factor influencing investment decisions. Some of the impediments that have been pointed out by investors include: training and skills development, business immigration and visa difficulties, market access, regulatory issues such as drug approvals and R&D tax credits and disallowances. These and other issues are being systematically addressed where possible so that Canada can continue to offer an investment climate second to none.

Attracting new international investments

There are several proven ways of attracting investment to Canada. Among the most successful are:

- major high profile missions to and from Canada such as the Keidanren mission from Japan in September 1996 and the Team Canada Business Missions to China, Asia, and Latin America
- conducting targeted seminars
- production and distribution of specific information on the advantages of Canada for a particular company
- organizing missions to Canada focused on specific sectors

- participating in seminars, missions and trade shows in order to expose foreign business people to investment opportunities
- following up on promising leads by providing relevant information to potential investors and introducing them to suitable partners and opportunities.

Sectors chosen must suit not only the needs of Canadians but the needs of investors in foreign countries according to their stage of development. Timing is also crucial. For example, in Japan, the Investment Promotion Section of the Embassy has selected for its corporate liaison program: information technologies (including semi-conductors), agriculture and food, life sciences, automotive parts and forest and building products. These correspond roughly with the trade promotion sectors in Canada's Action Plan for Japan with the notable exceptions of tourism and consumer products. The automotive parts sector is not in the current Action Plan because of well established procedures for promoting investment, but it remains, of course, a vital sector.

The criteria for selecting Japanese firms to approach in these sectors are based on analyses that indicate that the firms have: an aggressive North American investment strategy; strong R&D performance; significant exports to Canada and to North America; leadership and innovation in their respective industries and a reasonable size and sustained growth record. The recently formed "Investment Partnerships Canada" (IPC) has selected the same sectors with the addition of aerospace, chemicals and petrochemicals and mining. IPC will be focusing on a small number of multinational enterprises (MNEs) that have the greatest potential for investing in Canada. The appointment of a Deputy Minister as "Country Champion" for Japan to visit leading MNE investors will enhance this program.

Retaining and expanding existing investments

Reinvested earnings account for some 60% of capital accumulation, highlighting the importance of encouraging firms to expand their operations in Canada.

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