

Canada

STATEMENT BY CANADA ON THE MULTILATERAL AGREEMENT ON INVESTMENT (MAI) ISSUED BY THE HONOURABLE SERGIO MARCHI, MINISTER FOR INTERNATIONAL TRADE, OECD MINISTERIAL MEETING

PARIS, France

April 27, 1998

1. Canada: Trade and Investment

- Canada remains committed to the development of open and fair multilateral rules on investment to complement the beneficial rules we already enjoy on international trade of goods and services.

Today, trade and investment are key engines of economic growth. The contribution of investment to world prosperity in recent years is impressive. The past decade has seen global investment increase at an exponential rate, reaching \$4.2 trillion in 1996 — more than four times what it was in 1985. In fact, in recent years, investment flows have grown twice as fast as world merchandise trade.

While the link between trade, economic growth and jobs is well understood, the same is not true for the flip side of trade — investment. Foreign investment has played a central role in Canada's development as a nation and remains essential to securing Canada's continued development and prosperity. It has its foundation in our national experience and aspirations.

Foreign direct investment in Canada has almost doubled since 1986, reaching \$188 billion in 1997, and contributing significantly to job creation and greater prosperity. Foreign firms established in Canada employ 10 percent of the Canadian labour force. Moreover, of all new direct investment made annually in Canada, 10 percent is made by foreign-owned firms.

Outward Canadian investment is making an increasingly vital contribution to our economic prosperity. Since 1986, total Canadian investment abroad has exceeded foreign direct investment in Canada. In 1997, Canadian direct investment abroad totalled \$194 billion, a threefold increase since 1986. This increase in outward investment has included a new focus on emerging markets. Canadian firms are meeting the challenge of the global economy and enhancing their market access opportunities by building strategic alliances with global partners and by establishing an international presence. By investing abroad, Canadian companies become more competitive, access new technologies, and then create more jobs and R&D activities back home. Some of our companies (Bombardier, McCain, BCE) have become world leaders in their sectors. Moreover, our small and medium-sized enterprises (Husky Injection Molding Systems Ltd., Tokheim Furniture Systems) are advancing their strategic market interests through investing abroad. The best way to help these companies thrive is to create a fair and stable international investment climate.