

According to a recent study conducted by the Japanese External Trade Organization (JETRO), there are now more than 350 Japanese-affiliated companies in Canada, located primarily in Ontario, British Columbia, Alberta, and Quebec.

What Do the Japanese Invest In?

Initially, Japanese investment in Canada concentrated on securing a steady supply of raw materials for domestic consumption. By the 1960s, however, investment in the manufacturing sector predominated. The oil crises of the 1970s brought another wave of resource-based investment. Then in the 1980s, the relative position of investment in manufacturing improved, as did investment in services, especially finance and insurance.

Examples of Recent Japanese Investment in Canada

The following list offers examples of the more significant recent Japanese investments in Canada. The list does not include all investments from Japan and it is intended only to convey an impression of the range and diversity of the investment activity.

- automotive
- chemicals and related products
- construction and construction materials
- consumer goods
- electronic equipment and support
- energy
- food industry
- forest products
- industrial equipment and processes
- instrumentation
- real estate
- services

Source: Investment Canada.

Today, Japanese investment in Canada tends to be spread relatively evenly across several sectors. At the end of 1989, 28% of it was in manufacturing, 24% in merchandising, and 19% in the financial sector. There has also been an increase in Japanese investment in the general category of "other enterprises," suggesting that the Japanese are diversifying their position in Canada.

Japanese investor interest in Canada remains strong. A recent survey of press clippings dating from July 1989 to May 1990 identified 74 Japanese investment transactions in this country. This represented 7% of all such transactions, the third largest source after the United States with 48% and the United Kingdom with 16%.

Why Canada?

Japanese investors come to Canada for many of the same reasons that they invest in other countries. The appreciation of the yen makes Canadian investments attractive. There is also a desire to globalize economic activity. There are also more specific reasons for investing in Canada:

- to overcome trade barriers such as the rules of origin contained in the Canada-U.S. Free Trade Agreement;
- to take advantage of Canada's proximity and easy access to the U.S.;
- to benefit from the size and quality of the Canadian domestic market;
- to access Canada's abundantly available raw materials;
- to access Canadian sources of technology.