

increase in world FDI, which reached US\$2600 billion in 1995; 4.5% of this total gives Canada a stock of some \$117 billion in 1995. The rapid rise in FDI in recent years has brought about enormous changes to the world economy²². FDI induces trade and deepens interdependence among nations. Intra-firm trade (the shipment of goods and services within the same company's global network of branches, affiliates and groups) has increased to the point where it accounts for about one third of total trade among developed countries. A side effect of this trend is that the influence that a nation-state can exert over its own country's trade balance has declined.

General investment promotion techniques

In the following guide, general investment promotion techniques are listed and presented as a "menu" from which to choose activities geared to any particular investment campaign. This menu can be used to select suitable activities for a country, region, sector or business according to their stages of development and according to the resources available for the campaign. The techniques are designed to fulfill the following objectives:

- increase awareness of the advantages of doing business in Canada;
- increase international investor confidence in Canada;
- attract new job-bearing international investments; and
- retain and expand existing investments.

Recommended activities to achieve these objectives can be classified as:

- (1) broadly based general or "generic" programs; or
- (2) those aimed at a group of investors already selected because of the sectors they are in, or because of the fact that they are already doing business in Canada, or because they are known to be seeking investment or business alliance opportunities; or
- (3) Services to foreign investors, responding to specific enquiries and information requests often as a result of generic and targeted promotion; or

- (4) Partnering and match-making services, which are particularly relevant for attracting investments in advanced technology and in venture capital activities.

These objectives are discussed below; and techniques for accomplishing them are summarized in Tables 2-5.

Increasing awareness

Canada has much to boast about and needs to do just that on every possible occasion. In a speech to the Keidanren mission that visited Canada in September 1996, Mr. Toru Hirano, President of Sumitomo Canada Ltd. listed ten reasons to invest in Canada:

1. High standard of education and quality of labour
 2. Political stability as a mature democracy
 3. Low crime rate
 4. National healthcare system
 5. Well established infrastructure
 6. Preferential fiscal policy encouraging investment and free trade
 7. Abundance of natural resources and low energy costs
 8. Proximity to the United States and easy access to this huge market thanks to NAFTA
 9. Competitiveness provided by a weak Canadian dollar
 10. Support of Japanese Canadians; in other words, the presence of many well qualified Japanese Canadians in Canada helps to smooth the way for Japanese investment. (The ready acceptance of and respect for people from many lands is an advantage often quoted by foreign companies in Canada).
- There are several other well recognized advantages¹²:
11. Solid research and development community
 12. Competitive wages and business costs, as documented in the 1997 KPMG study comparing business location costs between Canada, the USA and Europe in eight sectors