

The rapid growth of Asia-Pacific investment in Canada is a by-product of strong overall economic performance by the countries of the region. Over the past ten years, real growth in their Gross Domestic Product (GDP) has tended to be significantly higher than North America's. Most economic forecasts predict that growth in the region will continue to be strong throughout the 1990s.

For small- and medium-sized Canadian companies in search of additional financial resources, innovative technologies, new skills, or access to new markets, the Asia-Pacific region is rich in possibilities. For example, the region enjoys a considerable stock of surplus capital acquired as a result of an emphasis on export-oriented growth. It is, however, increasingly difficult for the countries of the region to pursue an export-led strategy. Part of that difficulty stems from the very success of their earlier export effort: countries in other parts of the world are now deeply concerned about imbalances in their trade with the region.

It is also true that trade has taken a back seat to investment as the driving force behind today's global economy. For many companies, investment has emerged as the preferred vehicle for penetrating international markets. Asia-Pacific companies like companies around the world are turning to investment-based activities, joint ventures, and strategic alliances to support continued expansion into world markets. Because Asia-Pacific companies have an impressive store of wealth accumulated from previous export drives, the pursuit of international investment opportunities is a strategy they can now well afford.

There are other reasons for the successful exporting countries of Asia-Pacific to pursue overseas investment. Some are concerned that a rapid repatriation of profits earned from exports would fuel domestic inflation. It might also provoke an abrupt and unwanted restructuring of their economies. Thus, overseas investments are not only a way of maintaining economic growth, but they are a means of cushioning the effects of rapid growth on their domestic economies, giving these economies time to adapt.

**Growth in Real Gross Domestic Product**  
(year-over-year, in percent)

	Canada	Australia	Hong Kong	Japan	Republic of Korea	Singapore	Taiwan	United States
1980	1.1	2.4	10.9	4.3	3.0	10.3	7.3	-0.2
1981	3.4	3.4	9.4	3.7	7.4	10.7	6.2	1.9
1982	-3.2	1.6	3.0	3.1	5.7	6.3	-3.6	-2.5
1983	3.2	-1.4	6.5	3.2	10.9	7.9	8.4	3.6
1984	6.3	5.6	9.5	5.1	9.4	8.2	10.6	6.8
1985	4.7	5.4	-0.1	4.9	6.9	-1.8	4.9	3.4
1986	3.3	3.9	11.9	2.5	12.4	1.8	11.7	2.7
1987	4.0	2.5	13.9	4.6	12.0	9.4	12.3	3.4
1988	4.4	4.8	7.9	5.7	11.5	11.2	7.3	4.5
1989	3.0	4.1	2.3	4.9	6.1	9.2	7.6	2.5
1990	1.1	3.4	1.8	6.1	8.5	6.9	4.8	1.0

Source: The Economist Intelligence Unit, London (1991); OECD Statistics, Paris (1991); The Australian Bureau of Statistics.