

and 1991, largely caused by deteriorating economic conditions. However, subsequently, UK DIA to Canada failed to increase consistently in subsequent years, as global UK DIA increased. For example, 1994 data obtained from other sources suggest that global investment outflows from the United Kingdom increased by 10 per cent, while inflows of investments from the United Kingdom to Canada declined by more than 50 per cent.

This may be problematic for Canada. In looking to capture a share of the North American market, the United Kingdom may in fact be focusing on investments in the United States post-NAFTA. This is supported by the data which suggest continued large flows of UK DIA to the United States. If this is the case, Canada will need to implement investment promotion activities directed at the United Kingdom to increase Canada's profile as a desirable target for investment destined for the North American market. In particular, the promotion activities need to highlight Canada's competitive position relative to the United States.

UK investments levels classified by industry type were very erratic over the period covered by the study. Prior to 1990, investments from the United Kingdom, subject to the Investment Canada Act were primarily focused on the manufacturing sector, considered to be a technology-intensive industry for the purposes of this study. In 1990 and 1992, investments from the United Kingdom occurred primarily in resource-intensive industries. In 1991 and 1994, the United Kingdom invested primarily in labour-intensive industries in Canada, and in 1993, technology-intensive industries were targeted (see Figure UK-5).