

Asia-Pacific and Investment

The Asia-Pacific region offers promising opportunities for small- and medium-sized Canadian companies seeking investment. Japan is one of the world's most powerful economies, while several other countries in the region are quickly becoming influential forces in the global marketplace. This brochure will introduce you to the investment that can be found in the region's six most dynamic economies: Japan, Australia, Hong Kong, The Republic of Korea, Singapore and Taiwan. In recent years, business people from these countries have shown an increasing interest in overseas investment as a way of enhancing international competitiveness. Established Asia-Pacific exporters and manufacturers as well as many newer and smaller companies in the region are looking for North American companies in which to invest.

International investment can play a vital role in helping your company cope with the demands of technological change and global competition. Driven by the emergence of new technologies, firms are under pressure to develop new products and to improve industrial processes. At the same time, the risks and costs associated with R&D have sky-rocketed while product life cycles have contracted. Even the largest corporations are reluctant to go it alone and firms of every size are turning to new forms of investment such as strategic alliances and joint ventures, to spread the risk and reduce costs by providing additional capital, technology, or know-how. Even smaller companies are seeking investment-based linkages in other countries. Because of this trend, the total stock of the world's foreign direct investment (FDI) is growing rapidly: in 1988, it surpassed \$ 1.23 trillion.*

*Note: All currencies in this publication are stated in Canadian dollars unless otherwise noted.

The world-wide search for international investment opportunities has touched Canada. Over the 1980s, the book value of FDI in this country doubled, growing from \$ 61.7 billion in 1980 to \$119.2 billion in the third quarter of 1989. Foreign direct investment accounted for more than 8% of Canada's total capital stock.

While the United Kingdom and the United States remain Canada's largest sources for external investment, six out of the seven fastest growing sources come from the Asia-Pacific region. From 1983-87, direct investment in Canada from Hong Kong grew at an average compound rate of almost 44% a year, investment from Australia grew at more than 40% a year, and investment from Singapore at 31.6% annually. By contrast, investment in Canada from the United Kingdom grew at an average compound rate of only 12% a year and investment from the U.S rose by only 5%.

Fastest Growing Sources of Foreign Direct Investment in Canada (1983-87) (Average annual compound growth rates, in percentage)

Hong Kong	43.9
Australia	40.5
Singapore	31.6
Taiwan	18.9
Japan	12.1
United Kingdom	11.9
Republic of Korea	9.0
West Germany	7.7
United States	5.4

Source: Statistics Canada.