

- **General Motors** has announced the move of van production from Scarborough, Ontario to Flint, Michigan in 1991, and has not yet designated a replacement vehicle, but has announced that its van plant in Lordston, Ohio will also be closed.
- **Freightliner**, a truck manufacturer, has chosen St. Thomas, Ontario, over a potential U.S. site to build its new plant, where it will eventually employ about 1,200.

It is as yet unclear whether the political pressure brought by a declining auto sector, combined with the current imbalance between production and consumption across the Canada-United States border⁸⁰ will reverse the recent trend towards an increased production share for Canada, with U.S. automakers favouring their "home" country over Canada⁸¹.

Even though there is evidence to suggest that some companies still favour home country locations for investment, the global trend is towards internationalization, to the location of parts of a company where organizational interests, input costs and market conditions -- including wage rates, health and safety rules, taxation and regulatory regimes -- are most favourable⁸².

U.S. business investment abroad is also at an all time high, approaching 17 per cent of total business assets. It is important to note that fully 40 per cent of that new investment was not in traditional direct or portfolio investment, but in joint ventures.

3.2.3 Service Economy:

All industrial countries have experienced a steady shift towards services as the principal source of employment. In addition, services have represented a steadily rising proportion of international trade.

⁸⁰ Canada assembles about 800,000 more cars per year than it consumes, the balance exported to the United States. The levels of employment also reflect a similar imbalance, but is reduced significantly once full account is made for parts production.

⁸¹ There is also debate over whether transplants will locate in Canada or in the United States. While there has been increasing resistance in the United States to foreign investment, leading to speculation that the transplants might consider Canada first, new plants and new jobs are welcomed much more positively than are takeovers of existing operations.

⁸² In fact, several major U.S. companies are reported to have moved all their production outside of the United States. For example, even though U.S.-owned and controlled and among the world's largest toy manufacturers, Mattel makes virtually no toys in the United States.