

supported by recent data indicating a jump in U.K. outflows of foreign direct investment to the United States and Europe in both 1992 and 1993, with relatively little additional U.K. investment to Canada.¹⁶

Japan ranks third in importance in terms of countries investing in Canada. Clearly, one of the world's leading nations (with the second largest GDP in the world behind the United States), Japan is also a relatively large investor, albeit on a smaller scale than the United States. Unlike the United States, there was little foreign direct investment flowing from Japan prior to 1985. In fact, the level of Japanese outward investment quadrupled in the period between 1986 and 1993. During this period, international flows from Japan significantly exceed international flows to Japan.

The sluggish growth of the late 1980s and the recession of 1990 appear to have affected Japanese investors one year later than those of other countries. Thus, outflows of Japanese direct investment (Japanese DIA) declined from U.S. \$48 billion in 1990 to less than U.S. \$4 billion in 1993. However, the data suggest that the Japanese have clearly favoured trade over investment in their global business dealings. Thus investment levels comprise a relatively small percentage of GDP for much of the 1980s.

Data on investment outflows by industry type suggest that Japanese investment abroad tends to be concentrated primarily in resource-intensive industries. In fact, more than 60 per cent of the total investment outflows was concentrated in resource-intensive industries in each year between 1991 and 1994. However, with Japanese investment abroad concentrated in resource-intensive industries, it is surprising to note that Japanese investment in Canada is primarily directed

¹⁶ According to the data received from the Government Statistical Service, the U.K. investment inflows to the United States were \$2,235, \$1,321 and \$2,960 million during the period from 1991 to 1993. The corresponding figures for U.K. inflows to Canada were \$318, \$-110 and \$10 million.