Investment Canada is maintaining an administrative focus on foreign investment inflows, and will have reports on volumes and amounts of foreign investment in threshold areas; database back to July 1, 1985.

Statistics Canada (Catalogue 67-001) publishes quarterly direct foreign investment flows by major country, which allow for a timely monitoring of new investment flows into Canada and by Canadians abroad. A more complete picture can be obtained by reference to **Canada's International Investment Position**, Statistics Canada, (Catalogue 76-202) in which the cumulative flows and retained earnings provide a measure of the value of the financial investments by foreigners in various Canadian industries, and Canadian investments abroad.

Another source of similar information is the annual CALURA report on corporations, Statistics Canada (Catalogue 61-210) with information on the relative performance of Canadian and foreign enterprises by industry.

3.3.4 Recommended Indicators And Approaches -

Since one of the major areas that is expected to be affected by the FTA is business investment, particularly in manufacturing, this survey would be directly relevant to assessing the FTA impact. The 1989 surveys provide a unique opportunity, since the first survey was largely completed before the FTA was passed by Parliament, whereas the second survey took place some months after the event. This suggests that the magnitude and pattern of the revisions may have special import, providing at least an indication of the marginal effect of the FTA on investment for the same year.

The analysis of the FTA should include the increases in 1989 from 1988, compared to the increases in 1988 from 1987. The revisions should also be analyzed. Simply observing that investment is "up" or "down" is not sufficient. From the various studies of the FTA in 1988 and 1989, it should be possible to assemble a list of industries, particularly within manufacturing, which are expected to be positively affected by the FTA, negatively affected, or little affected. By comparing the investment patterns for these three groups and the magnitude of revisions, it should be possible to obtain some idea if investment responses correspond to expectations or not.

Investment is affected by many factors - interest rates, capacity utilization, expected profitability, corporate cash flow, and other international influences. But some of these factors at a point in time, will be common across industries, allowing differentials across groups to be attributed, at least in part, to the FTA. This activity should also be an ongoing one, since the investment response to the FTA will occur over a number of years.

In 1987 Statistics Canada analyzed the PPI data by country of control of the establishments making the investments. The publication (Catalogue 61-215) has been discontinued, but presumably the capacity to do it is still in place. It would be useful to follow up on the further