

France, Germany, Greece, Ireland, Italy, Netherlands, Portugal, Spain and the U.K.) and Austria, Finland, Iceland, Norway, Sweden, Switzerland and a small category called "other" by the OECD. Asia consists of Japan plus South and East Asia (Hong Kong, Korea, Malaysia, Singapore, Taiwan, Thailand, China, India, Indonesia, Philippines and "other"). Investment stocks were chosen as the measure of regionalization because they are indicative of the total-to-date involvement by the home and in the host countries. Stocks are "sticky" by nature; once an investment is undertaken in one year this forms a stock that will remain in future years even if there is no further investment. Flows, on the other hand, measure the yearly stream of investment into or out of a country. They can be negative one year and positive the next. Since a snapshot of three different years is chosen to represent the trend in foreign direct investment, the volatility of the flows rendered them unsuitable for this type of comparison. Stocks are also a relevant variable when determining the total FDI interest in a region, although flows would better measure turning points and pattern changes.

Data on FDI are thin, unreliable and not generally comparable across countries. Recognizing these limiting factors, this section attempts to extrapolate trends from sample years of 1982, 1987 and 1992.<sup>65</sup> It examines the U.S., Japan, Canada, France, Germany, the Netherlands and the U.K. and tries to establish whether there are regional trends to the pattern of foreign investment of these countries, both as homes and hosts. To do this, these countries' stock of FDI and direct investment abroad (DIA) with the three regions of Europe, North America and Asia are given as a percentage of their total FDI or DIA stocks. It is important to note that, even if a country has a high proportion of its DIA stock in one region and a low proportion in another, this does not mean that the country's economic integration within the region that has a large amount of DIA is greater. For example, 44 per cent of Japan's DIA stock in 1992 was in North America, mostly the U.S., while only 15 per cent was in Central and East Asia. However, considering the size of the Asian economies compared to the U.S. economy, Japan's degree of economic influence in Asia is not considered lower than that in the U.S..

### 5.3 International direct investment patterns

Table 1 shows the international investment patterns of the U.S.. It is evident that, over the past decade, the stock of FDI in the U.S. held by Asia (mostly Japan) has increased significantly from only 8 per cent in 1982 to 24 per cent in 1992. However, it is still Europe, at just under 60 per cent, that overwhelmingly dominates

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<sup>65</sup>Sample years can vary, however, because of data limitations for specific countries.