

as global and structural in nature, given that investment flows are increasing to newly developing areas such as the Asia Pacific. However, these changes are nevertheless problematic for Canada given that inflows of foreign direct investment have tended to fuel a significant part of the Canadian economy in the past. More effective promotion of Canada as an investor, but particularly as a place to invest, will help maintain Canada's current enviable foreign investment stock position.

In particular, Canada increasingly needs to compete directly with the United States for investments that emanate from France, the United Kingdom and Germany, and that are made primarily to access the North American market. This is likely to be a good starting point to focus additional investment promotion efforts.

Recent FDI data obtained from some of the countries selected for the report suggest that some countries (such as the United Kingdom) may choose the United States over Canada when looking for North American investment opportunities. If this is true, this tendency needs to be addressed with more effective promotion efforts.²⁶

In the past, Canada has also been successful at attracting considerable direct investment from the United States and Japan, the two largest economies in the world. More recently, investment flows from these countries have declined, and Canada will need to find a way to gain back its status as a desirable investment target for investments from the United States and Japan, so it can capture a greater share of the considerable investment dollars which flow from these economies.

²⁶ Drawing a more precise conclusion is problematic because of the relative size of investments flowing to the U.S. relative to Canada.