

only modestly: from 18% to 22%. The stake of Japan grew much more rapidly: from 4% to 16%. The share from non-OECD sources increased from 6% to over 11%.⁸

The peak of the last mergers and acquisitions surge is now well behind us. Moreover, western European investment attention is increasingly focussed on facilitating German unification, the retooling required by the Europe 1992 integration process, and the enormous needs of Europe's eastern backyard. There is, consequently, little reason to believe that European investment will figure more prominently in Canada during the 1990s beyond the relative levels achieved during the past decade.

In general terms, moreover, there is little to indicate that Canada will figure more than occasionally and marginally in overall European economic planning and priorities into the foreseeable future. There is no special relationship in the economic sphere. This does not mean, however, that we have no European interests. Clearly we do. Trade has declined in relative terms, perhaps permanently, but it remains important. Fully manufactured end products comprise one-fifth of Canada's exports to Europe, much less than to the U.S., but considerably more than the meagre 5% of our exports to Japan. Put another way, Canada ships end products worth eight times more to Europe than to Japan and twice as much than to all of Asia, although the gap has narrowed somewhat since the 1970s.⁹ Moreover, over 40% of Canada's exports to Europe comprise fabricated materials, including fully processed resource-based products which sustain many high quality Canadian jobs with high Canadian content.¹⁰

The European investment stake in Canada may be modest in terms of the Canadian economy as a whole and compared to the continuing substantial presence of U.S. investors. Nonetheless, it continues to make a useful contribution to Canadian prosperity and represents a commitment six times larger (in terms of assets controlled) than that made by the Japanese. Moreover, several western European countries are rich in innovative technologies in numerous sectors. In 1989, the EC as a whole accounted for 29% of total research and development expenditures within the OECD group, with the three leaders (Germany, France and the U.K.) responsible for just over

⁸ Statistics Canada, Catalogue 67-202, 1981-84, Table 15, pp.48-9 and 1991, Table 2, pp.35-7.

⁹ In 1990, 5.35% of total Canadian exports of end products were shipped to Europe; 0.67% to Japan; and 2.88% to Asia as a whole.

¹⁰ On the job creation impact of Canadian exports, see Morley Martin, "Exports and Job Creation", Policy Planning Staff Paper 93\06, forthcoming.