

R and D spending by Canadian firms in the United States was about 50% of the value of Canadian firms' R and D spending in Canada.⁴⁷

The list of the top 100 companies in Canada for R and D spending shows that Japanese affiliates do almost no R and D in Canada. For example, none of the Canadian subsidiaries of Japanese car manufacturers are on this list. By comparison, R and D spending by Japanese affiliates in the U.S. in 1990 was comparable to that of other foreign affiliates.⁴⁸ The lack of Japanese R and D in Canada seems strange, given the relatively large Japanese direct investment in this country.

6. CANADIAN DIRECT INVESTMENT ABROAD

Canadian direct investment abroad is beginning to approach the value of foreign direct investment in Canada. In 1993, the stock of Canadian direct investment abroad was \$115 billion while foreign direct investment in Canada was \$146 billion.⁴⁹ By comparison, in 1983 Canadian direct investment abroad was \$42 billion while foreign direct investment in Canada was \$80 billion.

Although the majority of Canadian investment abroad is still in the United States (56% in 1993), Canadian direct investment in Europe has recently grown more quickly than in the United States. As a result, the proportion of Canadian direct investment in Europe grew from 14% in 1983 to 21% in 1992. Half of this investment is in the United Kingdom, while the rest is concentrated in the industrialized countries of Northern Europe (Belgium, France, Ireland, the Netherlands and Switzerland all take large shares).

Canadian direct investment abroad also grew at a comparatively fast rate in the Asia-Pacific region. The region's share of Canadian direct investment abroad grew from 7% in 1983 to 10% in 1992. Canadian direct investment growth in Latin America was slower and this region's share fell slightly from 4% in 1983 to 3% in 1992.⁵⁰ Given the recent surge of Canadian investment in South America (e.g., in the

⁴⁷ Statistics Canada, *Service Bulletin, Science Statistics* Vol. 17, No.5 (August 1993), p. 4.

⁴⁸ OECD, *The Performance of Foreign Affiliates in OECD Countries* (Paris 1994), p. 67.

⁴⁹ Unless otherwise noted, statistics in this section and the next are taken from Statistics Canada's *StatCan: Cansim Disc 1994-2, Canada's International Investment Position, Matrixes 4180-4187, 2700 and 2705, Canadian Direct Investment Abroad, Matrix 4188 and Foreign Direct Investment in Canada, Matrix 4189*.

⁵⁰ Latin America is defined for this section alone as South and Central America including Mexico but not the Caribbean. This imperfect definition is used to try to ensure that investment in offshore tax havens does not distort the Latin American total. Admittedly, this excludes some bona fide investment in the Caribbean, including in the banking and mining sectors.