

develop and manufacture major weapon systems in Canada. Their major contribution to Canada has proven to be access to foreign markets for the sale of Canadian defence equipment as a counter-balance to purchases by Canada of major weapons systems from abroad and as a means of promoting the technological development of Canadian industry. An active relationship is being maintained with Germany, and a successful mission by defence industrialists to Canada was held in November with a return visit to Europe scheduled for May 1988. A Netherlands RDP meeting was held in Victoria in September and it is hoped that, because of the similarity of requirements of each country's military forces, further consultations scheduled for June 1987 will prove beneficial. As with the Federal Republic of Germany, the UK organized a visit of industrialists to Montreal, Ottawa and Toronto during 1986, and an agreement updating defence industrial co-operation with Belgium is expected to be signed next year.

Defence trade fairs, missions and visits

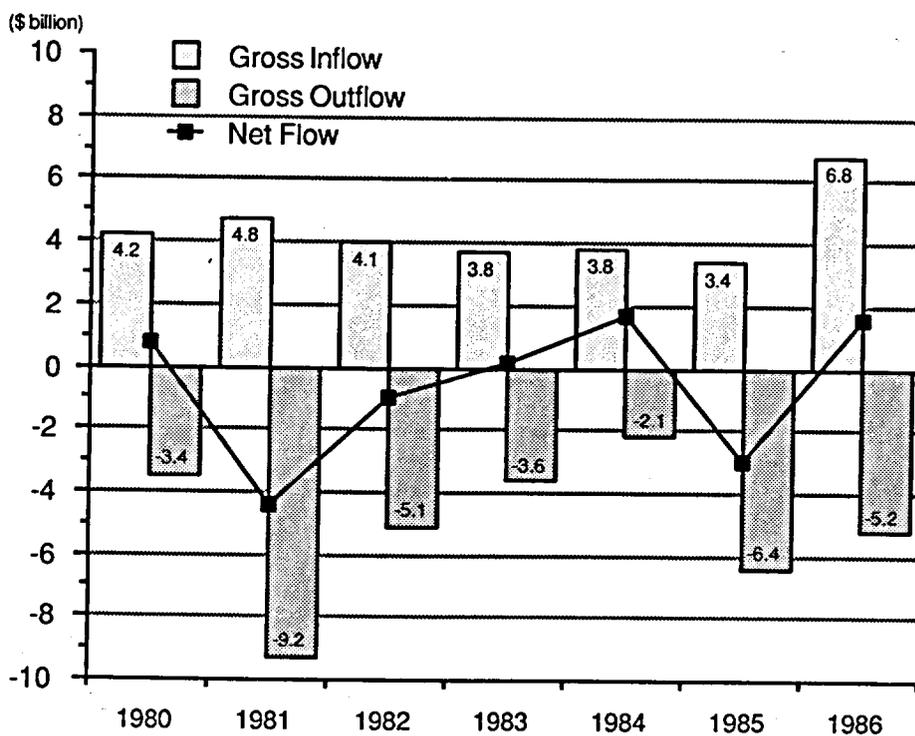
The Bureau conducted a Naval Countermeasures Mission to the US Navy, comprising 20 Canadian companies. Two Requests for Proposals have been received, totalling \$5 million, and negotiations are underway with another seven companies. Nine Canadian exhibitors participated in Asiandex 86 which was held in Beijing in November. Five companies, including Canadair, de Havilland, Canadian Marconi, Pelorus Aviation and Fathom Oceanology, exhibited at the Armed Forces Communica-

tions and Electronics Association Asia-Pacific Show in September. In addition, incoming missions included five-member delegations from Peru in October and from Singapore in November. Defence products marketplaces were conducted in Toronto (430 companies) and Montreal (55 companies) and visits were made to Boeing in Seattle (26 companies), the Naval Air Development Centre at Warminster, Pa. (9 companies) and to other US Navy bases at various locations (20 companies). Hitec '86, the annual defence products marketplace, was held in Ottawa in March and generated some 4 800 appointments between 460 clients representing 350 companies and 65 trade commissioners from Canadian posts abroad.

Investment development

The period under review has been the first full year of implementation of the federal government's Investment Development Program, which supports activities abroad aimed at increasing the flow to Canada of new job-creating foreign investment. As forecast in last year's report, the program in the year under review was far more sectorally targeted than that of the previous year. At over 45 missions abroad, more than 300 investment promotion activities were completed. These included ministerial missions, seminars, direct mail campaigns and targeted corporate liaison. Close to 60 per cent of these activities were concentrated on selected industry sectors. A communications program aimed at foreign investors and entrepreneurial immigrants supported these activities in Japan, the United States and selected European countries.

GROSS AND NET FLOWS OF FOREIGN DIRECT INVESTMENT IN CANADA



Source: Statistics Canada, Quarterly Estimates of the Canadian Balance of International Payments; Canada's International Investment Position.