

Foreign Investment in Canada

- Foreign investment in Canada has been rising steadily, and has proven to be a key source of jobs, technology and expanded trade. Over the past decade, foreign direct investment in Canada has increased by 87 per cent.
- In 1996, cumulative foreign direct investment in Canada reached \$180 billion, an increase of 7.4 per cent over the 1995 figure. According to the Organisation of Economic Co-operation and Development, Canada's 19.2 per cent rate of return on capital is the highest among members of the G-7 (group of seven leading industrial nations).
- As many as 1.3 million Canadian jobs and 75 per cent of manufacturing exports depend on foreign investment. Every \$1 billion in new investment in Canada translates, over five years, into 45,000 jobs and \$4.5 billion in GDP.
- The most promising sectors for foreign investment in Canada include information technology, agrifood, life science, automobiles, forestry, aerospace, petrochemicals, and mining.

Canada, the Lowest-Cost Destination for Investors

- An independent study released in October 1997 by the international consulting firm KPMG reports that Canada has lower overall business costs than the United States and five leading European countries.
- The study, *The Competitive Alternative: A Comparison of Business Costs in Canada, Europe and the United States*, compares the cost factors that companies look at when deciding to locate and operate in a given area. Costs are compared from start-up through the first 10 years of operation.
- The study also found that Canada was the lowest-cost location for each of eight key manufacturing industries examined: electronics, food processing, medical devices, metal fabrication, pharmaceuticals, plastics, software production, and telecommunications equipment. The study looked at those sectors because they are a mix of traditional, capital-intensive industries (such as metal fabrication) and skilled, labour-intensive industries (such as software production).