

CANADA - UNITED STATES

Partners in Prosperity

Canadians and Americans have been doing business together for decades. The ease and success of this relationship are envied world-wide. Some of the reasons for this success include:

- ease in financing;
- efficiency of production;
- access to lucrative markets;
- open-minded attitudes in developing a healthy business climate.

Canada's Commitment

Canada has accorded priority to encouraging investment. The Canadian Government facilitates private sector initiatives in all regions of the country.

The Partnership

Investment from the U.S. is warmly welcomed and has grown by almost 115 percent in the last ten years—from \$29.5 billion in 1978 to just over \$63 billion in 1985. In the 1980s, direct investment in Canada has grown at an annual average rate of greater than 7 percent.

The U.S. is the largest single source of foreign investment in Canada, with 76 percent of the stock of direct foreign investment in 1985 and 45 percent of foreign portfolio investment. At the end of 1986, Americans held an estimated (C)\$60.3 billion in portfolio investment in Canada.

Canadian investment in the U.S. has also grown substantially. The stock of direct investment owned by Canadians reached \$18.3 billion in 1986, making Canada the fourth largest source.

At the end of 1986, Canadians also held \$8.6 billion in portfolio investment in the U.S., making Canada the sixth largest source.

Prosperity

In both countries, cross-border investments have created new wealth and new jobs.

The per capita incomes of both countries have grown steadily over the last decade and a half.

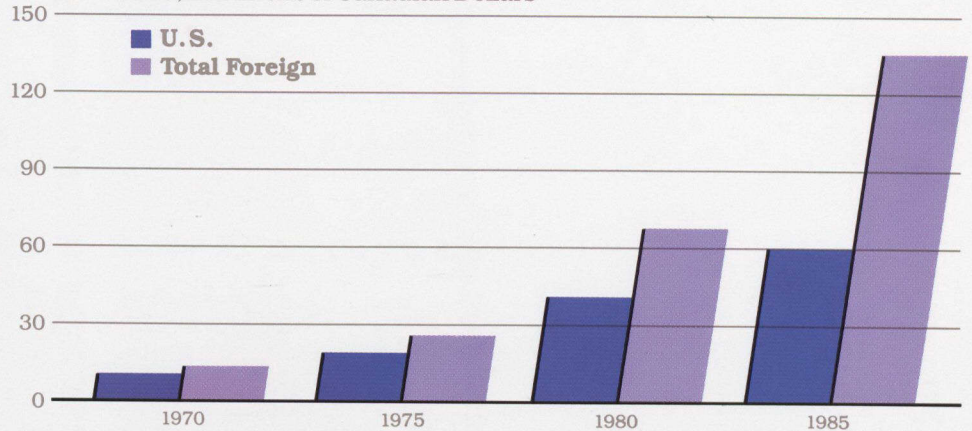
Canada's economic outlook is strong. In 1986, its economy grew 3.1 percent, outpacing all other major industrial countries. Short-term interest rates are at their lowest levels

Unless otherwise noted, all figures are in U.S. dollars.

Investment

FOREIGN PORTFOLIO INVESTMENT IN CANADA

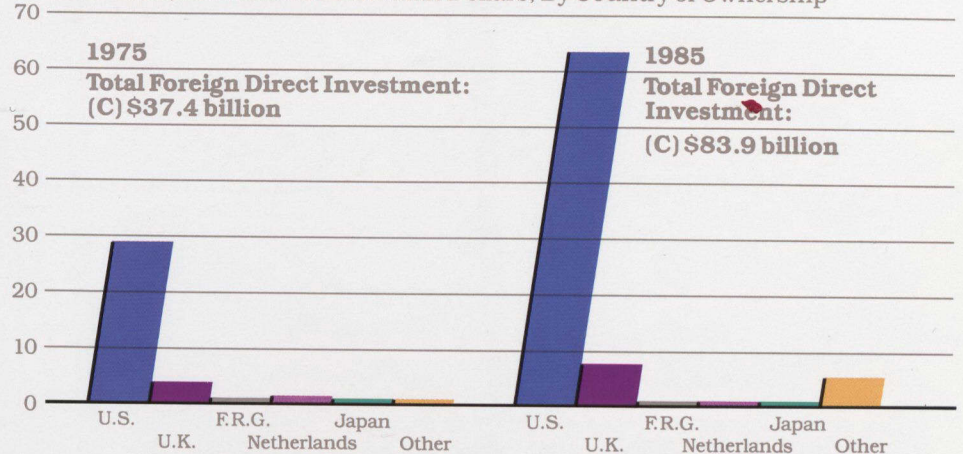
1970-1985, In Billions of Canadian Dollars



Source: Statistics Canada

FOREIGN DIRECT INVESTMENT IN CANADA

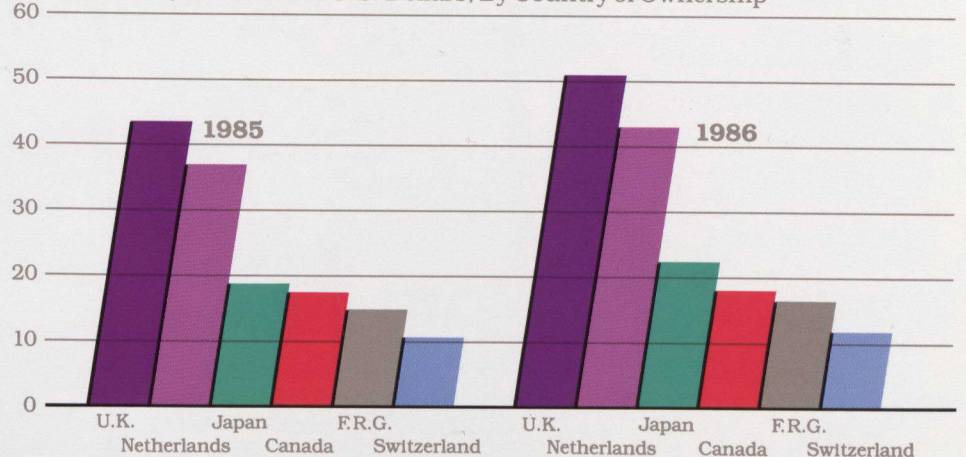
1975-1985, In Billions of Canadian Dollars, By Country of Ownership



Source: Statistics Canada

FOREIGN DIRECT INVESTMENT IN THE U.S.

1985-1986, In Billions of U.S. Dollars, By Country of Ownership



Source: OECD