

CANADA/JAPAN INVESTMENT RELATIONS

Japan is a significant overseas investor with multinational capabilities and a willingness to expand its manufacturing base abroad. The rate of Japanese direct overseas investment has increased rapidly with the revaluation of the yen. In fact, 25 per cent of all Japanese direct overseas investment took place in 1986. Figures for 1987 indicate that the trend is likely to continue for some time. Japanese business has looked with growing interest to Canada as it examines manufacturing locations in the North American market. Recent automobile assembly investments by Honda, Toyota and Suzuki in Ontario reflect this interest. Such developments have prompted their parts suppliers to begin assessing nearby locations. Japanese investment in 1987 was concentrated in the electronics, paper, auto parts and industrial corporate sectors.

Further encouraging investment is seen in the following examples:

- ° Kao Corporation's opening of a facility in Arnprior, Ontario to manufacture floppy disks for computers;
- ° Oji Paper's recent announcement of a joint venture with Canfor for worldwide export. New capital expenditure for this project could amount to a billion dollars.
- ° Mitsui Petrochemicals Industries has signed a contract with Allelix of Mississauga, Ontario to obtain manufacturing technology for an anticancer agent.
- ° Nishikawa Kasei Co. is planning to manufacture auto instrument panels near Toronto.
- ° Toyoda Gosei Co., a Toyota component supplier has taken a 65% interest in Waterville TG Inc., a Quebec-based rubber parts firm.
- ° The January 1988 announcement by Honda Canada Inc. of an \$80-million expansion of its plant in Alliston, Ontario.
- ° The February 1988 announcement by Magna International and Japan's Mitsui & Co. of a \$49 million auto parts plant to be built in Tillsonburg, Ontario by April 1989.
- ° The February 1988 announcement by Daishowa Paper Mfg. Co. that it will build a \$500 million pulp plant at Peace River, Alberta. The plant is to go into production in the fall of 1990.

Canada strongly favours Japanese direct investment particularly in the manufacturing sector and has an active promotion program in Japan.