

closely the objectives and elements of the Government's 1996 Strategy, vary somewhat between economies, but the following are generally applicable:

Objectives

- To retain and increase Asian investment in Canada;
- To promote and facilitate strategic alliances between Canadian and Asian firms.
- To promote the Canadian economy as a safe investment destination for Asian capital and Canada as a good location to serve the US market under the NAFTA;
- To encourage Canadian firms to seek venture capital and partners for developing technology from appropriate Asian firms;
- To encourage both Canadian and Asian firms to cooperate in third countries, particularly in infrastructure projects in Southeast Asia.
- To promote Canadian education and corporate training services.

For each strategy, the most relevant objectives are re-stated; a two-page background on the salient features of the economy is provided, followed by a summary of the main challenges in developing investment linkages with Canada, then a description of those sectors that are most important for attracting investment, and finally, recommendations on the implementation of a suitable program.

Sectoral interests and linkages

Sectors that have been identified as priorities for promoting investment linkages and the licensing of technology through corporate liaison calls and missions and seminars are listed for each economy. Such investment promotion is primarily aimed at direct investment in productive facilities (manufacturing, R&D, design, mining) as opposed to investment in real estate, M&A and portfolio investment which require a different set of skills and do not have the same job creation impact.

The Asian economies will need to spend an estimated \$1.5 trillion on infrastructure over the next decade. This means that there will be a huge demand for related services and equipment in environmental technologies, telecommunications, transportation technology and construction products and services. Many Canadian firms have strengths in these sectors and should be encouraged to pursue projects in the region, preferably in collaboration with Asian companies. Such alliances will lead to export of equipment and services, which, in turn, will cause substantial investment in the Canadian firm in order to enable it to meet increased business generated. If the additional investment needed is not within the capacity of the Canadian firm, then, very often, the foreign partner or its associates will be a prime candidate as a source of funds, technology, management skills or marketing expertise for the Canadian business.

Canada has achieved substantial growth in exports of processed food over the past few years, particularly to Japan and Hong Kong. As market access barriers come down, and growing prosperity creates tastes for different foods, and Asian importers become more aware of Canada as a supplier of high quality food products, then investment prospects will proceed hand-in-hand with sales.

Several electronics firms in Japan, Korea and Taiwan are currently being approached to make investments in Canada in semiconductor chip fabrication plants and in the microelectronics sector in general including R&D and related facilities.

In medical and health care products, there are several opportunities for joint ventures to supply surgical equipment, diagnostic and detection equipment and generic pharmaceuticals, and scope for attracting firms, particularly from Japan and Korea, to develop research bases in Canada as they cannot keep up with the demand for new technologies and cost containment. There are significant opportunities for joint R&D in biotechnology, pharmaceutical compounds and in pre-clinical and clinical testing.

Canada has a comparative advantage in education services and demand from Asia has increased rapidly as human resource development has not been able to keep up with economic growth. The recent opening of

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