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Global and Canadian Investment Trends

Compendium Report

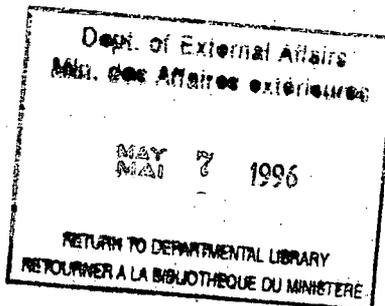
prepared for
The Department of Foreign Affairs and International Trade

by
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Introduction

The Department of Foreign Affairs (DFAIT) has, as part of its overall strategic direction, a mandate to support and promote foreign investment in Canada and Canadian investment abroad. To assist in this task, the department has engaged the services of The Conference Board of Canada to prepare a research report that will illustrate the trends and draw on international studies to deduce implications for Canada. The aim of the information provided is to focus on investment activities, trends and tendencies for the 1986 to 1993 period. In particular, the Department is looking for information that will allow it to better understand which jurisdictions Canada is competing with (and for which type of investment), and which countries and types of companies Canada should be targeting in its investment promotion efforts.

Global investment levels are growing very rapidly. The "rate of growth of worldwide outflows of foreign direct investment in the period 1986 to 1990 was three times that of worldwide gross domestic product."¹ Globally, the United Nations is keenly interested in documenting the importance of investment to global trade and development, and is actively promoting the benefits of increased worldwide investment. It has undertaken to publish a number of compendium reports on investment such as the *World Investment Directory* and the *World Investment Report on Transnational Corporations, Employment and the Workplace*.

The United Nations' studies done to date suggest that investment is beneficial for both the investing and the host economy. Greenfield investments are thought to bring the largest economic benefit. Greenfield refers to investments where

¹Please see United Nations, *World Investment Directory*, 1992, Volume III, Developed Countries, Transnational Corporation and Management Division Department of Economic and Social Development (New York) 1993, p. V.

production facilities and structures are created (not purchased) entirely in the host economy. In this case, there are obvious benefits for the host economy: increased investment brings new construction activity, employment opportunities, additional taxes, and perhaps even increased exports if the goods or services produced are exported. Over time (and particularly if the new entity sources its production inputs locally), the foreign investment may generate a considerable number of secondary benefits in the form of increased economic activity and employment from local suppliers, for example.²

Studies conducted in the United States and the United Kingdom have explored the extent to which investment brings benefits to the host economy. While complex, these studies concluded that the impact of foreign direct investment tends to be positive to neutral for the host economy.³ A study entitled *Foreign Direct Investment, Trade and Employment in the United States* by Sumike McGuire (1994) found that a small positive effect existed between large foreign direct investment inflows and employment.

As for the effect of foreign direct investment on employment in the originating economy, studies suggest that there are also "increases in employment as a result of enhanced competitiveness of the parent company at home and the growth of exports to their affiliate abroad."⁴ These findings therefore suggest that direct Canadian investment abroad is beneficial for Canada.

The literature also cites other positive impacts of investment on the host and originating economy, such as increased profitability (for the originator) and

² Please see Box IV.3 Japanese foreign direct investment in the United States automobile industry: An illustration of the complexity of the employment effects, *World Investment Report 1994*

³ Two specific studies were found during the literature review, *Multinational Enterprises and the Global Economy* (John Dunning, 1993), and an OECD study entitled *Foreign Direct Investment and Employment* (1994).

⁴ World Investment Report (1994) UNCTAD, p 169.

technology transfers (for the host). In the case of technology, the evidence suggests that "the skills, R&D and capital intensity of the parent company tend to be reflected in the host country operations, with positive implications on the quality of employment and transfer of technology."⁵

Thus, while there are still no comprehensive studies in Canada on the impact of investment, the results obtained from similar studies in other countries confirm the growing importance of foreign investment to the economic well-being of countries, and therefore the appropriateness of studying emerging investment trends in Canada and around the globe.

Description of the Study

This study outlines the scale and scope of current global investment trends and specifically compares global investment activities of selected countries relative to Canadian investment activities.

This report focuses primarily on the major industrialized economies of the United States, Japan, the United Kingdom, Germany, France, the Netherlands, and Switzerland. As a group in 1994, these major industrialized countries accounted for almost 90 per cent of the foreign direct investment (FDI) stock in Canada, and more than 70 per cent of the stock of Canadian direct investment in other countries (CDIA). While it is true that these countries' share of total investment inflow and outflow activities worldwide has been declining recently, they still accounted for 83 per cent of total investment flows worldwide in 1993, and as such, encompass the bulk of current global investors.

⁵ *Foreign Direct Investments and Transnational Corporations in Services*, (1989), Chapter V, UNCTC, New York.

The data include foreign direct investment (FDI) in Canada and Canadian direct investment abroad (DIA), as compared to that of selected countries, and in terms of both stocks of investment and investment flows (where available). In addition, the study provides a breakdown and analysis of investment trends according to the relationship to trade, the type of industry involved (i.e., resource, technology and labour-based industries), and where possible, by the type of investment (i.e., acquisition, joint ventures, greenfield). Additional data tables are also provided for a number of emerging economies around the world.

The intent of the study is to provide *initial* data and analysis on global investment trends. The issue of investment and its place within the economic development environment is a very broad topic, which could potentially involve a number of detailed reports for each issue and for each economy. The intent of this report is to set the stage for understanding the issues associated with growing global investment levels, with emphasis on understanding the position of Canada within the global investment environment.

There are a number of data sources used in the study. Because of statistical differences among the various data sources, cross-tabulations and data comparisons across data sources should be done with caution. Please refer to Appendix A for a list of data sources and an explanation of some of the limitations associated with the data.

The industry type classifications used in this report are: resource-based, technology-based and labour-based industries. These three classifications were chosen based on a benchmark Industry Canada study that looked at Canadian-based multinationals in 1994.⁶

⁶ Please see *Canadian Based Multinationals: An analysis and Performance*, Working Paper Number 2, July 1994, Industry Canada.

Description of the Report

The study consists of a compendium report, a data supplement report and six country reports that highlight the investment relationship between Canada and each of the selected countries.⁷ The compendium report itself is organized into two sections. Section 1 of the report provides a general review of global investment trends, and describes current investment trends in Canada and the seven major industrialized economies, including the United States, Japan, the United Kingdom, Germany, France, the Netherlands, and Switzerland. This section sets the stage for the subsequent analysis by summarizing the investment trends between 1986 and 1993 and quantifying the relationship between Canada and the selected countries. Without directly referring to the country reports, the section generally highlights the more detailed investment data that can be found in each of the country reports. The analysis in Section 1 also includes an analysis of investment trends in Canada by industry type, where differences exist between the industries targeted by the selected economies globally, and those targeted in Canada.

Section 2 compares the Canadian investment flow and stock data with similar data for the seven trading and investment partners covered in the country reports. It also highlights major differences in investment trends in Canada relative to the other countries and complements the analysis of Section 1 by providing an analysis of the competitive position of Canada within the global investment environment. The section concludes with a number of observations and conclusions about the areas that might be targeted for more focused investment promotion activities.

⁷ Canada is the common focus of both the compendium report and all of the country reports. The country reports for the Netherlands and Switzerland have been combined into a report on selected small economies.

Section I - Description of Trends in Global Investment

Historians looking back at the 1990s will probably characterize it as the decade of globalization. The proliferation of regional trade agreements around the world, beginning with the Single European Market, the North American Trade Agreement (NAFTA), and more recently the ASEAN Free Trade Agreement demonstrates a series of global steps towards managed trade, initially through the creation of trading blocs in rich, industrialized countries of the north, and more recently through the regrouping of emerging economies in key Asian and South American markets. This tendency is well known and has been the subject of at least one Conference Board study commissioned by DFAIT.⁸

What is less well known is the extent to which investment levels have been growing much faster than trade since the early 1980s. This fact has led the United Nations Conference on Trade and Development, 1993 to state that " ... in a world where FDI is more important than trade in delivering goods and services to foreign markets ... international economic negotiations need to be seen more and more from the perspective of FDI as opposed to trade alone."⁹

In response to growing levels of global investment, and in conjunction with the formation of the regional trading blocks, major industrialized countries from around the world have gradually been eliminating the many obstacles that used to be in place to control the entry and establishment of foreign investors within their economy.¹⁰ The removal of obstacles to investment has resulted in even more rapid investment growth as it becomes increasingly easy for foreign investors to make foreign direct investments. More importantly, foreign investors are now able to base their investment decisions on underlying

⁸ See *Links Between the North American Free Trade Agreement and the ASEAN Free Trade Agreement*, The Conference Board of Canada, Ottawa, DFAIT project number 071-64-4474 (December 1994)

⁹ See *United Nations Conference on Trade and Development, 1993*, p 225

¹⁰ OECD, *International Direct Investment: Policies and Trends in the 1980's* (Paris: 1992).

economic trends and benefits, rather than as a response to particular market access restriction or regulations within the target economies. This represents a major shift in focus from previous conditions whereby investments were made somewhat as a condition of accessing a particular market (and in the absence of liberalized trade). It also explains the overall increase in the number of opportunities for investment, and with the growing importance of trade for most of the industrialized world, the general rise in investment levels (particularly since increased investment is needed to support increased trade).

The report has been structured to provide both an overview of global and Canadian investment trends, and specific details on the global investment activities of the seven major industrialized economies under study relative to Canada. These analyses are based on investment and economic data collected between 1986 and 1993.¹¹ The analysis in section 1 of the compendium report is presented in summary form, and is based on more detailed work contained in the specific country reports, and the data tables contained in the data supplement report.

Global and Canadian Investment Trends

Globally, investment stocks rose consistently throughout the 1980s. In fact, both the stock of foreign direct investment (i.e., incoming investment) and the stock of direct investment abroad (i.e., outgoing investment) surpassed the U.S. \$2,000 billion mark in 1993 (see Table 1). This represents an overall global investment growth rate for investment which is three times faster than global GDP during the last 10 years. Furthermore, the average annual rate of growth for global FDI

¹¹ In addition, Tables I-9 to I-17 in Appendix A highlight similar data for an additional 10 countries that are not covered in the text, but which were thought to be emerging world investment economies. Some emerging investment economies, such as China, are omitted from the appendices because investment data are not generally available.

flows was 34 per cent during the latter half of the 1980s, compared to trade which grew at an average rate of about 12 per cent.

Table 1 Total Global Investment Stocks & Flows, 1980-1993
(Millions of U.S. dollars)

DATE	Stock		Stock	
	Total FDI	FDI Flows	Total DIA	DIA Flows
1980	502,688		506,604	
1981	551,302		540,157	
1982	599,917		573,710	
1983	648,531		607,264	
1984	697,146		640,817	
1985	745,760		674,370	
1986	937,736		869,344	
1987	1,129,713	126,882	1,064,319	136,974
1988	1,321,689	159,101	1,259,293	168,073
1989	1,513,666	196,132	1,454,268	222,395
1990	1,705,642	207,912	1,649,242	231,509
1991	1,826,873	162,214	1,790,771	191,889
1992	1,948,104	158,413	1,932,300	171,129
1993	2,069,335	133,664	2,073,829	140,939

Source: World Investment Report 1994.

Investment flows appear to be significantly affected by general global economic conditions. In 1990, global investment inflows and outflows were relatively large at more than 10 per cent of the corresponding investment stocks. However, the global recession of 1990 had a sharply negative effect on investment flows (both incoming foreign direct investment and outgoing direct investment abroad) starting in 1990. As a result, the global inflows of foreign direct investment, which were more than U.S. \$200 billion in 1990 had declined to less than U.S. \$134 billion by 1993. This sharp decline in investment flows has had a serious impact on the investment inflows in each of the economies selected for this report.

Similarly, global outflows of direct investment to other countries declined from a high of U.S. \$231 billion in 1990 to U.S. \$141 billion in 1993 (see Table 1).¹² Again, this is reflected in each of the country reports associated with this compendium report.

In Canada, the stock of foreign direct investment (FDI) has increased dramatically during much of the 1980s and early 1990s, to a large extent following global trends. At the same time, the stock of Canadian direct investments abroad (CDIA) has been increasing at an even greater rate than foreign direct investment levels in Canada. Thus, Canada appears to be firmly entrenched among an increasing number of outwardly oriented countries relative to investment stocks.

Foreign investors look at the size of the market when considering investments, but more importantly, they take into account the investment climate.¹³ Studies have shown that Canada's investment climate compares favourably with that of many other countries internationally, and that this may largely explain Canada's success at attracting investment from abroad.

The stock of foreign direct investment (FDI) in Canada increased by 72 per cent from 1984 to 1994, or slightly less than 7 per cent per year on average. In 1994, FDI stock stood at U.S. \$148 billion, an increase of 5.7 per cent from the previous year. Inflows of foreign direct investment have increased steadily from 1992 to 1994, after falling substantially in 1991. The 1991 decline was likely the result of

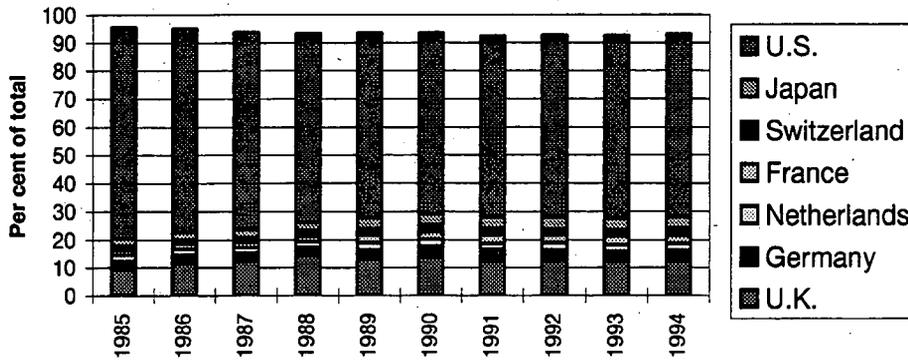
¹² The apparent statistical difference between global inflows and outflows stems from lost data on investments made from countries that maintain statistics on investment to countries that do not maintain statistics on investments. Thus, the originating economy includes the investment outflow, whereas the host economy does not, creating a gap between the official outflow and inflow statistics.

¹³ Alan Nymark and Emmy Verdun, *Canadian Investment and NAFTA*, Alan M. Rugman, *Foreign Investment and NAFTA*, 1994

the global recession, which affected the investment flows of many other investing economies.

Figure 1 illustrates the data from CANSIM on stocks of foreign direct investment held by selected countries over the study period. The fact that more than 90 per cent of the total stock of FDI in Canada is held by countries covered in the compendium report confirms once again that the appropriate countries were selected for the report. This chart also highlights the relatively small proportion of the total stock of FDI in Canada that is not held by the seven countries covered by the report.¹⁴

**Figure 1 FDI in Canada from Select Countries -
Stock Data**
Source: CANSIM



Major Global Investors

Studies conducted by the United Nations have shown that a major portion of the yearly investment flow originates within transnational corporations.

¹⁴ Where the FDI stock is not held by one of the selected countries, it is being held by countries outside the scope of this report.

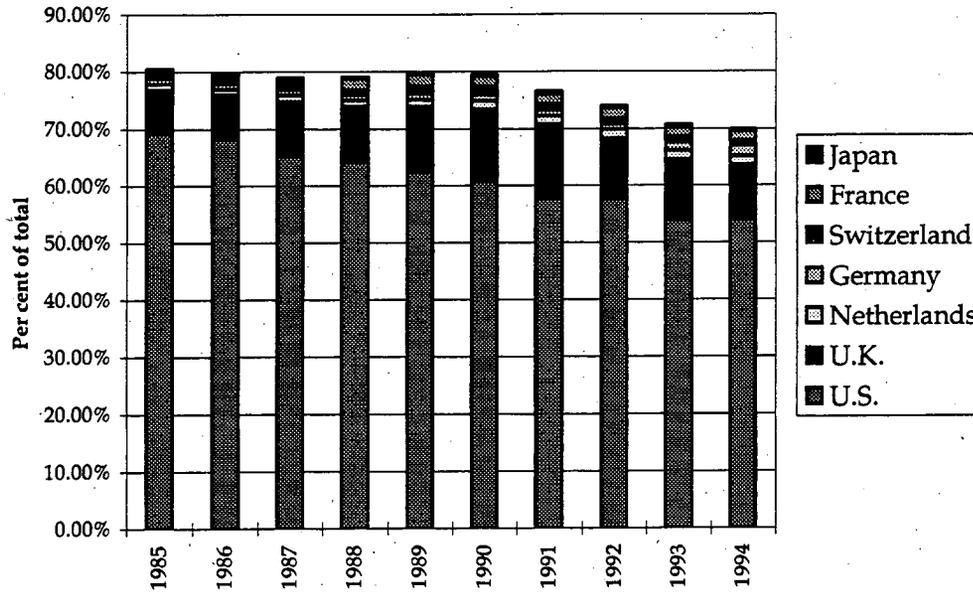
Transnational corporations would include large multinational corporations with operations in a number of countries around the globe. In order to effectively support or establish foreign subsidiaries, transnational corporations make investments in target countries that contribute significantly to overall global investment flows. In fact, the *1994 World Investment Report* estimates that the world's largest 100 transnational corporations (not including those in banking and finance) account for about one-third of the total FDI outflows of their countries of origin.

Thus, one measure of the importance of the countries selected for this report, including the United States, Japan, the United Kingdom, Germany, France, The Netherlands, and Switzerland, is the degree to which their transnational companies are active investors in foreign countries. According to this measure, almost all of the top transnational companies in the world are domiciled in the seven countries selected for this report. Data for the top 100 transnational corporations, ranked according to the extent of the foreign assets held by each corporation in 1992 and classified by industry type, are outlined in Table 2.

Canada is, of course, a relatively small country, and only three Canadian firms are included on the list of the top 100 transnational firms. The United States is clearly a leading global investor, with 28 U.S. companies, or more than one-quarter of the top 100 transnational corporations listed by the *1994 World Investment Report*. In total, these 28 U.S. transnational corporations own U.S. \$391 billion of the U.S. \$1,200 billion in foreign assets held abroad by the top 100 transnational corporations, or 32 per cent of the total. Thus, the importance of the United States to overall global investment trends is indisputable.

Figure 2 CDIA to Selected Countries - Stock Data

Source: CANSIM



Japan is another large foreign investor since 16 of its corporations are listed in the top 100 transnational corporations by the *World Investment Report 1994*. France, the UK and Germany contribute another 30 companies to the list. The seven countries selected as the target of this study, and Canada, account for 87 of the top 100 transnational corporations ranked by foreign assets and thus constitute the largest corporate investors in the world.

Table 2-Top 100 Transnational Corporations Ranked by Foreign Asset, by Type of Investment,

(US\$ million) 1992 Data	Total	Canada	US	Japan	UK	France	Germany	Netherlands	Switzerland
Resource-intensive Industries	\$ 437	\$ 18	\$ 146	\$ 12	\$ 170	\$ 43	\$ -	\$ 19	\$ 29
Technology-intensive Industries	\$ 678	\$ -	\$ 225	\$ 175	\$ 8	\$ 70	\$ 105	\$ 28	\$ 67
Labour-intensive Industries	\$ 88	\$ 7	\$ 20	\$ 30	\$ 7	\$ 17	\$ 7	\$ -	\$ -
Total All Industries	\$ 1,202	\$ 25	\$ 391	\$ 216	\$ 185	\$ 130	\$ 112	\$ 47	\$ 96
Percent of Total		2.1%	32.5%	18.0%	15.4%	10.8%	9.3%	3.9%	8.0%
Number of companies	100	3	28	16	10	12	9	3	6

Source: *World Investment Report, The Conference Board of Canada*

Thus, the list of the top 100 transnational corporations suggests that the United States, Canada's largest investment partner by far is also the most significant

global investor. Other data sources also point to the fact that the United States accounts for the largest volume of investment, both inflows and outflows, and also holds the largest investment stocks. In fact, U.S. investment stocks in other countries (U.S. DIA) represent more than U.S. \$720 billion in 1993. Foreign direct investment in the United States (U.S. FDI) is similarly large at U.S. \$560 billion in 1993 (please see the Country Report for the United States for additional detail). The United States is also the world's largest country, with a GDP of U.S. \$6,300 billion dollars in 1993.

Canada is an important part of the investment portfolio of the United States. The U.S. Department of Commerce publishes data on direct investment in the *Survey of Current Business*. According to this source, the U.S. direct investment stock position in Canada is about U.S. \$68 billion relative to total U.S. direct investment abroad of U.S. \$486 billion in 1992.¹⁵ All of the other countries covered by the report, with the exception of the United Kingdom, are relatively less important investment targets for U.S. direct investment. The United Kingdom is the largest target for U.S. stocks of direct investment abroad in 1992 with U.S. \$78 billion. Japan is far behind Canada and the United Kingdom at U.S. \$26 billion, Germany at U.S. \$35 billion, France at U.S. \$23 billion, the Netherlands at U.S. \$19 billion, and Switzerland at U.S. \$28 billion.

The data on stocks of U.S. stocks of foreign direct investment abroad over time suggest that the United States' direct investment position in Canada has not changed appreciably since 1990. At the same time, U.S. stocks of direct investment in the other countries covered by the report (except for the Netherlands) grew between 1989 and 1992. Canada, therefore, appears to be

¹⁵ The reader will note that the investment totals collected under the *Survey of Current Business* are not comparable to those obtained from other sources. These figures represent only a subset of the investments made in the United States by foreigners. For more detail, please see United States Department of Commerce, "Foreign Direct Investment in the United States" in *Survey of Current Business*, July 1993, p. 59.

loosing its lead over a number of other countries as a target of U.S. direct investment.

Canada is already largely saturated by U.S. direct investment abroad, that is, more than U.S. \$68 billion for a relatively small economy, and this may help explain the lack of growth over the last five years. Another possibility is the relatively freer investment climate that has been in existence between the United States and Canada relative to other countries. For example, the trade and investment liberalization, which has occurred in Europe as countries prepared for the implementation of the European common market, may have resulted in a larger number of new opportunities for North American companies to establish operations in Europe (relative to Canada, for example). In any event, the United States is likely to continue to be a significant investor in Canada for some time, although the more rapid growth abroad will eventually erode the size of the existing investment base.

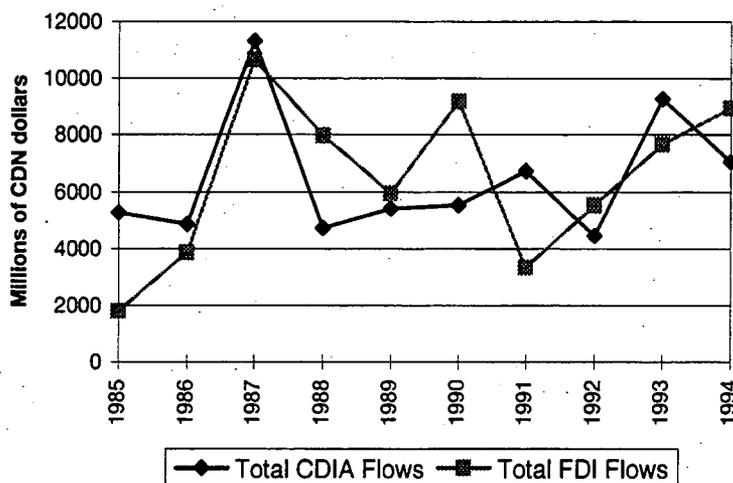
The United Kingdom ranks second to the United States in terms of their investment levels in Canada. Globally, British companies are significant world investors, with investment stocks abroad (UK DIA) of more than U.S. \$252 in 1993. Stocks of foreign direct investment in the United Kingdom are almost as important, totalling U.S. \$195 billion in 1993.

U.K. direct investment abroad was affected by economic conditions over the study period. However, relative to GDP, the United Kingdom remains an important investor nation, with direct UK investment to other countries exceeding 4 per cent of GDP for three of the eight years covered by the study. For 1993, investment outflows from the United Kingdom were 2.8 per cent of GDP.

U.K. direct investment flows to Canada varied considerably over the study period. In particular, there was a 60 per cent drop in FDI from the United Kingdom to Canada between 1990 and 1991. FDI inflows to Canada from the United Kingdom recovered somewhat in 1992 and 1993 to more than \$2 billion, only to decline again by more than 50 per cent in 1994, that is, to \$868 million. The declining investment levels from the United Kingdom to Canada mirror global trends for investments from the United Kingdom in all years, except in 1994. In 1994, the global investment outflows from the United Kingdom increased by 10 per cent, while declining by more than 50 per cent in Canada.

**Figure 3 Total Investment flows
FDI in Canada and CDIA**

Source: CANSIM



The reason for the continuing decline in British investment flows to Canada in 1994 is not known. The United Kingdom is already an important investor in Canada and one possibility is that, like the United States, it is targeting additional investments in Europe as part of the implementation of the European economic union. Another possibility is that U.K. companies now invest in the United States to access the North American market. Both possibilities are

supported by recent data indicating a jump in U.K. outflows of foreign direct investment to the United States and Europe in both 1992 and 1993, with relatively little additional U.K. investment to Canada.¹⁶

Japan ranks third in importance in terms of countries investing in Canada. Clearly, one of the world's leading nations (with the second largest GDP in the world behind the United States), Japan is also a relatively large investor, albeit on a smaller scale than the United States. Unlike the United States, there was little foreign direct investment flowing from Japan prior to 1985. In fact, the level of Japanese outward investment quadrupled in the period between 1986 and 1993. During this period, international flows from Japan significantly exceed international flows to Japan.

The sluggish growth of the late 1980s and the recession of 1990 appear to have affected Japanese investors one year later than those of other countries. Thus, outflows of Japanese direct investment (Japanese DIA) declined from U.S. \$48 billion in 1990 to less than U.S. \$4 billion in 1993. However, the data suggest that the Japanese have clearly favoured trade over investment in their global business dealings. Thus investment levels comprise a relatively small percentage of GDP for much of the 1980s.

Data on investment outflows by industry type suggest that Japanese investment abroad tends to be concentrated primarily in resource-intensive industries. In fact, more than 60 per cent of the total investment outflows was concentrated in resource-intensive industries in each year between 1991 and 1994. However, with Japanese investment abroad concentrated in resource-intensive industries, it is surprising to note that Japanese investment in Canada is primarily directed

¹⁶ According to the data received from the Government Statistical Service, the U.K. investment inflows to the United States were \$2,235, \$1,321 and \$2,960 million during the period from 1991 to 1993. The corresponding figures for U.K. inflows to Canada were \$318, \$-110 and \$10 million.

at labour-intensive and technology-intensive industries. Prior to 1990, and for 1992, more than half of the Japanese investment flows subject to the Investment Canada Act occurred in technology-intensive industries. This was primarily the result of investments in so-called "transplants" (e.g., the automobile market from assembly plants based in Canada), which service the North American market.

Data obtained from the Japanese Ministry of Finance suggest that Japanese foreign direct investment in Canada represents only about 2 per cent of total Japanese investment abroad. This is consistent with data obtained from other sources regarding Japanese investment in Canada. The main target for Japanese investment abroad is the United States, which received almost 50 per cent of total Japanese outflows during the period. The United Kingdom is another significant target for Japanese investment outflows, receiving more than 8 per cent of total Japanese investment in 1991. Other countries covered by the report received a relatively small proportion of Japanese investment outflows, with most of the remaining investment flowing to Asian countries.

Germany is the third largest country in the world in terms of GDP, after the United States and Japan, with a GDP of more than U.S. \$1,646 billion in 1993. Like Japan, German investment stocks abroad are relatively modest.

The data obtained for this report suggest that it is likely that the global recession (1990), German unification (1991) and the creation of a European Common Market (1992) have largely distracted Germany from the global investment scene and seriously affected German investment levels. In particular, the necessity for massive German investments within the unified Germany, as well as foreign investment to what used to be East Germany, have resulted in sharply reduced investment flows to and from the former West Germany (for which there are data). This was particularly apparent post 1991 when global

investment levels recovered after the recession and starting in 1992 and 1993, whereas West German investment levels remained low. The available data on German direct investment abroad (German DIA) broken down by industry type also suggest that Germany has invested primarily in technology-intensive industries since 1991, and particularly in 1991, 1992 and 1994. This again may be related to the technology needs of the new unified Germany. In fact, the data collected for the study suggest that the industry focus of German investment to Canada is similar to that of German investment globally. Similarly, the smaller German investment flows received by Canada since 1990 mirror trends in overall global German direct investment abroad.

France is another large European economy that is increasingly having a significant impact on global investment markets. With a GDP of more than U.S. \$1,200 billion for 1993, France is the fourth largest country included in this study, and an economically significant player internationally.

France is also increasingly becoming a significant player in the global investment scene, with outward investment stocks abroad (French DIA) totalling more than U.S. \$160 billion in 1993, up significantly from less than U.S. \$50 billion in 1987 (1986 data was not available for France).

France tripled its investments abroad from 1986 to 1993, with most of the growth occurring from 1989 to 1992. This suggests that French firms have become much more outwardly oriented and have invested increasingly in other countries. As mentioned, France tripled its investments abroad between 1986 and 1993, and this was reflected in the ratio of French investment outflows abroad relative to GDP. This ratio grew from less than 0.6 per cent of GDP in 1986 to more than 1.7 per cent of GDP in 1993. At the same time, inflows of foreign direct investment to France relative to GDP have increased to more than 1.7 per cent of GDP for

1993 from less than 0.33 per cent of GDP in 1986. On this basis, the growth of French foreign investment levels (both inflows and outflows) has been substantially more rapid than those of the other countries covered by this report. If investment levels continue to grow at current rates, France will surpass all other European countries, in terms of both investment inflows and outflows.

French investments in Canada were substantial in 1990, 1992 and 1993. In fact, Canadian inflows of investment from France represented about 3 per cent of total global investment by France to other countries in 1990. In 1993, the importance of Canadian investments by France as a proportion of the total French investment outflows had increased to about 4 per cent. This would suggest that Canada is becoming a more important target for French investment.

The other two countries covered by the report are actually economically smaller than Canada. The Netherlands is a relatively small economy, with a GDP of the Netherlands was only U.S. \$295 billion, or about 54 per cent of the corresponding Canadian figure. Switzerland is the smallest economy to be reviewed for this report. The 1993 GDP for Switzerland was U.S. \$233 billion, or about one half of the corresponding Canadian figure. The Swiss investment stock abroad represented only U.S. \$84 billion in 1993, which is actually less than that of Canada. Stocks of foreign direct investment in Switzerland are also relatively small, totalling U.S. \$47 billion in 1993 (compared with U.S. \$110 billion for Canada).

What is distinctive about the Netherlands is the degree to which the Dutch are outwardly oriented. Dutch investment stocks abroad represent more than U.S. \$126 billion in 1993, a level that is almost as high as that of France which is four times larger in terms of GDP. In fact, as will be illustrated later in the report,

Dutch investment inflows and outflows relative to GDP are significantly more important than those of other countries.

Swiss direct investment abroad rose sharply in 1988 but has remained relatively stable since that time, averaging about U.S. \$6.5 billion each year over the period. Investment flows from Switzerland to Canada are quite small, under \$150 million every year except for 1994, and under \$100 million for 1990 and 1993. This represents almost 1.5 per cent of total global investment by Switzerland in other countries in 1990 and more than 2 per cent in 1992. By 1993, outward investment levels globally for Switzerland had declined significantly and Canada's relative share had declined to almost nothing.

Conclusion

This section has systematically reviewed the investment performance of the seven countries that are considered to be important trade and investment partners for Canada. These countries were also shown to be leading global investors, providing and receiving more than 80 per cent of the world's investment flows over the period.

The economies outlined in this section are clearly among the leading global foreign investors. Compared with this group, Canada can be characterized as a relatively small player within the global investment environment. Canada provides only about U.S. \$7 billion of the U.S. \$154 billion invested by the countries covered by this report during 1993. At the same time, Canada received only about U.S. \$6 billion of the U.S. \$69 billion of foreign direct investment received by the selected countries.

The data suggest that Canada was a more important target in 1993 (compared to earlier in the period) for investment flowing out of the Netherlands, France and

Switzerland (in 1992), and relatively less important for Germany and the United Kingdom. The importance of its investment inflows from the United States also declined over the period, but not because of a decrease in investment levels to Canada, but because more important investments were being made in other countries.

The lack of apparent growth in investment inflows from the world's largest investor economies may, in fact, be a cause for concern. The data reviewed in the country reports suggest that major changes have occurred over the period, including a global recession, German unification, the European union, and NAFTA. These changes appear to have had a negative impact on investment flows to Canada. Canadian investment promotion efforts targeted at foreign investors need to account for these changes to ensure that they remain effective in the face of change and address the new and changing concerns of foreign investors.

In particular, the data reviewed in this section highlight a number of differentiating factors that make each country's investment relationship with Canada unique. This will be particularly apparent later in the report as the direct investment trends in each country are compared.

Section 2: - A Comparison of Global and Canadian Investment Trends

The first section of the compendium report (as well as the country reports) reviewed the global trends associated with investment, as well as investment trends associated with the major industrialized economies selected for the study and their investment relationship with Canada. This section will compare the available data on Canada with corresponding data on foreign countries. The purpose of this section is to better understand which jurisdictions Canada is most directly competing with for investment, and which countries or types of industries Canada should be targeting for investment promotion.

As outlined in Appendix A, the analysis conducted for the report was limited by the availability of comparable sources of data on investment by country and by industry. This section relies primarily on data obtained from the International Monetary Fund in its publication entitled *Balance of Payments Statistics*, and is supplemented with industry-specific data collected by the KPMG Finance Network for its publication entitled *DealWatch*.

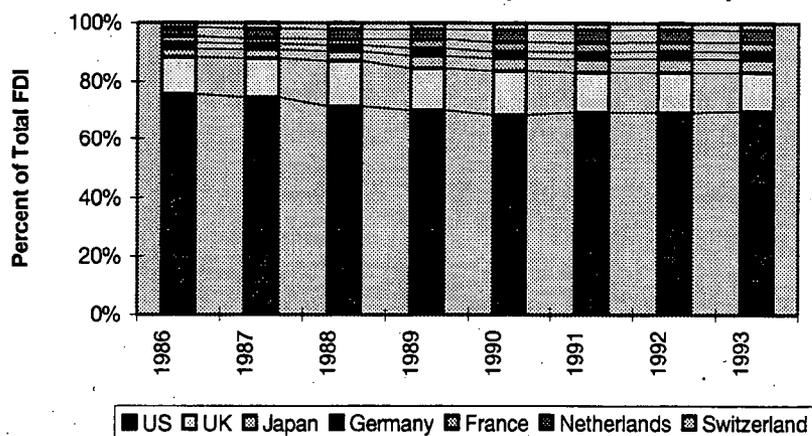
The data analysed in this section are primarily related to investment flows for the selected countries (denominated in U.S. dollars). This section compares Canadian direct investment abroad to foreign direct investment in the selected countries, and foreign direct investment in Canada to direct investment abroad for each of the selected countries.¹⁷ In effect, the section compares investment inflows and outflows of selected countries to the corresponding Canadian outflows and inflows, assessing in the process Canada's relative share of each country's investment flows.

¹⁷ This is based on the assumption that some of the investment outflows from other countries are targeted at Canada, and result in foreign direct investment inflows to Canada, and that Canadian direct investment outflows to other countries are part of the foreign direct investment inflows of other countries.

Clearly, Canada is most affected by the actions of its closest neighbour, the United States. This is apparent in Figure 4 which outlines the relative importance of foreign direct investment received by Canada from the seven industrialized countries selected for this report.

The United States accounts for almost 80 per cent of all foreign direct investment flows to Canada. Foreign direct investment inflows to Canada from the United Kingdom are a distant second at about 10 per cent of the total for much of the study period. The remaining five countries are relatively minor contributors to foreign direct investment levels in Canada (with Japan and the Netherlands leading the way).¹⁸ Thus, the size of the investment stocks originating in the United States tends to dwarf the investment stocks held by other countries. Nevertheless, the United States, the United Kingdom, Japan, Germany, France, the Netherlands and Switzerland collectively represent Canada's most important investors.

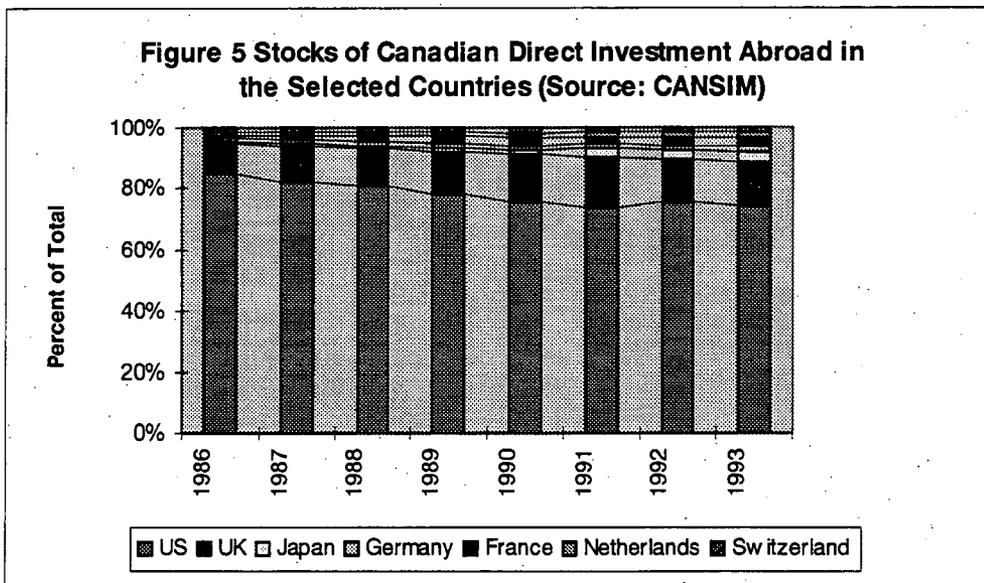
Figure 4 Stocks of Foreign Direct Investment in Canada from Selected Countries (Source: CANSIM)



¹⁸ The investment data and ranking of countries by relative importance of investment levels are not always consistent across data sources. Comparisons of investment data across data sources should consequently be done with caution.

Similarly, most CDIA has traditionally flowed to the United States. Figure 5 illustrates Canadian direct investment activities directed at the seven countries included in the report.

Again, close to 80 per cent of all CDIA is targeted at the United States. The level of CDIA activities in the United States has declined throughout the period, while CDIA in the United Kingdom and to a lesser extent, in Japan has increased on a relative basis. Japan became a more important target for Canadian direct investment abroad starting in 1991. Other countries account for a relatively small proportion of overall CDIA, with France, Germany and The Netherlands receiving the bulk of the remaining CDIA.



The remainder of the section examines and compares Canadian data on investment flows with comparable data in each of the seven economies covered by the report. In the process, it contributes to an overall assessment of the competitive position of Canada within the global investment of Canada. It also provides insights that can be used by DFAIT to better understand which

jurisdictions Canada is competing with and for which type of investment, and which countries and types of companies Canada should be targeting in its investment promotion efforts. All of the figures in this section are expressed in U.S. dollars or have been converted to U.S. dollars, to provide a consistent basis for comparison.¹⁹

Canada's Competitive Position in Global Investment Markets

This section provides an overall glimpse of the competitive position of Canada in the global investment environment, based on a consistent data source. To do this, it assesses the amount and type of investment being targeted at Canada relative to the overall investment flowing from each of the seven originating countries under investigation.

This section provides its insights by comparing overall foreign direct investment inflows to Canada by industry type, with total direct investment outflows from other countries by industry type. The main data source used in Section 1 of the report (the IMF *Balance of Payments Statistics*) did not consistently provide the required level of detail for this analysis.²⁰ Consequently, the source of industry-specific data used for this section of the report is primarily the KPMG *DealWatch* publication.

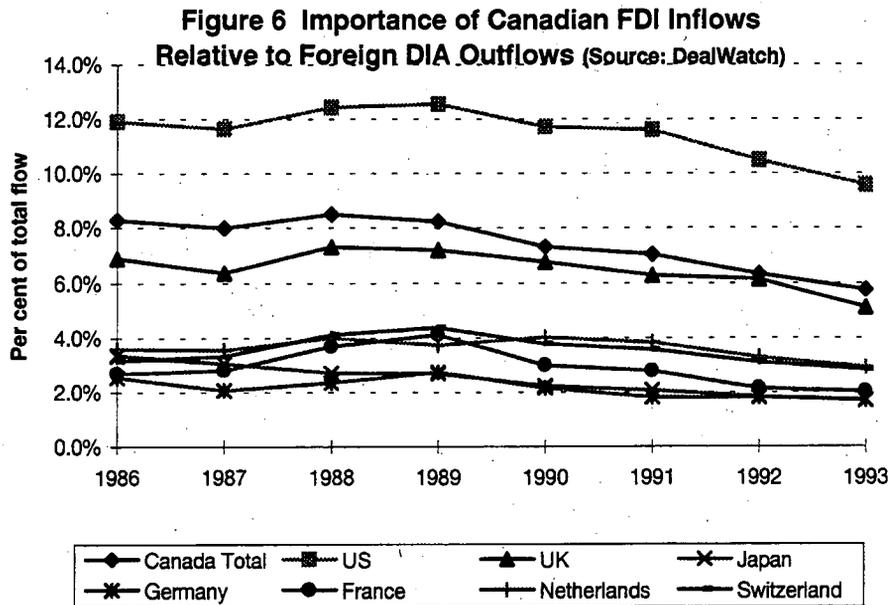
This data source captures data on acquisitions, but combines investments in joint ventures and greenfield investments under a single classification.²¹ Thus, the

¹⁹ For consistency in comparing industry-specific and investment-specific data, the section uses the KPMG *DealWatch* report prepared by the KPMG Corporate Finance Network (1995). For other trade and investment data, as well as for GDP data, the section uses various International Monetary Fund publications such as the *Balance of Payments Statistics Yearbook*, Volume 45, Part 1 (1994), and the *International Financial Statistics* publication produced in December 1994.

²⁰ The IMF data that were available by industry is outlined in the data supplement report.

²¹ In fact, the Canadian staff of KPMG was not able to confirm whether the data collection procedures used for the *DealWatch* report collect data on greenfield investments. To derive the data, KPMG canvasses and reviews all publicly announced investment deals within each country and compiles the data collected by offices around the world to produce the report. It uses its own definition of investment and industries.

analysis in this section is useful in identifying the overall target industries for each selected economy relative to the corresponding industry-specific investment flowing from those countries to Canada.



Within a global context, Canada is a relatively small economy. Not surprisingly, foreign direct investment in Canada represents a relatively small proportion when compared with total direct investment abroad for the countries under study. Figure 6 illustrates the relative importance of foreign direct investment inflows to Canada from each country, as a proportion of the total direct investment abroad for these countries.

Of the seven countries selected, the United States is by far the country which is the largest investor in Canada. This is not surprising given the longstanding trading and investment relationship between the two countries, and the level of integration between the two economies.

There is also a strong relationship between investments in Canada from the United Kingdom and total investment abroad from the United Kingdom, with foreign direct investment in Canada representing about 5 per cent of total UK DIA stock in 1993. Other countries are not as heavily focused on Canada, with foreign direct investment inflows to Canada representing between 1 per cent and 3 percent of the total direct investment outflows abroad for Japan, Germany, France, Switzerland and the Netherlands.

According to the *DealWatch* publication, foreign direct investment inflows to Canada occur primarily in resource-intensive industries, with 50 per cent to 70 per cent of the total investment flows classified as resource-intensive between 1991 and 1993 (please refer to the accompanying data supplement report).

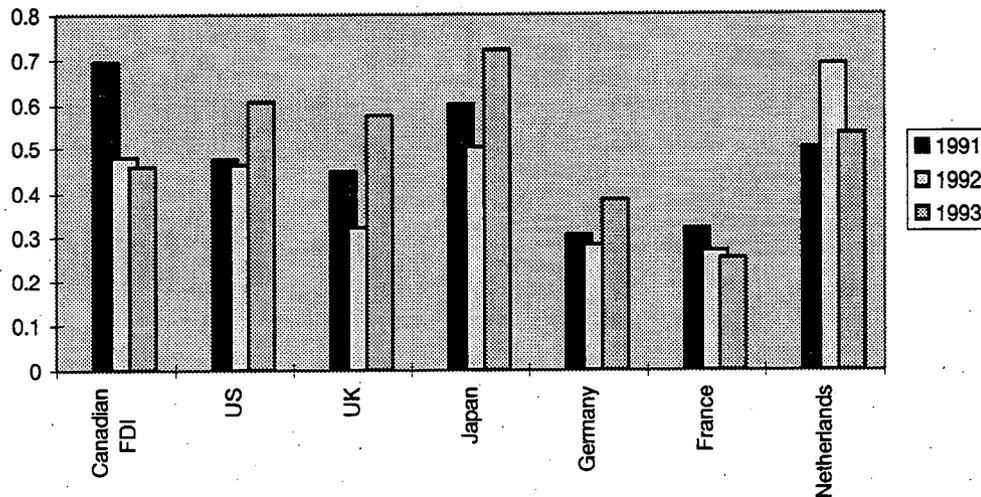
The United States has a relatively balanced foreign direct investment relationship within Canada, with roughly 30 per cent invested in each type of industry. Global U.S. DIA is similarly well balanced, with about 30 per cent invested in each type of industry.

Canadian investment flow data obtained from CANSIM suggest that the United Kingdom invests primarily in labour-intensive and resource-intensive industries in Canada. The global data by industry similarly suggest that more than 50 per cent of the investment flowing to Canada from the United Kingdom was targeted at resource-intensive industries. In fact, this data suggest that the United Kingdom tends to invest in resource-intensive industries world wide, with almost 60 per cent of the global UK direct investment abroad in 1993 going to such industries. However, the emphasis of the UK has been inconsistent over the study period. For example, during the 1991 to 1993 period, about 40 per cent of the overall investment in mergers, acquisitions and joint ventures from the

United Kingdom took place in resource-intensive industries, with the remaining 60 per cent split equally between technology and labour-intensive industries.

As mentioned previously, the foreign direct investment inflows to Canada from other countries are small relative to the United States and the United Kingdom (see Figure 6). Nevertheless, there are still important differences between the global investment outflow focus of these countries relative to the investment focus of flows to Canada. For Japan, about 36 per cent of the foreign direct investment flows to Canada in 1993 was targeted at resource-intensive industries, with a similar proportion directed at technology-intensive industries. This compares to figures for global investment abroad for Japan, which suggests that about 15 per cent of Japanese direct investment abroad is targeted at technology-intensive industries, with 50 per cent at resource-intensive industries. The remaining 35 per cent is targeted at labour-intensive industries.

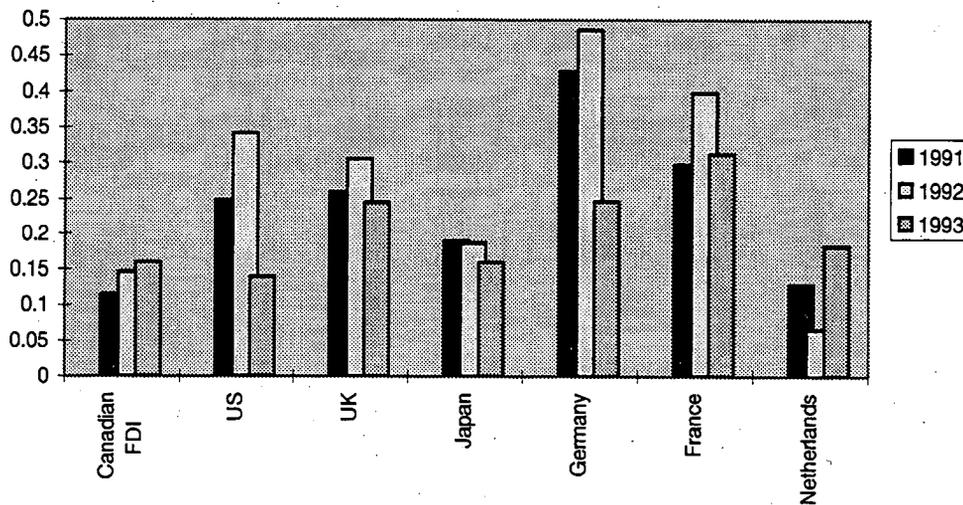
Figure 7 Direct Foreign Direct Investment in Canada relative to Total Foreign Direct Investment in Selected Countries - Resource Industries (Source:DealWatch)



The global Japanese focus on resource-intensive industries, and the relatively smaller focus on those industries in Canada is reflected in Figure 7 by a relatively smaller Canadian investment inflow and a larger Japanese investment outflow to resource-intensive industries.²²

Thus, Figure 7 illustrates data on overall Canadian foreign direct investment by industry and direct investment abroad from each country. Figure 8 does the same for technology-intensive industries, and Figure 9 covers labour-intensive industries. In general, this data suggest that, although Canada is receiving mergers, acquisition and joint venture investment primarily in resource-intensive industries from the countries covered in this report, many of the world's largest investors, specifically the United States, the United Kingdom, and Japan also tend to be most active in resource-intensive investments worldwide.

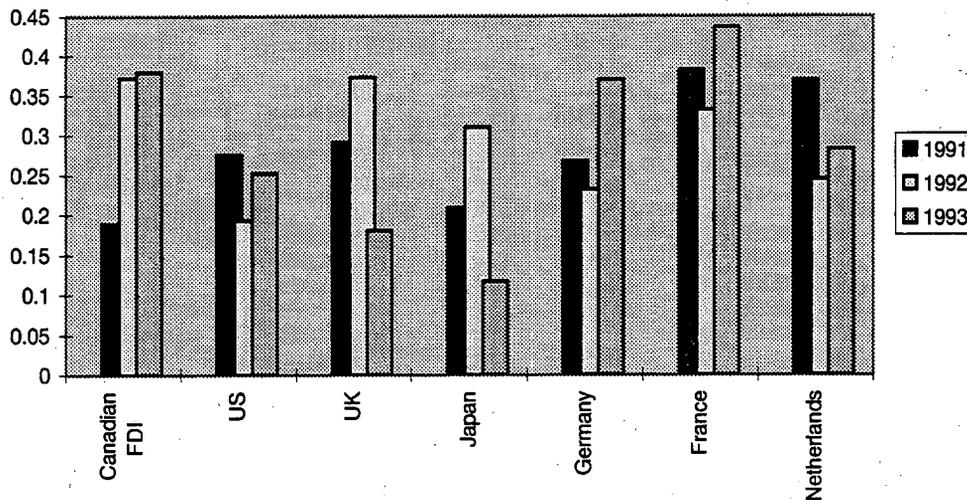
Figure 8 Direct Foreign Direct Investment in Canada relative to Total Foreign Direct Investment in Selected Countries - Technology Industries (Source:DealWatch)



²² Canadian data suggest that only about 10 per cent of the DIA provided by Japan to Canada is targeted at resource-intensive industries.

At the same time, only about 10 per cent of overall foreign direct investment in Canada occurs in technology-intensive industries. However, the countries selected for the report invest closer to 20 per cent and 25 per cent of their overall DIA in such industries, suggesting that Canada is less of a target for technology-intensive investments than other countries.

Figure 9 Direct Foreign Direct Investment in Canada relative to Total Foreign Direct Investment in Selected Countries - Labour Industries (Source:DealWatch)



On the other hand, the data suggest that Canadian labour-intensive industries, such as retail trade, services, etc., receive a greater-than-expected share of the global mergers, acquisitions and joint venture investments flowing to such industries from the selected economies.

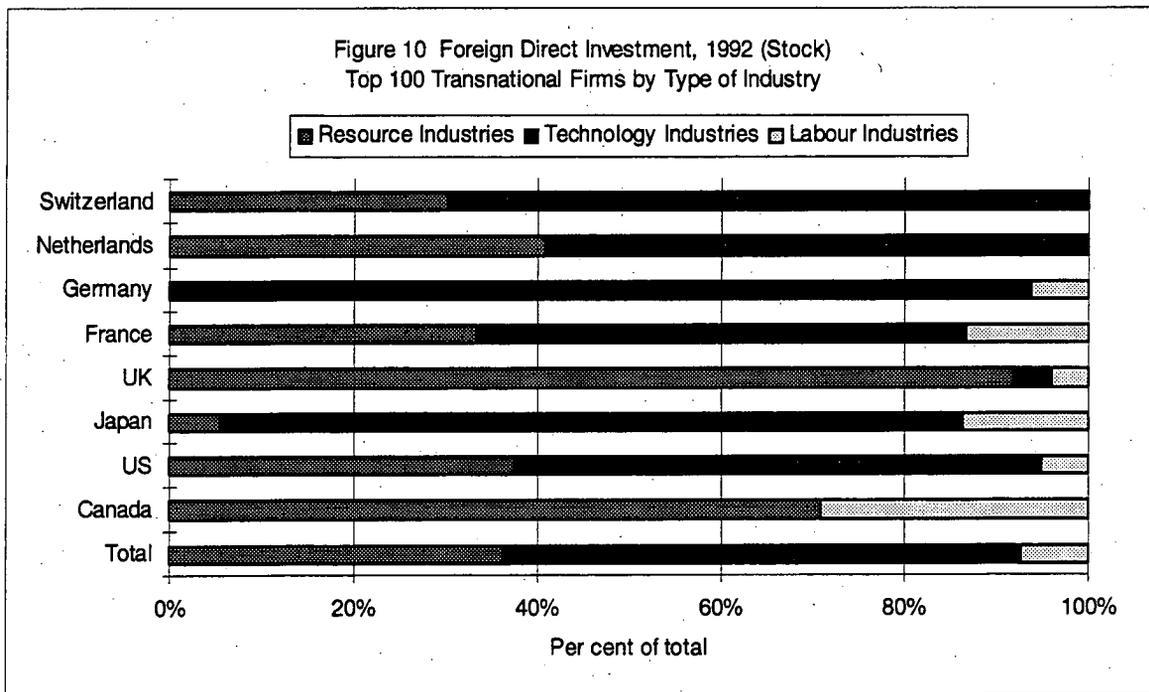
First, these findings suggest that Canada is known worldwide as a country that is rich in resources, and this explains why it receives a relatively large proportion of its investment inflows in the form of resource-intensive

investments. However, at the same time, Canada receives a greater-than-expected share of the labour-intensive investment flows, and this results in a less-than-expected share of the investment directed at technology-intensive industries.

However, technology-intensive investments represent a relatively important share of global investment flows. In Figure 8, almost all of the countries covered by the report are investing a more important proportion of their global investment flows in technology-intensive industries than Canada is receiving. In Figure 10, this tendency is also apparent in that a classification of the top 100 transnational corporations by industry group reveals that none of the top 100 outwardly oriented transnational firms from Canada can be classified as belonging to a technology-intensive industry. Six of the seven other countries included in the report are represented in the top 100 list by at least one technology-intensive transnational corporation. In fact, the leading countries in the world, including Germany, the United States and Japan all have a substantial number of technology-oriented firms in the top 100 transnational corporations.

Since more than 50 per cent of the total foreign assets of the corporations on the list are classified as technology-intensive, the data clearly suggest that investments in technology-intensive industries are important relative to the other industry types.²³

²³ the technology-intensive industry, according to the definition developed by Industry Canada and used in this report, includes most heavy and light manufacturing industries.



Within this context, the absence of large Canadian technology-oriented multinationals, as well as the relatively low emphasis on Canada as a technology-intensive investment target, appears to be an area for concern. As such, technology-intensive investments may benefit from additional focus with investment promotion activities.

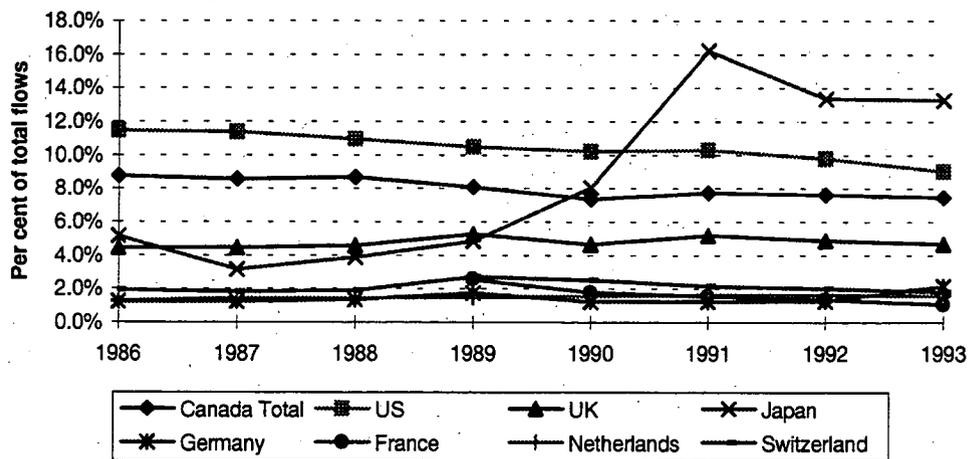
Canadian DIA Stocks Relative to Foreign Direct Investment Activities

This section reviews the relative importance of Canadian direct investment abroad, by country, relative to the total flow of foreign direct investment into each country. In effect, it is a measure of the relative importance of Canada as a global investor in each of the countries selected for this report.

Canada has been able to access a substantial share of the notoriously small foreign direct investment inflows to Japan. This is clearly reflected in the CDIA data, illustrated by Figure 11. Of the seven foreign countries covered by the report, Canada captures by far the largest proportion of the total foreign direct

report, Canada captures by far the largest proportion of the total foreign direct investment in Japan (more than 13 per cent of total Japanese foreign direct investment since 1991). The United Kingdom is also a relatively important target for Canadian DIA, capturing more than 4.6 per cent of the total inflows of foreign direct investment into the United Kingdom in 1993.

Figure 11 Importance of Canadian DIA Outflows Relative to Total Foreign FDI Inflows to Selected Countries (Source: DealWatch)

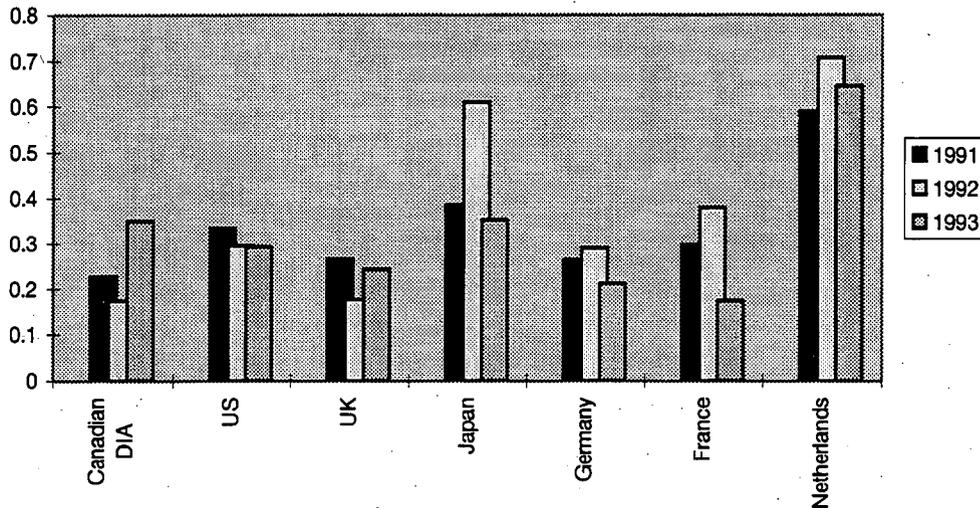


The large trading and investment relationship between Canada and the United States is apparent in the *DealWatch* data, with Canadian DIA flows to the United States representing almost 10 per cent of the total foreign direct investment flows into the United States. However, the share of total U.S. foreign direct investment inflows that originate in Canada has been declining throughout the period as other countries invest relatively larger amounts into the United States. Canada represents less than 2 per cent of the overall foreign direct investment stocks in the other four countries covered by the report.

CDIA is primarily targeted at resource-intensive industries overall, which is not surprising given that this is an area where Canada has considerable experience

(as was shown in Figure 10) and is the home country of a number of resource-intensive multinationals. Of the total investment, about 50 per cent of the CDIA takes place in resource-intensive industries, 30 per cent in labour-intensive industries, and typically less than 20 per cent in technology-intensive industries. Figures 12, 13 and 14 illustrate the relative importance of Canadian DIA outflows for each type of industry relative to foreign direct investment inflows for the same industry types in each of the six target countries.

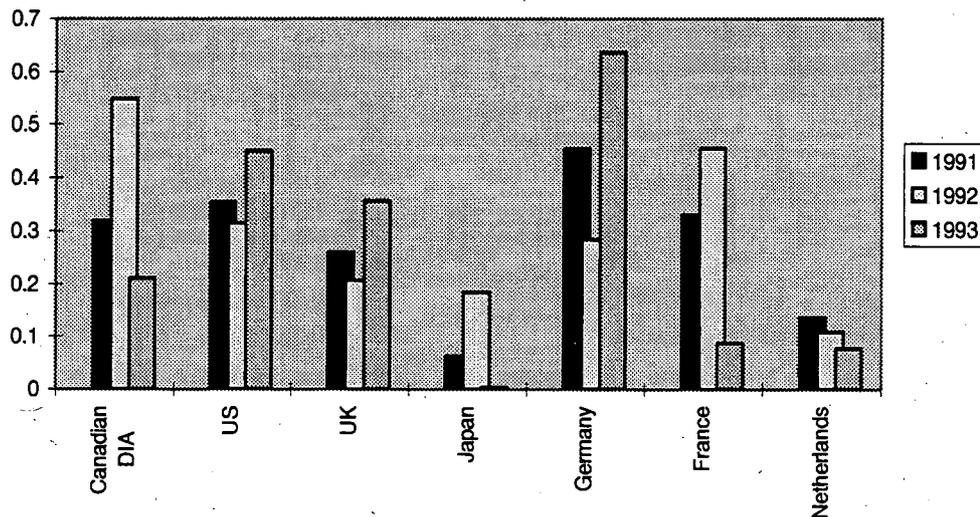
Figure 12 Canadian Direct Investment Abroad relative to Total Foreign Direct Investment in Selected Countries - Technology Industries (Source: DealWatch)



The United Kingdom tends to receive investments primarily in labour-intensive industries, with the remaining investments split equally between resource-intensive and technology-intensive industries. Canadian companies invest in the United Kingdom primarily in technology-intensive industries (40 per cent), rather than in resource-intensive and labour-intensive industries (see the Country Report for the United Kingdom for details).

In each of the years covered by the study, about 30 per cent of the FDI in the United States was targeted at each of the resource-intensive, technology-intensive and labour-intensive industries.

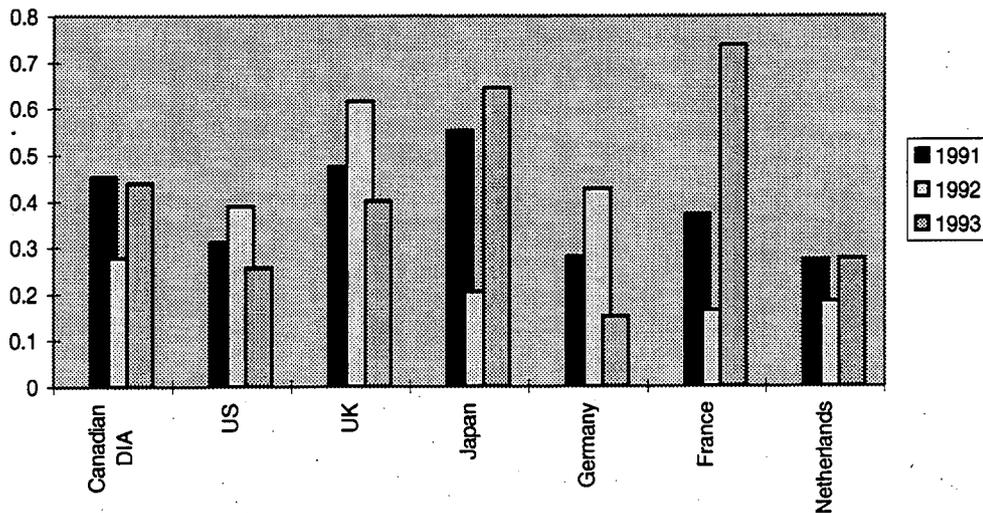
Figure 13 Canadian Direct Investment Abroad relative to Total Foreign Direct Investment in Selected Countries - Resource Industries (Source: DealWatch)



Data on CDIA to the United States reveals a similar finding with CDIA being split evenly between all of the industry classifications.

Foreign direct investment flows to Japan are concentrated primarily in technology-intensive industries, with virtually no investment in resource-intensive industries. This is not surprising given that Japan has few natural resources of its own. Labour-intensive companies in Japan have also been a popular target for global investors during the study period (see Figure 13).

Figure 14 Canadian Direct Investment Abroad relative to Total Foreign Direct Investment in Selected Countries - Labour Industries (Source: DealWatch)



The data on global FDI directed at resource-intensive industries were the target of FDI merger, acquisition and joint venture activities in France for 1992, and in Germany in 1991 and 1993. Technology-intensive industries were consistently targeted in the Netherlands and Japan in all three years, but particularly in 1992 in Japan. Finally, labour-intensive industries were targeted for investment in the United Kingdom for all three years, in Canada for 1992 and 1993, in Japan for 1991 and 1993, and in France for 1993 (see the data supplement report for details).²⁴

Foreign Direct Investment Within Each Country

This section compares the importance of foreign direct investment in each of the selected economies including Canada using the *Balance of Payments* statistics

²⁴ Industry-specific data on CDIA by country are not available in Canada and could not be used to supplement the analysis to the same extent as was possible in the case of the United States and the United Kingdom.

provided by the International Monetary Fund. It provides an indication of the relative importance of the selected countries as investment targets, and thus provides important data to assess the relative importance of Canada within the group of countries selected for the report, and to determine the potential importance of the countries as targets of Canadian promotion efforts.

This raises a difficulty that exists in using global investment data. Global DIA flows and stocks tend to be marginally larger than global FDI flows and stocks. Intuitively, this is not possible. However, the data available from the *World Investment Report* outlined earlier indicate that global DIA in 1993 was U.S. \$7 billion larger than global FDI flows. At the same time, global DIA stocks in 1993 were U.S. \$4 billion larger than FDI stocks.

This phenomenon is caused by emerging investment host countries such as China, for example, which are large global recipients of FDI and which do not always maintain reliable statistics on investment flows. Consequently, some of the investment outflows (DIA) targeted at such emerging countries are tabulated by the originating economy, but missed as FDI by the host economy. The gap between global outflows and inflows can be large and was as large as U.S. \$29 billion in 1991. Nevertheless, the countries covered in this report appear to generate and receive the largest investment flows based on the available data, even taking into account such possible data omissions.

According to the available data on global investment flows and stocks, the United States is by far the largest global recipient of foreign direct investment. Figure 15 illustrates the comparative size of the stock of foreign direct investment in the United States relative to FDI stocks in each of the selected economies. Stocks of foreign direct investment in the United States were more than U.S. \$516 billion in 1993, and have grown consistently throughout the

study period. In fact, U.S. foreign direct investment stocks are more than double those of other countries selected for this report. The size of U.S. foreign investment stocks is so large relative to other countries that to properly illustrate the remaining data, a separate figure was used (see Figure 16). Thus, there is considerable disparity between the largest and the smallest recipients and providers of investments globally.

Figure 15 Foreign Direct Investment - Stock 1986-93 (Source: IMF)

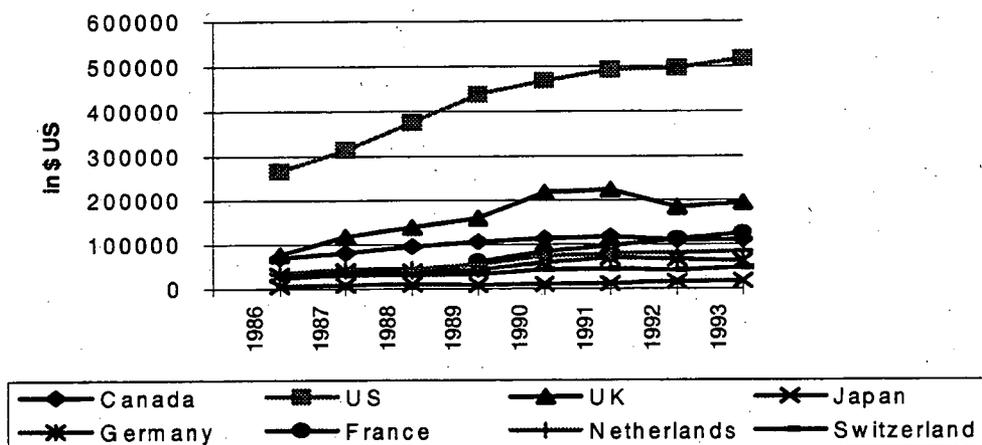


Figure 16 Foreign Direct Investment - Stock 1986-93 (Source: IMF)

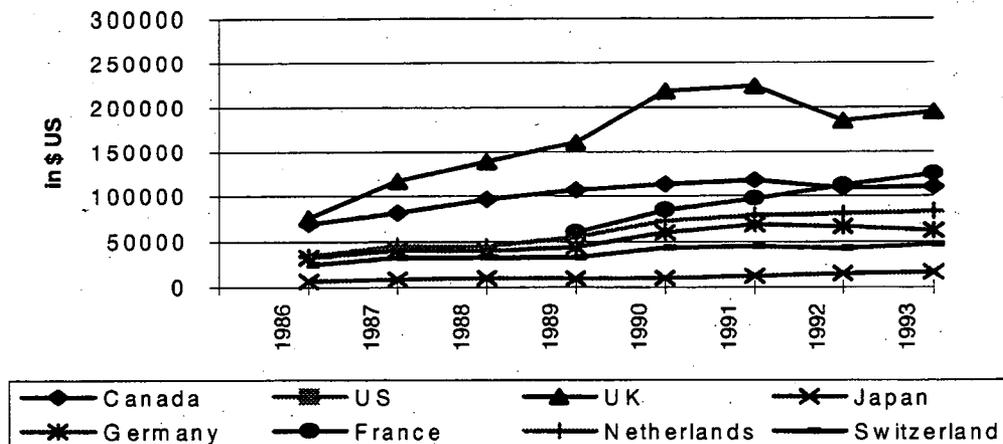


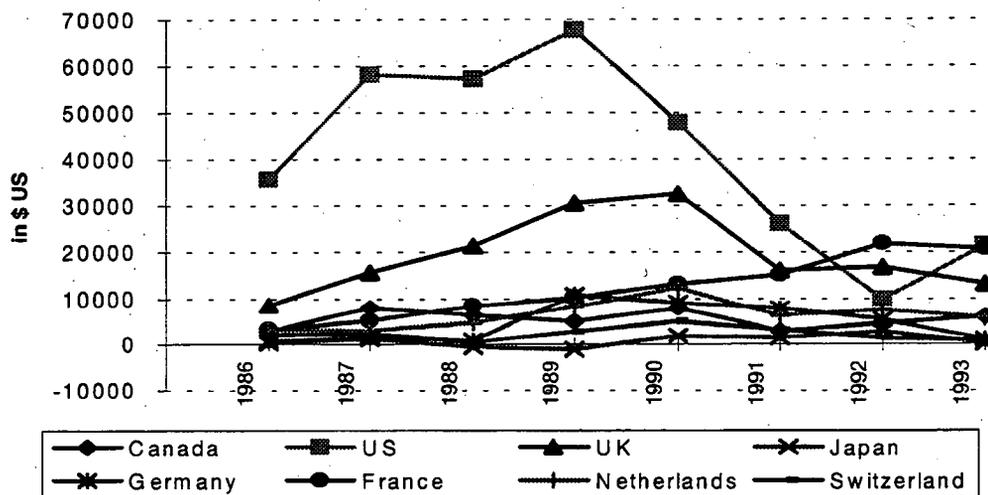
Figure 16 illustrates that foreign direct investment in the countries selected for this report has generally grown over the study period. Leading after the United States in terms of total foreign direct investment in the selected countries is the United Kingdom, where foreign direct investment stocks grew rapidly during the period until 1991, when they fell sharply. For 1993, the stock of foreign direct investment in the United Kingdom increased by about 5 per cent from 1992 levels.

For most of the period, Canada is in third place behind the United States and the United Kingdom when ranked according to overall stocks of foreign direct investment. As outlined earlier, much of the Canadian foreign direct investment stock is held by the United States. In 1992, and to a lesser extent in 1993, total foreign direct investment stocks in Canada (expressed in U.S. dollars) have declined, but primarily as a result of the precipitous decline in the value of the Canadian dollar relative to the U.S. dollar.

France exhibits the largest jump in foreign direct investment stocks over the period, surpassing Canada in the ranking according to stocks of foreign direct investment in 1993 (foreign direct investment stock data for France were only available starting in 1989). As mentioned in Section 1 of the report, this is likely due to regulatory changes within that country that have made it easier for foreigners to invest in France. Consequently, foreign direct investment stocks in France appear to have grown quickly in order to "catch up" with other economies of similar size, such as the United Kingdom. This is reflected in the data illustrating the investment stock data in Figure 16, as well as in Figure 17, which illustrate the investment flow data from and to countries covered by the report.

Clearly, foreign direct investment flows tend to be much more variable than foreign direct investment stocks and exhibited considerable fluctuations over the study period (see Figure 17). In particular, foreign direct investment flows to the United States declined sharply during the period. In fact, foreign direct investment flows to the United States fell from more than U.S. \$67 billion in 1989 to less than U.S. \$10 billion by 1992. For 1993, the flows recovered to over U.S. \$21 billion. Despite this rebound, foreign direct investment flows to the United States are still considerably lower than was the case in 1986.²⁵ The inflows of foreign direct investment to the United States for 1992 and 1993 were at roughly the same levels as the FDI inflows to much smaller countries such as France, the United Kingdom (and even Canada in 1992).

Figure 17 Foreign Direct Investment - Flows 1986-93 (Source: IMF)



The United States was not the only country to experience a sharp decline in foreign direct investment inflows during the period. Foreign direct investment inflows to the United Kingdom also declined sharply in 1991, as did flows to Germany. Clearly, part of the reason for these declines was the widely

²⁵ More recent data for the United States suggest that FDI flows continued to recover during 1994.

documented global recession in 1990-91. Because the United States is by far the largest recipient of global foreign direct investment flows, a global recession would tend to affect it particularly harshly because of the combined effect of a reduction in investment levels from several countries. Other factors, which could explain declines in foreign direct investment inflows, include particularly difficult economic conditions within individual economies (making investment unlikely), economic shocks such as the impact of German unification in Germany (which raises uncertainty and increases risks), and other factors which generally reduce the number of investment opportunities in the affected countries.

In comparison, Canada appears to be well placed within the global investment environment. It ranks among countries that are substantially larger than itself classified according to the size of investment flows. However, stocks, which in a sense are a measure of past investment performance, are not growing as rapidly as those of France, for example. This suggests that Canada may be losing ground relative to some competitors such as the United States and France, while gaining on others such as Japan, the Netherlands and the United Kingdom.

Direct Investment Abroad by Country

As was the case with FDI levels, the United States is by far the largest provider of direct investment abroad of all the countries covered by the report. Figure 18 illustrates the comparative size of the stock of foreign direct investment abroad for each of the selected economies. U.S. DIA stocks were more than U.S. \$720 billion in 1993, even larger than the stock of foreign direct investment and growing even more rapidly throughout the study period. Again, stocks of U.S. direct investment abroad were so large relative to the other economies that a separate figure was necessary to properly illustrate the DIA trends of other countries.

Figure 18 Direct Investment Abroad - Stock 1986-93 (Source: IMF)

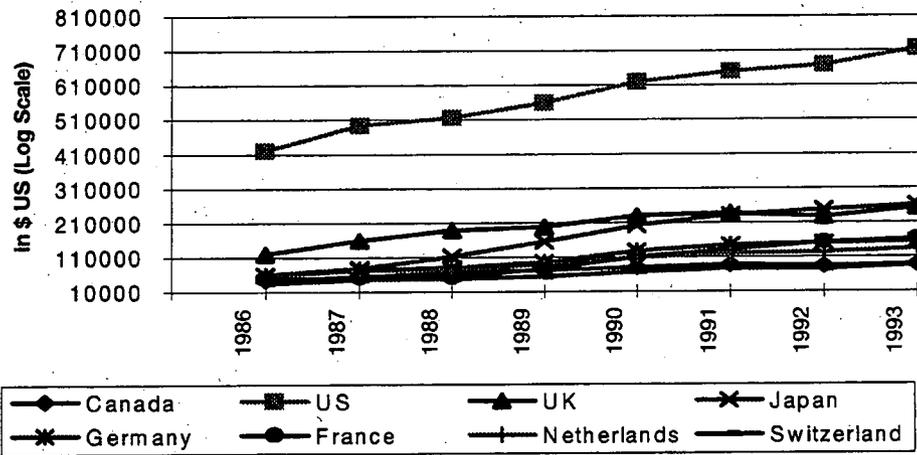


Figure 19 Direct Investment Abroad - Stock 1986-93 (Source: IMF)

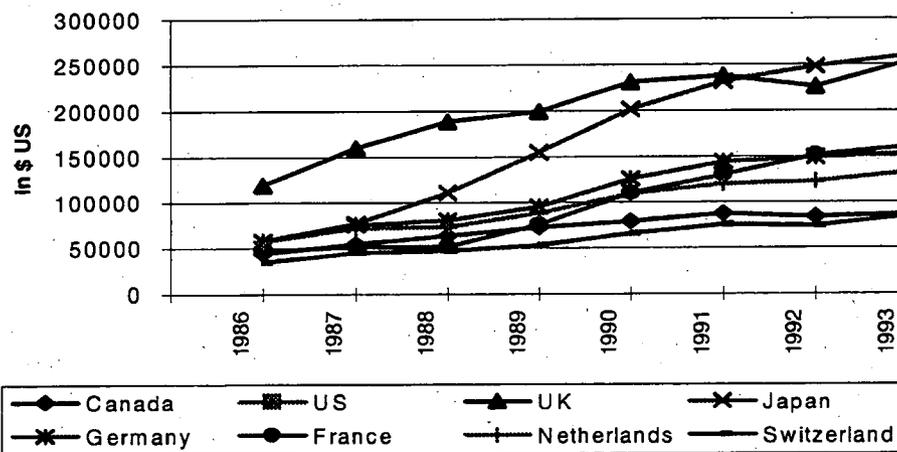
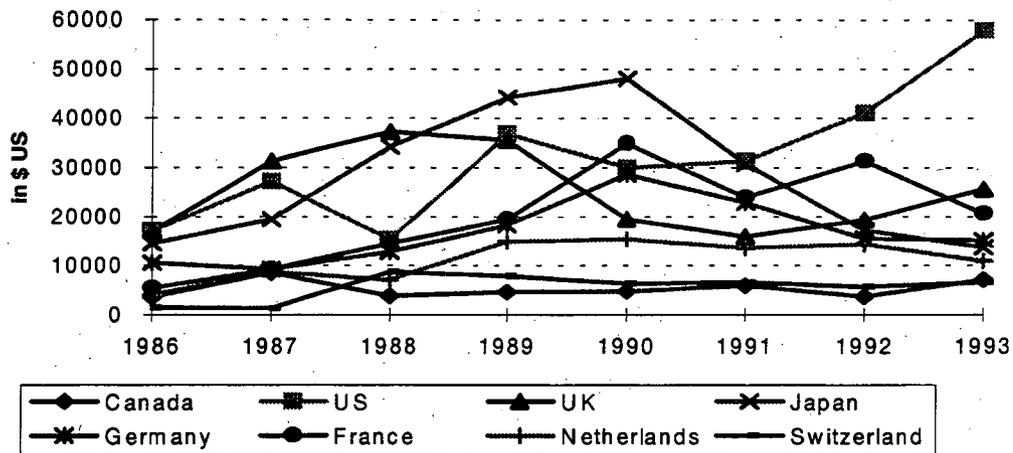


Figure 19 illustrates the DIA stock trends for the remaining countries. The United Kingdom again leads the pack (after the United States) for most of the study period. A slowdown in UK DIA activities in 1991 and 1992, as well as a rapid expansion of Japanese DIA activities, resulted in Japan taking over second place as one of the largest providers of global direct investment abroad worldwide.

Canada is in second to last place according to this measure in 1993, with only Switzerland having a smaller stock of DIA. Back in 1986, Canada was in the middle of the group of countries with respect to this measure. However, by 1993, the stocks of direct investment abroad for almost all the other countries had grown faster than Canadian DIA stocks, resulting in Canada becoming a relatively less important investor worldwide. In particular, the stock of direct investment abroad from France grew rapidly over the period, with the result that France now surpasses Germany into fourth place according to this measure.

Outflows of direct investment abroad have been relatively more variable during the study period. Figure 20 illustrates the flows in each of the selected countries. Most outflows of direct investment increased during the period, with Canada and Switzerland trailing the pack. The investment flow data reflect many of the characteristics that were was illustrated using investment stock data. For example, Japanese DIA outflow, grew very rapidly surpassing all other countries by 1989 and into 1990. However, outflows of DIA from Japan subsequently fell sharply and by 1993, were in fifth place behind the United States, the United Kingdom, France and Germany. Since 1990, the direct investment abroad flowing out of the United States has been growing rapidly, and the United States now leads other selected countries in this regard. The United Kingdom experienced a rapid increase in DIA outflows at the beginning of the period, followed by a rapid decrease. For 1993, UK DIA outflows are slightly above the levels of 1986. Direct investment outflows emanating from France in 1993 are almost four times as large as the 1986 outflows, suggesting once again that France is quickly becoming a very important global investor.

**Figure 20 Direct Investment Abroad - Flows
1986-93**



Implications of Recent Direct Investment Trends

The data on direct investment abroad suggest that Canada is rapidly losing ground to other countries in the global investment arena. This tendency was also apparent earlier as the FDI data were reviewed. Thus, CDIA is becoming less important relative to the direct investment abroad of other countries, not because Canadian investment levels are declining, but because those of other countries are rising more rapidly on both an absolute and relative basis. This will have serious implications over time and will need to be addressed as part of ongoing investment promotion efforts.

This raises an important contrast that explains why Canada is currently losing ground. Canada can be characterized as an important player within the global investment environment when one classifies countries on the basis of *investment stocks*. Thus, Canada is a more significant player because large investments inflows and outflows in the past have accumulated into significant Canadian foreign direct investment stock positions.

However, it is a minor player relative to global *investment flows*. Current investment flows are relatively less important than flows to and from other industrialized countries. As time passes, and if the Canadian investment flows do not increase significantly, Canada will become a less important investor, and more importantly, a less important target for investments from other countries.

This argues for a re-examination of Canada's investment strategies, with a view to becoming more effective at positioning Canadian industries and companies (and other investment opportunities) in a more favorable light relative to those of other industrialized countries such as the United States and France.

The available data also suggest that Canada was a more important target in 1993 for investment flowing out of the Netherlands, France and Switzerland (in 1992), and relatively less important for Germany and the United Kingdom. In addition, the importance of its investment inflows from the United States also declined over the period, not because of a decrease in investment levels to Canada, but because more important investments were being made in other countries.

The important point to note here is that none of the more important providers of investment to Canada in 1993 is currently a large holder of Canadian investment stocks. In fact, the investment flows emanating from countries which currently hold a significant portion of total Canadian investment stocks such as the United Kingdom and the United States are currently declining. This suggests that the countries targeted for investment promotion by Canada will have to be substantially different from the ones targeted in the past.

The constant which unites the above findings is that the global investment environment is changing very rapidly. Some of the changes can be characterized

as global and structural in nature, given that investment flows are increasing to newly developing areas such as the Asia Pacific. However, these changes are nevertheless problematic for Canada given that inflows of foreign direct investment have tended to fuel a significant part of the Canadian economy in the past. More effective promotion of Canada as an investor, but particularly as a place to invest, will help maintain Canada's current enviable foreign investment stock position.

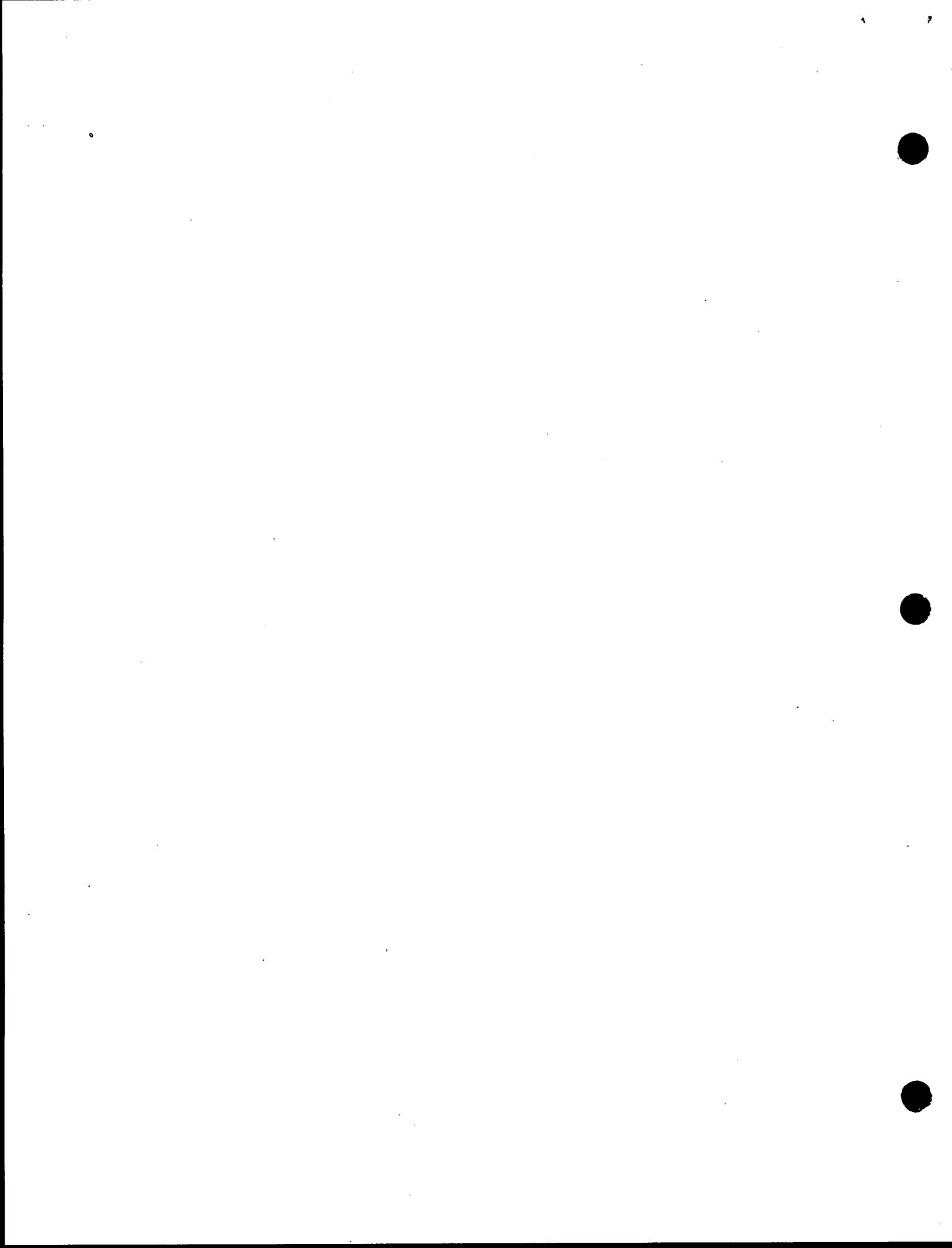
In particular, Canada increasingly needs to compete directly with the United States for investments that emanate from France, the United Kingdom and Germany, and that are made primarily to access the North American market. This is likely to be a good starting point to focus additional investment promotion efforts.

Recent FDI data obtained from some of the countries selected for the report suggest that some countries (such as the United Kingdom) may choose the United States over Canada when looking for North American investment opportunities. If this is true, this tendency needs to be addressed with more effective promotion efforts.²⁶

In the past, Canada has also been successful at attracting considerable direct investment from the United States and Japan, the two largest economies in the world. More recently, investment flows from these countries have declined, and Canada will need to find a way to gain back its status as a desirable investment target for investments from the United States and Japan, so it can capture a greater share of the considerable investment dollars which flow from these economies.

²⁶ Drawing a more precise conclusion is problematic because of the relative size of investments flowing to the U.S. relative to Canada.







Global and Canadian Investment Trends

Country Report: Focus on France

prepared for
The Department of Foreign Affairs and International Trade

by
Pierre Vanasse, Principal Research Associate
International Programs Group
The Conference Board of Canada

Contract # T95-5-1018

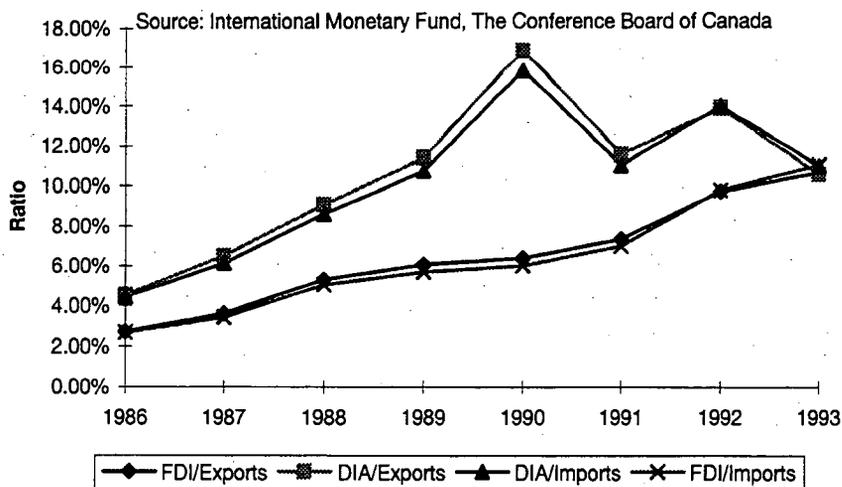
September 1995

This country report is based on the investment relationship between Canada and France, and highlights data on the increasing importance of France as a provider of direct investment to other countries, and a recipient of foreign direct investments from other countries. This section suggests that if investment levels continue to grow at current rates, France will surpass all other European countries, both in terms of investment inflows into France and French outflows of investment abroad.

France is a relatively large European economy, with a GDP of more than U.S. \$1,200 billion for 1993, or about twice that of Canada. In fact, France is the fourth largest country included in this study, and a significant economic player internationally.

France is also increasingly becoming significant in the global investment scene, with French stocks of direct outward investment abroad (French DIA) totalling more than U.S. \$160 billion in 1993, up significantly from less than U.S. \$50 billion in 1987.¹ Figure F-1 illustrates the relationship between trade and investment levels, highlighting the extent to which France is becoming an important part of the global investment scene.

**Figure F-1 Relationship Between Trade & Investment
France**



¹ The data on investment obtained from France were not as complete as that obtained from other countries, suggesting that France may not keep as accurate data on investment levels as other countries selected for this report. For example, 1986 data were not available from the IMF database, and the *World Investment Directory* data ended in 1989 for France.

France tripled its investment abroad from 1986 to 1993, with most of the growth occurring between 1989 and 1990. Thus, French DIA grew very rapidly as a percentage of trade until 1990. Since then, French investment outflows have remained flat relative to trade, with annual increases being offset by subsequent declines. This is confirmed by Figure F-2, which highlights the ratio of investment to GDP over the study period, again indicating that French investors have become much more outwardly oriented. In fact, French DIA relative to GDP grew from less than 0.6 per cent of GDP in 1986 to more than 1.7 per cent of GDP in 1993.

In the past, investment restrictions largely prevented foreign direct investment in France. However, as a condition of its participation in the European Common Market, France implemented more liberalized investment measures. As a result, FDI in France has increased rapidly, and inbound investment stocks in France were estimated to be U.S. \$125 billion in 1993.² Thus, foreign direct investment in France has been increasing steadily throughout the period, despite the global recession of 1990. France is, in fact, the only country covered by this report to have enjoyed steadily increasing foreign direct investment inflows during the 1990-1992 period. In addition to the investment restrictions being lifted as part of the European Common Market, a major privatization effort by the French government over the period has resulted in additional opportunities for foreign investors. Consequently, the foreign investors have found targets for investment in France to the extent that it has completely offset the effects of the global recession of 1990, which depressed investment levels in all the other selected economies.

Figure F-1 illustrates that inflows of investment to France continued to rise relative to trade almost continuously throughout the study period. In fact, foreign direct investment doubled between 1986 and 1993, representing a growth rate of almost 7 per cent per year. This represents inflows of foreign direct investment to France relative to GDP of more than 1.7 per cent of GDP for 1993, up significantly from 0.33 per cent of GDP in 1986. Thus, the growth of French foreign investment levels

² The estimate was prepared by extrapolating the French growth using investment stock data from the *World Investment Directory* over the available period to 1993. This figure was verified by adding the 1993 flow data (from the IMF) to the 1992 stock from the *World Investment Directory*.

(both inflows and outflows) has been substantially more rapid than those of the other countries covered by this report. This finding was highlighted in the compendium report (see also Figure F-2).

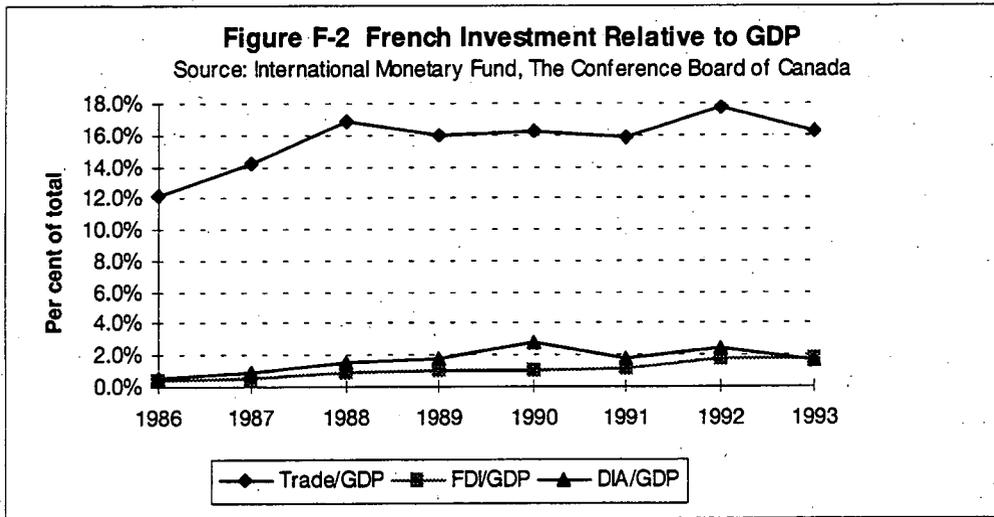
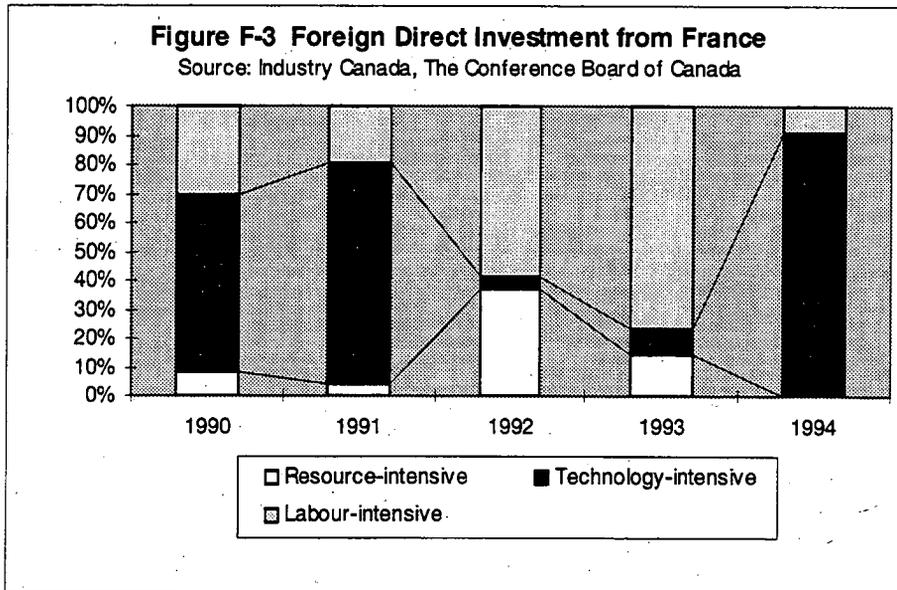


Figure F-2 also highlights the fact that for France, as well as for most of the countries selected for the study, trade remains a much more important component of the economic performance than investment (i.e., relative to GDP). And, as outlined in the compendium report although global investment levels are growing more rapidly than trade globally, they are still significantly smaller in almost all countries.

Data on foreign direct investment in France broken down by industry do not reveal that any particular industry types are targeted over the study period. While there was a resource and technology-intensive focus in 1992, this was offset by a more labour-intensive industry focus in 1993. French direct investment abroad reflects similar trends, with a relative balance between the various industry types over the study period. The data broken down by industry (from the *DealWatch* database) also suggests that French direct investment abroad declined between 1991 and 1993, stabilizing only in 1994. This contradicts the main data source used for the study (the IMF database) which indicated that total French DIA had increased between 1991 and 1992 and declined in 1993. Please refer to the data supplement appended to this report for an explanation of the way various data bases were used for this study of global and Canadian investment trends.

The data obtained from Industry Canada on French investments registered under the Investment Canada Act, illustrated by Figure F-3, suggest that French investment in Canada was substantial in 1990, 1992 and 1993. This investment was targeted at technology-intensive and labour-intensive industries.



As a percentage of the investments made in each year, France invested more heavily in technology-intensive industries in 1990, 1991 and 1994 and in labour-intensive industries in 1992 and 1993. However, because the absolute investment levels were higher in 1993 (the year most labour-intensive investments took place), the average over the five-year period suggests an overall balance of French investment in Canada between labour-intensive and technology-intensive industries.

Canadian resource-intensive industries were not targeted for investment by France. In fact, only about 10 per cent of the total French DIA in Canada flowed to such industries over the study period. This contrasts with the global resource-intensive focus of investment by France in 1991 and 1994.

Data on total French DIA were not available to complete a competitive assessment of the position of Canada relative to the other countries being targeted by French investments. Based on the available data sources, it would appear that Canadian inflows of investment from France represented about 3 per cent of total global investment by France to other countries in 1990. In 1993, the importance of Canadian investments by France as a proportion of the total French DIA outflows had increased to about 4 per cent. Subject to the data limitations outlined above, this would suggest that Canada is becoming a more important target for French investment.







Global and Canadian Investment Trends

Country Report: Focus on Germany

prepared for
The Department of Foreign Affairs and International Trade

by
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The Conference Board of Canada

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This country report concentrates on investment trends for West Germany. The report highlights key economic indicators that characterize the importance of Germany as a global provider of investment dollars, and highlights the importance of Canada as a target of German investment during the period from 1988 to 1993.

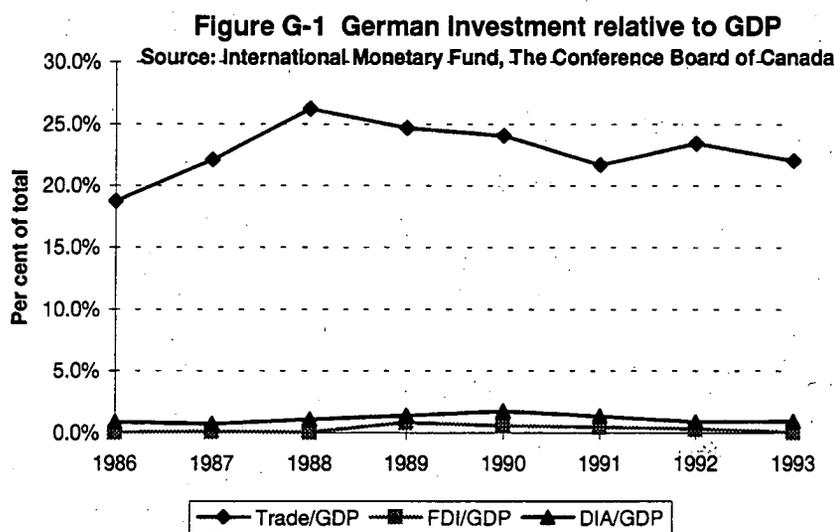
During this period, major political and economic changes have occurred in West Germany, leading up to and subsequent to the amalgamation of the East German republic with the West German state. These major developments have had a major impact on the behaviour of German investors, and on the amount of investment flowing to and from the unified Germany. In particular, the former East German half of the country is in need of massive investment to modernize its economy. However, because records of investment flows were not kept under the communist regime, historical data on East German investment trends cannot be presented here.

Investment statistics used in this country report were obtained from the German Bundesbank, which maintains data on international capital links, including foreign direct investment (FDI) stocks. In the case of industry-specific data, the statistics were derived from the DealWatch publication mentioned in the compendium report. These statistics refer only to West German investment, and do not include data on the former East German republic. However, as mentioned above, the investment needs resulting from the requirement to modernize the former East German economy are likely to result in relatively little investment outflows from the former East Germany. Consequently, it is likely that almost all German investment is in fact captured by the data on West Germany.

West Germany is the third largest country in the world in terms of GDP after the U.S. and Japan, with a GDP of more than U.S. \$1,646 billion in 1993. However, German investment stocks abroad are relatively modest (like Japan). In 1986, stocks of German Direct Investment Abroad (DIA) represented U.S. \$58 billion. By 1993, stocks of German investment abroad had grown substantially

to U.S. \$153 billion.¹ At the same time, outflows of German DIA declined from almost U.S. \$29 billion in 1990 to about U.S. \$15 billion in 1992. For 1993, German DIA remains at around U.S. \$15 billion.

West Germany is a relatively more important investment target than Japan with stocks of foreign direct investment in Germany totalling U.S. \$62 billion in 1993. However, inflows of foreign direct investment to West Germany have declined steadily from more than U.S. \$10 billion in 1989 to only U.S. \$1 billion in 1993.



Like Japan, West Germany has clearly chosen trade over investment as its mode of operation globally. Thus, German DIA flows rose from U.S. \$10 billion in 1986 to U.S. \$28 billion in 1990, then declined to slightly more than U.S. \$15 billion by 1992. At the same time, German exports were rising from U.S. \$231 billion to more than U.S. \$406 billion. This tendency is reflected in Figure G-1 by a large gap between the German trade to GDP ratio and its investment to GDP ratio. In fact, foreign direct investment in Germany and German DIA (relative to GDP) are among the lowest of all the countries covered by this report. Inflows of foreign direct investment increased marginally as a

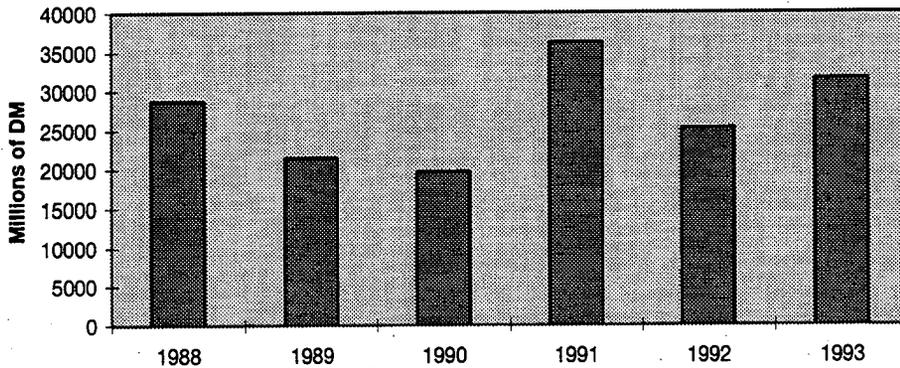
¹ German DIA growth was substantially less than that of Japan over the study period. In 1986, Japanese and German DIA stocks were equivalent; by 1993, Japan's DIA stocks were more than U.S. \$100 billion larger than those of Germany.

percentage of GDP until the late 1980s, only to decline back to 1986 levels by 1993. German DIA followed similar trends (see Figure G-1).

It is likely that the global recession starting in 1990 and then the unification of Germany have largely distracted Germany from the global investment environment. This is reflected in data obtained from the German Bundesbank, illustrated in Figure G-2, which highlight the total investment outflows from West Germany over the study period. The increase in total investment flows in 1991 coincide with the dismantling of the Berlin wall, the symbol which signified the beginning of the unification of Germany.

Figure G-2 Total German DIA Flows

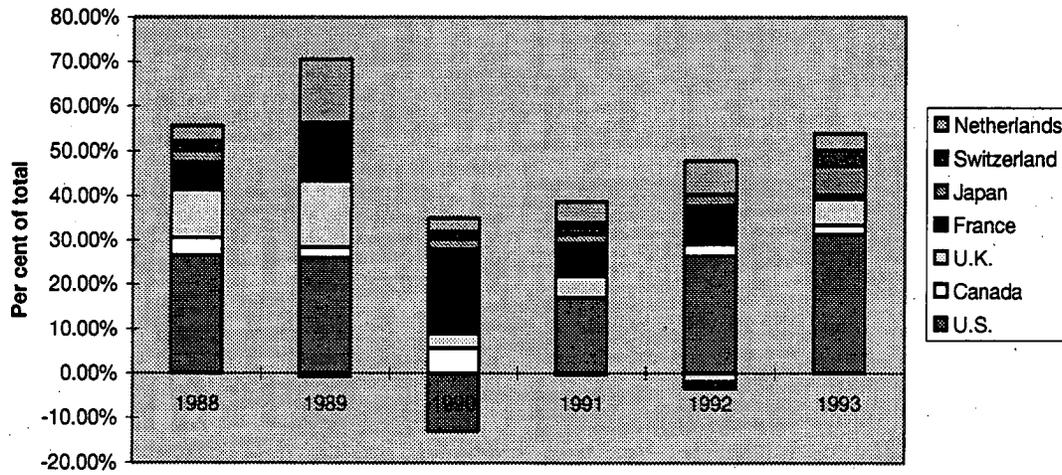
Source: Deutsche Bundesbank, The Conference Board of Canada



However, investment flows to industrialized countries covered by the report declined sharply in 1991, with a slight pickup in investment levels suggested by the data for the latter half of the study period. This is confirmed by data obtained from the German Bundesbank on investment stocks broken down by country. Using this data, investment flows to selected countries were calculated. The results of those calculations are illustrated in Figure G-3.

Figure G-3 German DIA to Selected Countries

Source: International Monetary Fund, The Conference Board of Canada



In the aggregate, the data provide additional evidence of the impact of German unification on German investment levels. With massive investments required within the unified Germany, German investors have tended not to invest as much in other industrialized countries, such as those selected for this report (see Figure G-3). The data analyzed in the compendium report indicated that while global investment levels recovered rapidly in most industrialized countries following the 1990 global recession and starting in 1992 and 1993, in Germany, post-recession investment outflow levels increased more slowly. This results in a somewhat lagging investment trend when German investment levels are compared directly with those of other countries selected for this report (see Section 2 of the compendium report). Once the important internal economic matters related to unification are settled, Germany will again likely seek additional investment opportunities abroad. At the same time, foreign investors interested in investing in Germany will resume efforts to find investment opportunities in Germany. In fact, preliminary data indicate a healthy growth in both investment inflows and outflows for 1994.

Figure G-3 also illustrates that Canada was not an important target for German investment over the period from 1988 to 1993. Except for 1990 when Canada received a relatively larger share of a comparatively smaller German DIA, Canada has consistently received less than 3 per cent of total

German DIA. For 1992 and 1993, Canada received about 2 per cent of the growing German DIA, up substantially from 1991, but still less than all of the other countries selected for the report (including Switzerland and the Netherlands, countries that are economically smaller than Canada). While some of this data can be explained by the impact of the unification of Germany on investment levels, the position of Canada relative to the countries selected for the study suggest that Germany invests primarily in countries that are geographically closer than Canada, and that investments directed at North America end up primarily in the United States.

As part of its investment promotion efforts, DFAIT should explore ways of increasing the profile of Canada in Germany so as to capitalize on the expected increase in German DIA over the next few years.

The available data on German direct investment abroad (German DIA) broken down by industry type suggest that Germany has invested primarily in technology-intensive industries since 1991, and particularly in 1991, 1992 and 1994. Between 1992 and 1992, German DIA declined precipitously. However, more than half of the German DIA continued to be channelled towards technology-intensive industries. Over the study period, the remaining German direct investment abroad has been split almost equally between labour-intensive and resource-intensive industries.

Foreign direct investment in Germany (German FDI) has been directed primarily at resource-intensive industries. Except for 1992 when labour-intensive industries were targeted, about 50 per cent of the annual inflow of direct investment to Germany was targeted at resource-intensive industries. Like German DIA, German FDI inflows declined precipitously between 1991 and 1992, with more than U.S. \$25 billion in 1991 and less than U.S. \$8 billion in 1992 (see Table III-9 and Table III-10 in Appendix A).

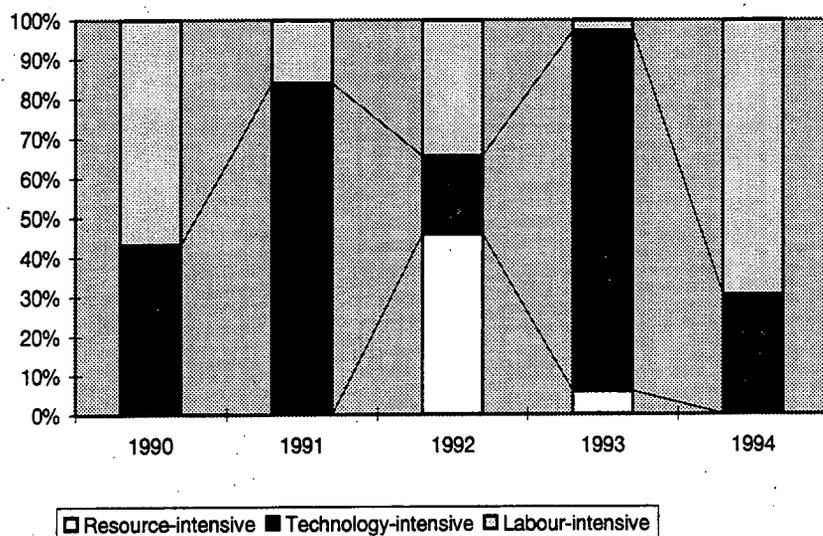
Data on German direct investment to Canada is incomplete because of the small number of investment deals that occurred over the study period (because of factors discussed earlier).² However, almost half of the German investment over the 1990 to 1994 period took place in 1990, with considerably fewer and smaller German investment deals registered under the Investment Canada Act after 1990. Prior to 1990, more than half of the German investment in Canada was targeted at the manufacturing sector (considered to be a technology-intensive sector for the purposes of the study). In 1990, investment levels were almost equally split between labour-intensive and technology-intensive industries, with a higher proportion of total investments flowing to technology-intensive industries between 1991 and 1994. The data are outlined in Table I-11 in Appendix A.

By extrapolating data based on the total investment registered under the Investment Canada Act by industry and by years, it became apparent that German resource-intensive and labour-intensive investment directed at Canada was almost non-existent for much of the study period. Figure G-4 illustrates the Investment Canada data, which has been extrapolated to account for the data that could not be released because of the Investment Canada guidelines. While this figure needs to be interpreted with caution, particularly in the case of labour-intensive data (which required more extensive extrapolation), it does illustrate the propensity for German investors to target technology-intensive investments in Canada during much of the study period. The estimates also show that two resource-intensive investments made during 1992 constituted a significant proportion of the total investment flowing from Germany to Canada for that year.

² Industry Canada will not release investment figures where there are fewer than three investment deals registered under the Investment Canada Act in a given year.

Figure G-4 Foreign Investment from Germany to Canada

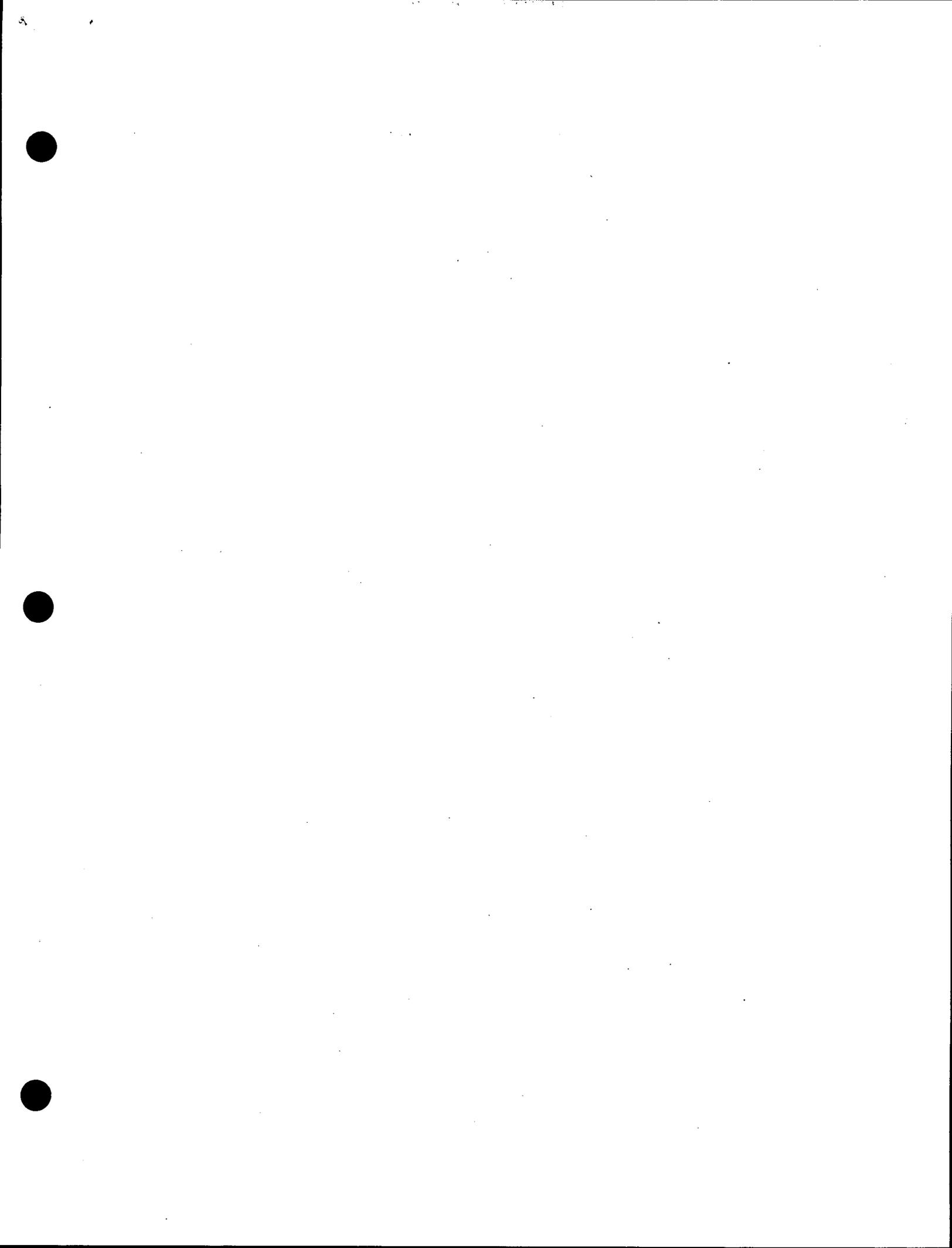
Source: Industry Canada, The Conference Board of Canada



Thus, the data collected for the study suggest that the industry focus of German investment to Canada is similar to that of German investment globally. Similarly, the smaller German investment flows received by Canada since 1990 mirror overall global German direct investment trends. This suggests that, as German outflows of investment to other countries increase (as Germany emerges from the shock of German unification), so will investments directed at Canada.

However, the proportion of total German DIA directed at Canada is quite small, and could be increased if German investors can begin to see Canada as an effective gateway to the North American market. Data obtained from the Bundesbank and from other sources suggest that German investments to Canada represented less than 5 per cent of the total investment outflows of Germany in 1993. This investment level appears to have declined since 1990 when the Canadian proportion represented more than 5 per cent of the total.

The data reviewed for this country report suggest that Germany is an effective target for investment promotion activities. Such activities may help target areas where investment occurs in Canada, and in particular, influence new German FDI as the shock of German unification subsides over the coming years.







Global and Canadian Investment Trends

Country Report: Focus on Japan

**prepared for
The Department of Foreign Affairs and International Trade**

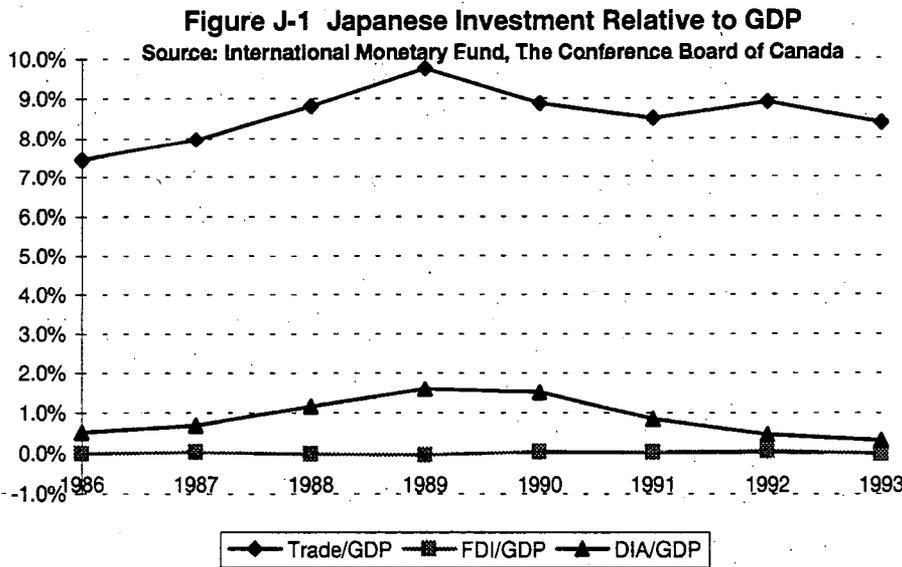
**by
Pierre Vanasse, Principal Research Associate
International Programs Group
The Conference Board of Canada**

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September 1995

This country report focuses on the investment relationship between Japan and Canada, and particularly on the relatively recent emergence of Japan as a global investor. In particular, the report highlights the extent to which Canada has been able to consistently attract a share of Japanese DIA throughout the study period.

Japan is clearly one of the world's leading economic powers, with the second largest GDP in the world behind the United States. Japan is also a relatively large investor, although it ranks far behind the United States, as well as behind a number of other developed countries, particularly relative to foreign direct investment in Japan, but also relative to Japanese direct investment abroad. Japanese DIA is also differentiated from the outward investments of other countries selected for the report in that most of Japanese global direct investment activities have taken place mostly within the last five years. In fact, the data on Japanese investment performance (as well as trade) support the notion that Japanese investment activities tend to be outwardly oriented as opposed to directed towards Japan. In other words, the Japanese have, at least until fairly recently, clearly favoured trade over investment in their global business dealings. Japanese data relative to GDP is outlined in Figure J-1.



Stocks of Japanese investment abroad (Japanese DIA) were a meagre U.S. \$58 billion in 1986. By 1993, they had grown to almost U.S. \$260 billion. While this is still a relatively modest level of investment relative to the size of the Japanese economy, and particularly relative to the United States (whose investment stocks were more than U.S. \$720 billion in 1993, this level of outward investment still represents a four-fold increase since 1986. This level of growth represents double-digit growth rates for much of the study period.

The sluggish growth of the late 1980s (globally) and the recession of 1990 did affect Japanese DIA, albeit one year later than other countries. Thus, outflows of Japanese direct investment to other countries declined from U.S. \$48 billion in 1990 to less than U.S. \$14 billion in 1993.¹

In 1986, inflows of foreign direct investment (FDI) to Japan were a meagre U.S. \$230 million. The corresponding stock of FDI in Japan was correspondingly small in 1986 at U.S. \$6.5 billion. This compares with the Canadian stock of FDI, which was almost U.S. \$70 billion in 1986 (Japan's GDP is almost eight times larger than Canada's GDP). By 1993, stocks of FDI in Japan had grown by a mere U.S. \$10 billion to U.S. \$16.9 billion. There were actual annual declines of investment in flows to Japan in 1988 and 1989, followed by three years of increases to 1992. For 1993, there are virtually no investment inflows to Japan, only U.S. \$100 million.² Data on FDI in Japan classified by industry groups suggest that the bulk of investment inflows to Japan has been directed at technology-intensive and labour-intensive industries. This is likely explained by the Japanese reputation for high-technology, productivity and quality and the fact that they would tend to favour these industry types when foreigners look for investment opportunities in Japan.³

Unlike FDI in Japan, Japanese direct investment abroad (Japanese DIA) has increased dramatically over the study period and ranged between U.S. \$30 billion to more than U.S. \$65 billion. This is

¹ The data for the direct investment abroad by other countries, as outlined in the compendium report, suggested that the global recession started to affect investment outflows in 1989.

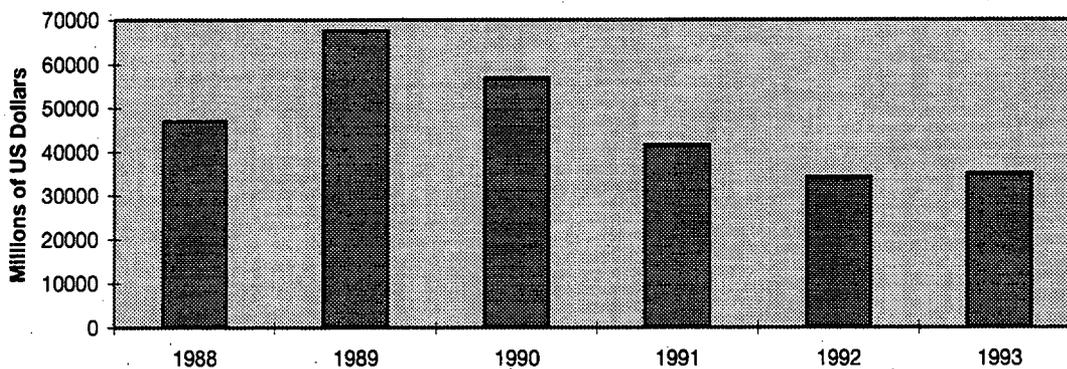
² The relationship between FDI in Japan and Japanese GDP is so small as to be negligible. Japan's GDP for 1993 was over U.S. \$4,000 billion.

³ These results have to be interpreted carefully given the small relative size of foreign direct investment in Japan and the possibility that trends are being influenced by individual investment deals.

reflected in the data obtained from the Japanese Ministry of Finance on total Japanese DIA over the period (see Figure J-2).

This data suggest that the global recession which affected Japan starting in 1991, had an effect on total Japanese DIA, but that the effect was less sudden than in some of the countries covered by the report, in particular, the United Kingdom where the impact was immediate and substantial. The data on total Japanese DIA are illustrated by Figure J-3.

Figure J-2 Total Japanese DIA
Source: Japanese Ministry of Finance

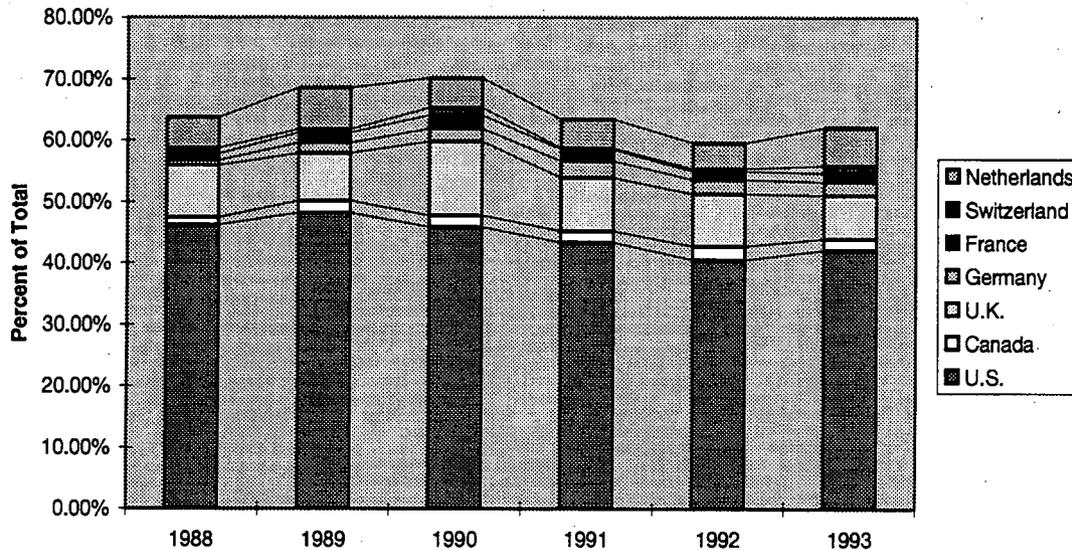


The Japanese ministry of finance also provided data on the investment relationship between Canada and Japan, and between Canada and the countries selected for the report. Like the United States, Japan spends a large proportion of its DIA in countries other than those selected for the report. This is reflected in Figure J-3 by the percentage of the total outlined by each bar. Thus for 1993, for example, 40 per cent of total Japanese DIA flowed to countries other than those that were targeted for the study. Japan, in particular, targets investment opportunities in the Asia Pacific region, and a large part of its investment portfolio is invested there.

The data on Japanese DIA confirm that the United States is the most important target for Japanese investment abroad. In fact, United States received almost 50 per cent of total Japanese DIA during most of the study period. The United Kingdom is another significant target for Japanese investment outflows, receiving more than 8 per cent of total Japanese investment over the period from 1988 to 1993. The Netherlands received almost 5 per cent of the total. Other countries received a relatively

similar proportion of total Japanese DIA to Canada's proportion, with Germany receiving almost 3 per cent, France with 2 per cent, and Switzerland receiving less than 1 per cent of the total.

Figure J-3 Japanese DIA to Selected Countries
 Source: Japanese Ministry of Finance, The Conference Board of Canada

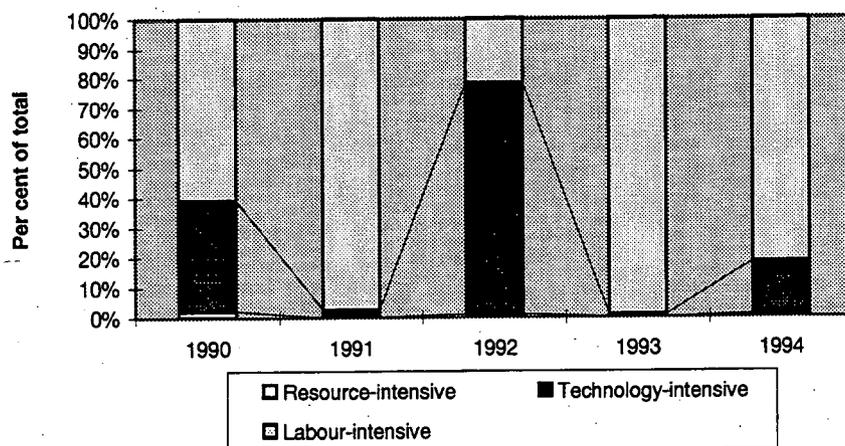


The data in Figure J-3 also highlight the extent to which Japanese DIA is consistent over the study period. Corresponding data from the United States and United Kingdom revealed considerable year-to-year variance in DIA targeted at specific countries over the study period. Japanese DIA, on the other hand, flows consistently to each country, and this is reflected in relatively stable proportions over the study period. In particular, Japanese DIA flowing to Canada has remained stable at around 2 per cent of the total Japanese DIA for most of the study period.

Data on Japanese DIA by industry suggest that the Japanese invest primarily in resource-intensive industries globally. In fact, more than 60 per cent of the total investment outflows was concentrated in resource-intensive industries in each year between 1991 and 1994. The large Japanese DIA in resource-intensive industries globally is likely explained by the shortage of natural resources and raw materials available in Japan.

With Japanese investment abroad generally concentrated in resource-intensive industries, it is surprising to note that Japanese investment in Canada is primarily directed at labour and technology-intensive industries. Prior to 1990, and for 1992, more than half of the Japanese investment flows to Canada, as illustrated by data on investments subject to the Investment Canada Act, occurred in technology-intensive industries. This primarily reflects generally large investments in so-called "transplants", that is, Canadian assembly plants that service the North American automobile market from Canada. For other years, inflows of Japanese investment were directed almost exclusively at labour-intensive industries (see Figure J-4).

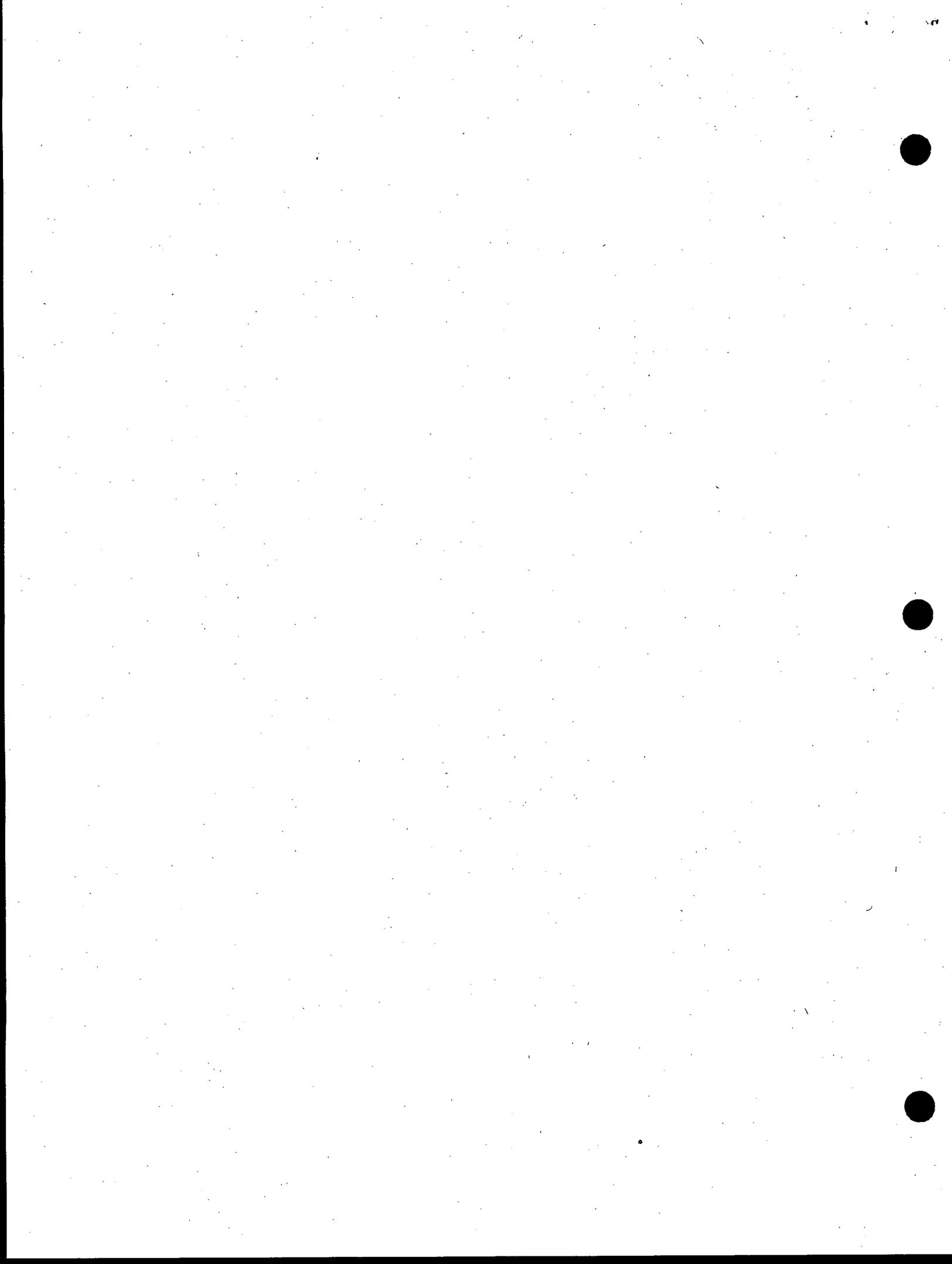
Figure J-4 Foreign Investment From Japan
Source: Industry Canada



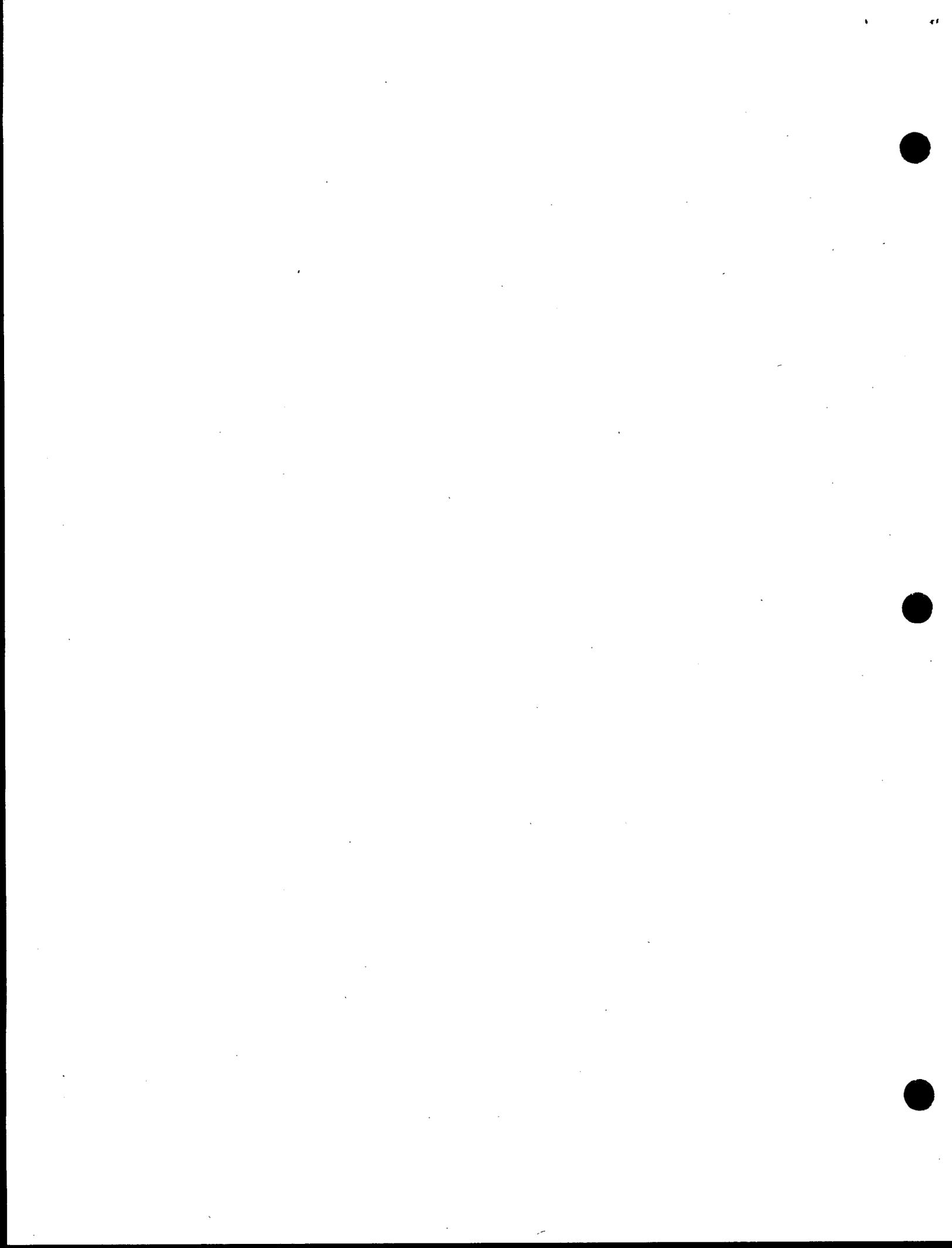
The data in Japanese DIA in Canada highlight an opportunity for Canada to benefit from its strategic location for investments directed at the North American market. The Japanese have invested in Canadian automobile assembly plants not to service the Canadian automobile market, which is quite small, but to improve access by the Japanese to the greater North American market from a Canadian base. The infrastructure regulating the import and export of automobiles between Canada and the United States, initially established under the "Auto Pact" and eventually entrenched into the FTA and NAFTA, played a key role in helping Canada attract large Japanese investments in automobile assembly plants. The Japanese pursued the investment opportunity as a strategic and cost-effective

way to proceed because of a number of factors, including lower property costs, currency exchange rates, labour productivity, etc.

The example of the so-called Japanese "transplants" highlights some key components of the type of information required to successfully promote investment opportunities in Canada. The information provided to foreign investors needs to include data on the existence of favourable economic conditions and cost structures, Canada's proximity and access to the greater North American market, and other factors that will be critical in encouraging foreign direct investors to choose investment opportunities in Canada over those of other countries.









Global and Canadian Investment Trends

Country Report: Focus on Selected Small Economies: The Netherlands and Switzerland

**prepared for
The Department of Foreign Affairs and International Trade**

**by
Pierre Vanasse, Principal Research Associate
International Programs Group
The Conference Board of Canada**

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This country report focuses on the investment relationship and investment performance of the two smallest economies selected for the study. Because of their size, and the fact that both are actually smaller in terms of GDP than Canada, they are being covered within a single country report, using less extensive data than was the case for the United States, the United Kingdom, Germany, Japan and France.

The Netherlands

The Netherlands is a relatively small economy; in fact, it is one of the smallest economies covered in detail by this report. The 1993 GDP of the Netherlands was only U.S. \$295 billion, or about 54 per cent of the corresponding Canadian figure.

What is distinctive about the Netherlands is the degree to which the Dutch are outwardly oriented. Dutch investment stocks abroad stood at more than U.S. \$126 billion in 1993, a level that was as high as that of France, a country that is more than four times larger in terms of GDP. Similarly, foreign direct investment stocks in the Netherlands are substantial, particularly relative to the size of the economy, totalling more than U.S. \$83 billion in 1993.¹

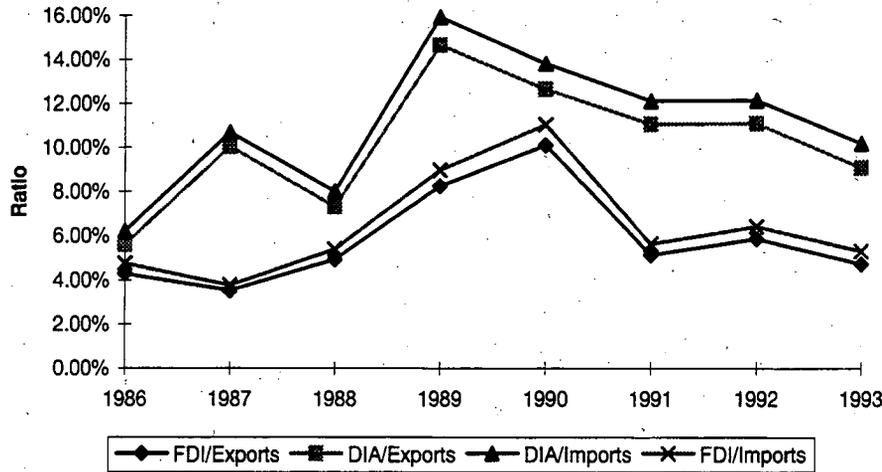
Sluggish growth in the late 1980s and the global recession of 1990 did not spare the Netherlands. Both foreign direct investment in the Netherlands and Dutch direct investment abroad declined substantially as a per cent of trade after 1989 (see Figure S-1). Relative to GDP, FDI in the Netherlands in 1989 represented over 4 per cent of GDP. This was substantially higher than the other countries selected for the study. Subsequently, inflows of foreign direct investment in the Netherlands have declined to slightly less than 2 per cent of GDP (by 1993). This represents a decline in foreign direct investment in the Netherlands of about 50 per cent from the 1990 peak, and represents less than 5 per cent of trade (down from slightly more than 10 per cent of trade in 1990). Thus, Dutch direct investment inflows appear to have been significantly affected by the global recession starting in 1990. However, because the relative investment inflows were already

¹ The corresponding figure for Canada is U.S. \$110 billion, despite the fact we are twice as large in terms of GDP.

substantially higher than those of other countries, the Netherlands managed to retain its status as the country with the largest FDI inflows relative to size.

**Figure S-1 Relationship Between Trade & Investment
Netherlands**

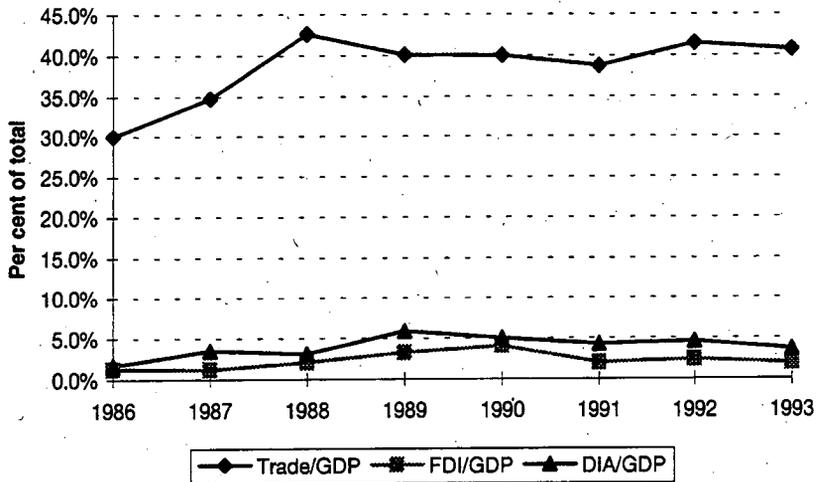
Source: International Monetary Fund, The Conference Board of Canada



Data on Dutch investment relative to GDP also suggest that the Netherlands are a significant source of direct investment relative to its size. For 1993, outflows of Dutch direct investment abroad (Dutch DIA) was about 60 per cent of the 1989 peak, or about 10 per cent of trade in 1993 (compared with more than 15 per cent of trade in 1989). Despite this decline, the Dutch were relatively significant global investors in 1993. In fact, when comparing Dutch investment inflows and outflows to that of other countries covered by the report (see section two of the compendium report), it became apparent that the Dutch are substantially ahead of other countries on the basis of investment levels relative to GDP. Figure S-2 illustrates data on Dutch investment and trade levels relative to GDP.

Figure S-2 Dutch Investment Relative to GDP

Source: International Monetary Fund, The Conference Board of Canada



For 1989, Dutch direct investments abroad totalling almost 6 per cent of GDP flowed out of the Netherlands into other countries. For 1993, Dutch DIA has declined to slightly less than 4 per cent of GDP. However, as was the case with FDI in the Netherlands, this is still higher relative to GDP than all of the other countries selected for the report.

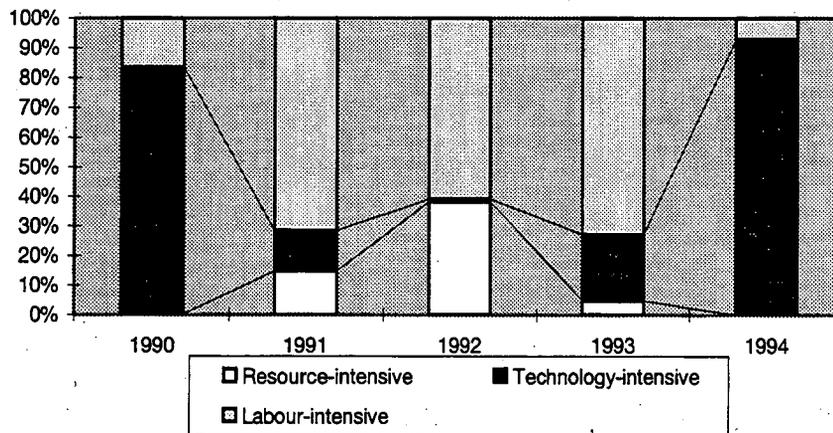
Another factor that differentiates the Netherlands from other countries is the types of investments flowing in and out of the country. By far the largest inflows of foreign direct investment to the Netherlands are concentrated in technology-intensive industries. In particular, for 1991, 1992 and 1993, more than 60 per cent of the total investment inflows to the Netherlands can be classified as technology-intensive. In the case of direct investment abroad, the Dutch appear to have targeted primarily resource-intensive investments during the study period, with a larger portion flowing to labour-intensive industries in 1994.

Data on Dutch investment into Canada subject to the Investment Canada Act suggest that the Netherlands have invested primarily in labour-intensive industries in Canada over the period covered by the study. This trend is apparent both prior to 1990 and up to 1994. The data provided

for the Netherlands were incomplete because of the confidentiality requirements associated with the Investment Canada Act but were extrapolated for the purposes of Figure S-3.²

Figure S-3 Foreign Investment from the Netherlands

Source: Industry Canada, The Conference Board of Canada



Dutch DIA in Canada has tended to be focused on investments in labour-intensive industries during the study period, in contrast to the resource-intensive focus globally. In 1992, the proportion of investments flowing to Canadian labour-intensive industries from the Netherlands reached almost 50 per cent of the total Dutch inflows to Canada. That year (1992) was also the only year during which there was substantial investment from the Netherlands in resource-intensive industries. Figure S-3 also suggests that Dutch investment in technology-intensive industries was a substantial proportion of the total Dutch DIA in 1990 and in 1994. However, the inflow of investment from the Netherlands to Canada in those years was substantially less than in 1992, resulting in an overall tendency over the study period for investments from the Netherlands to be targeted at labour-intensive industries. Other data suggest that inflows of Dutch DIA to Canada represented almost 6 per cent of total Dutch DIA in 1990. By 1993, Canada's relative share of total Dutch DIA has increased to almost 7 per cent. Based on this data, derived by comparing the data obtained from

² The data should be interpreted with caution as it was in effect extrapolated by estimating individual figures by examining the totals by years and by industry.

Industry Canada to the data obtained from the DealWatch report, Canada appears to have become a slightly more important target for Dutch DIA over the study period.

The investment data on the Netherlands are important in two respects. First, the Netherlands represents a small economy that has succeeded in attracting and providing considerable foreign direct investment over the study period. While it is true that the investment performance of the Netherlands relative to both inflows and outflows of investment has declined in 1993 and 1994, the way in which they have achieved this status in the past is remarkable and might be a model for Canada to follow as investment promotion activities are devised and implemented.

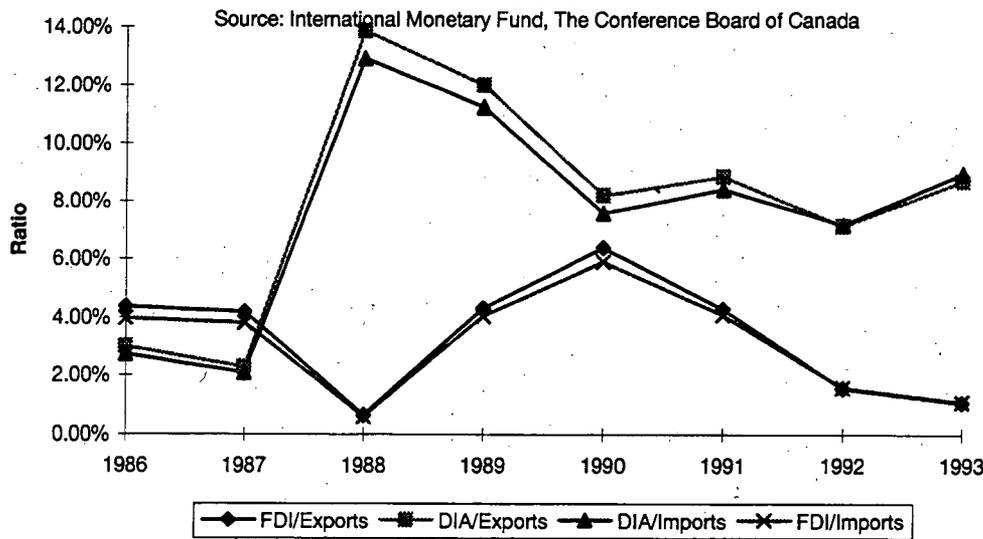
Second, the data on the Netherlands highlight what can be referred to as the small economy effect. This effect, which will also be illustrated by the investment data collected on Switzerland, occurs when relatively large investments are made in particular years, in particular industries and in particular countries. In a large country such as the United States, even large investments pale in comparison to the total investments being made in the country. In a small country such as the Netherlands, the large investment results in wide data fluctuations (such as the ones illustrated in Figure S-3), which suggest a particular focus on a particular type of industry, whereas in reality, it is a particular investment which affected the results. This suggests that the interpretation of investment data and investment trends relating to smaller economies needs to be made with caution.

Switzerland

Switzerland is the last and smallest economy being reviewed in detail as part of this study. The 1993 GDP for Switzerland was U.S. \$233 billion, or about one half of the corresponding Canadian figure. The stocks of Swiss investment abroad represented only U.S. \$84 billion in 1993, which is considerably less than the stock of Canadian DIA. Stocks of foreign direct investment in Switzerland are also relatively small, totalling U.S. \$47 billion in 1993 (compared to U.S. \$110 billion for Canada).

Outflows of Swiss direct investment abroad (Swiss DIA) rose sharply in 1988 but have remained relatively stable since that time, averaging about U.S. \$6.5 billion each year. Foreign direct investment in Switzerland has been more volatile in relative terms as illustrated by Figure S-4. In fact, FDI in Switzerland have varied around the U.S. \$2 billion mark for most of the period, with important declines to less than U.S. \$1 billion in 1988 and again in 1993.

**Figure S-4 Relationship Between Trade & Investment
Switzerland**



The relationship between trade and Swiss direct investment abroad (Swiss DIA) has been more volatile than that of other countries selected for the study. Early in the period, outflows of Swiss direct investment abroad, expressed as a ratio of trade, were relatively small at around 2 per cent. These investment outflow levels jumped to about 14 per cent of trade by 1988. With rising trade levels for Switzerland since 1989, outflows declined to between 8 per cent and 10 per cent of trade levels by 1993. The inflows of foreign direct investment to Switzerland have also been volatile over the period. From a level of over 4 per cent of trade in 1986, they became almost non-existent in 1988, recovered rapidly to over 6 per cent of trade in 1990, and subsequently declined to less than 1 per cent of trade by 1993.

As mentioned above, the degree of variability apparent in both investment inflows and outflows for Switzerland (illustrated in Figure S-4) are likely the result of relatively large individual investment deals affecting the investment statistics for this relatively small economy. On a larger base, such as GDP (see Figure S-5), only the more fundamental trends are apparent, indicating that after an unusually large outflow of Swiss DIA in 1988, Swiss DIA returned to more normal levels at approximately 3 per cent of GDP.

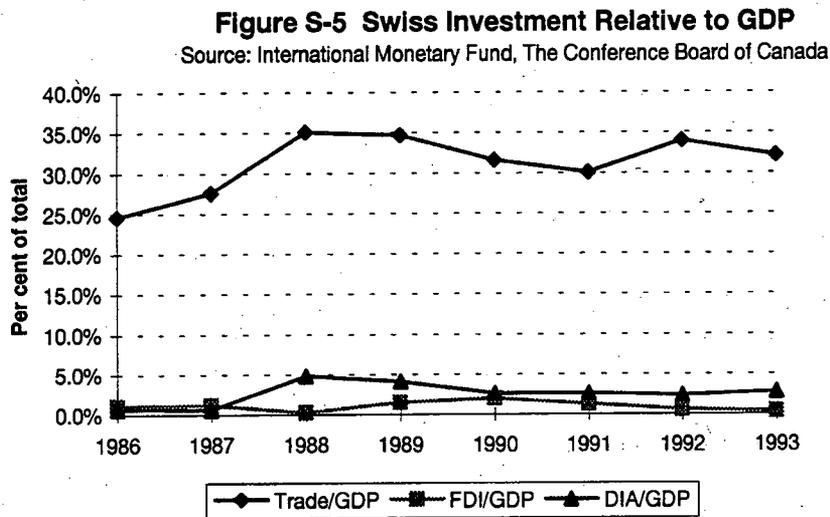
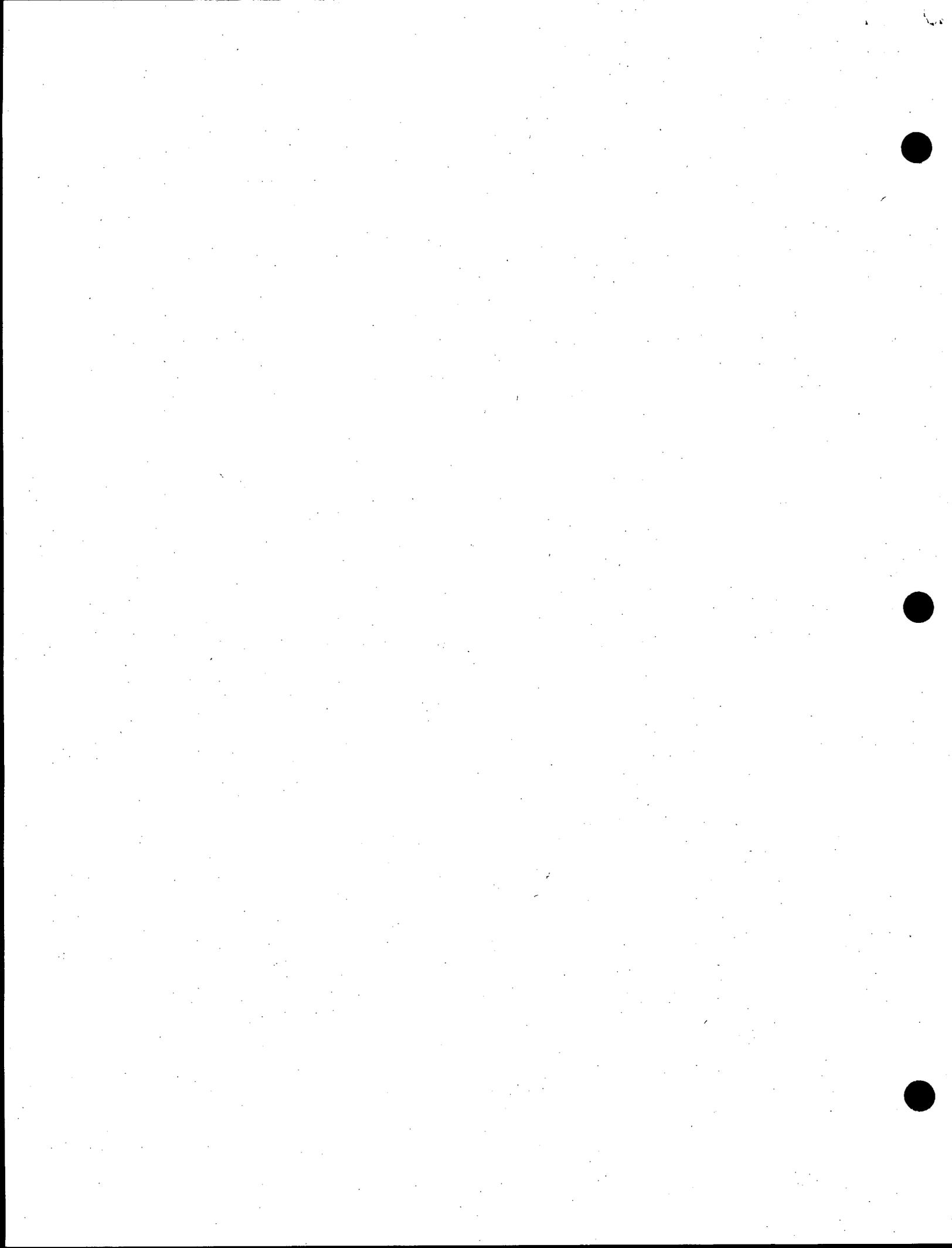
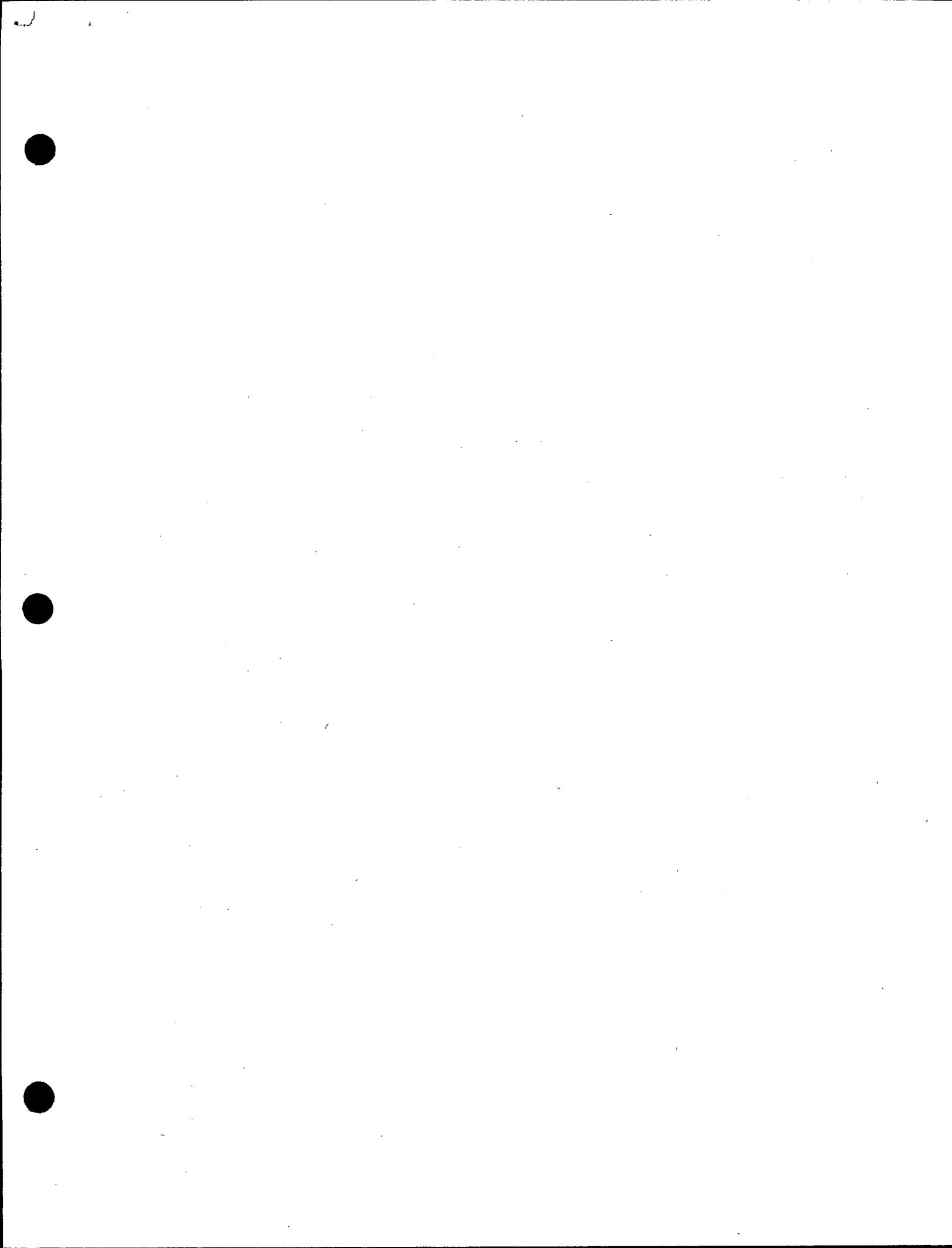


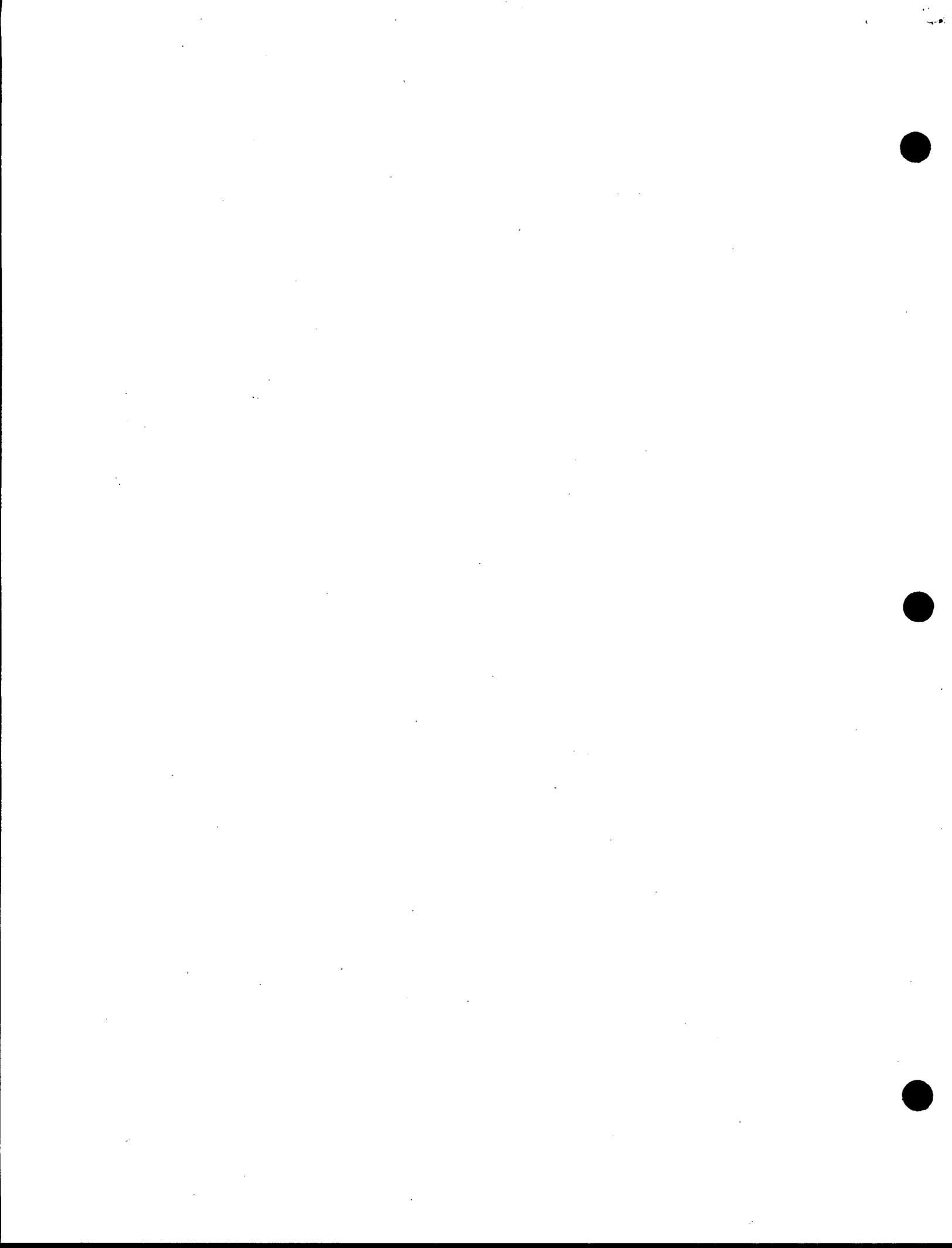
Figure S-5 also relates other data on investment and trade for Switzerland to GDP over the study period. Foreign direct investment in Switzerland declined to less than 0.23 per cent of GDP in 1988 and remained relatively low during the study period, ranging from as high as 2 per cent of GDP in 1990, to 0.35 per cent of GDP in 1993. The importance of Swiss direct investment abroad relative to GDP has been higher, reaching almost 5 per cent of GDP in 1988, but stabilized around 3 per cent of GDP after 1990.

Data obtained from Industry Canada on investments subject to the Investment Canada Act suggest that Swiss investors target technology-intensive and labour-intensive industries in Canada. However, investment levels were quite low during the period, under \$150 million every year except for 1994, and under \$100 million for 1990 and 1993. Because of the restrictions associated with the

Investment Canada Act, and the extent to which the data would have to be extrapolated, further analysis was not possible. The data also suggest that inflows of investment from Switzerland to Canada represented almost 1.5 per cent of total Swiss DIA in 1990. By 1993, the importance of Swiss DIA to Canada as a proportion of total Swiss DIA had declined to almost nothing, from more than 2 per cent in 1992. The 1993 results for Canada appear to be a reflection of the decline in Swiss DIA globally in 1993.









Global and Canadian Investment Trends

Country Report: Focus on the United Kingdom

**prepared for
The Department of Foreign Affairs and International Trade**

**by
Pierre Vanasse, Principal Research Associate
International Programs Group
The Conference Board of Canada**

Contract # T95-5-1018

September 1995

This country report focuses on the investment relationship between the United Kingdom and Canada, and on the types of investments being made by the United Kingdom globally. The data highlight the importance of the United Kingdom as a significant investor in Canada, and suggest the need for additional focus on the country as investment promotion activities are contemplated. This is seen to be necessary in order to bolster investments inflows from the United Kingdom, which have recently been very small by historical standards.

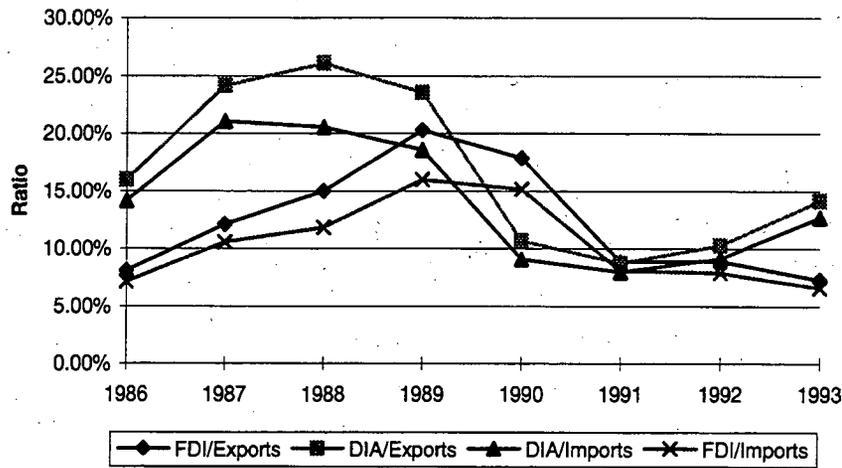
Classified according to its foreign direct investment presence in Canada, the United Kingdom ranks second to the United States, surpassing Japan, which has an economy that is approximately four times larger. Globally, British companies are significant foreign investors, with investment stocks abroad (UK DIA) of more than U.S. \$252 billion in 1993. Stocks of foreign direct investment in the United Kingdom are almost as important, totalling U.S. \$195 billion in 1993. The British economy is currently the fifth largest economy in the world with a GDP of almost US\$950 billion in 1993.

Sluggish growth in the United Kingdom and the global recession of 1990 affected inflows of foreign direct investment in the United Kingdom (UK FDI). A sharp drop in foreign direct investment inflows to the United Kingdom in 1991 resulted in UK FDI being at about half of the 1990 levels for both 1991 and 1992. The extent of the decline is illustrated in Figure UK-1, which outlines both FDI in the United Kingdom and UK direct investment abroad relative to trade. In 1993, inflows of foreign direct investment to the country were U.S. \$13 billion, down from a peak FDI inflow of U.S. \$32 billion in 1990.

Expressed as a percentage of trade levels, outward investment flows relative to trade fell from a peak of about 20 per cent of trade before the recession, to between 12 per cent and 14 per cent by 1993. In fact, UK direct investments abroad recovered quickly from the global economic slowdown of 1990, and by 1993, were approaching the levels that were common prior to the global recession. The ratio of UK inflows of foreign direct investment relative to trade, on the other hand, were still less than half of their pre-recession levels by 1993 (see figure UK-1).

**Figure UK-1 Relationship between Trade & Investment
United Kingdom**

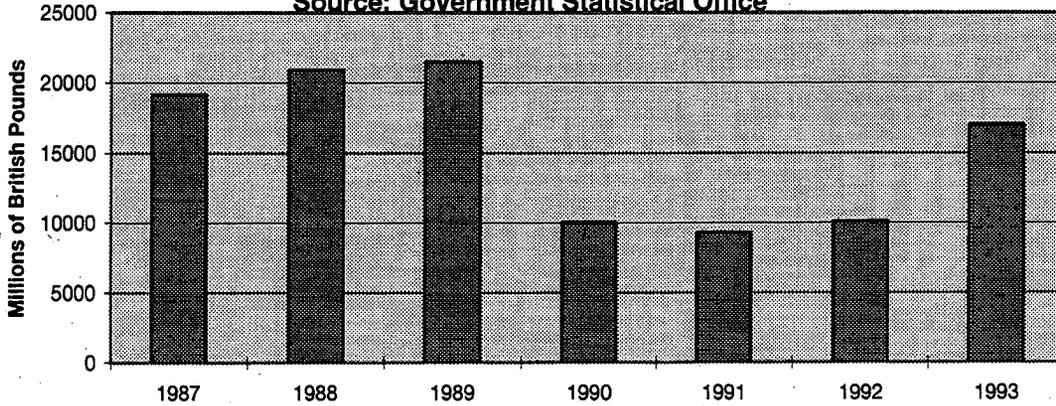
Source: International Monetary Fund, The Conference Board of Canada



Foreign direct investment inflows to the United Kingdom tend to be primarily focused on labour-intensive industries, with more than half of the investment flowing to these industry types in 1991 and 1992, and about 40 per cent in 1993 and 1994. UK direct investment abroad focused primarily on resource-intensive industries in 1991 and 1993, and on labour-intensive industries (almost 50 per cent of the total) in 1992 and 1994.

The United Kingdom is a relatively important investor abroad. However, UK direct investment abroad (UK DIA) was affected by economic conditions over the study period. Data obtained from the Government Statistical Service in the United Kingdom illustrate, in absolute terms, the size of the decline in UK DIA over the study period (see Figure UK-2). In particular, the data illustrate the extent to which investment levels have recovered following the global recession of 1990.

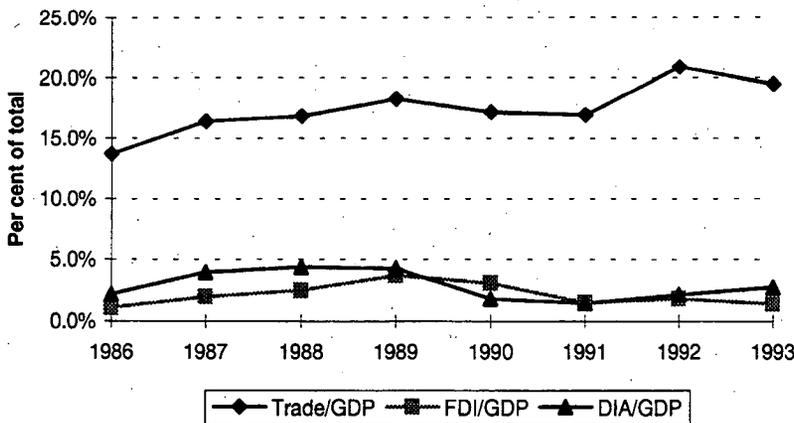
Figure UK-2 Total DIA Flows from the UK
Source: Government Statistical Office



The United Kingdom can be characterized as a country that is relatively outwardly oriented. This is apparent in the investment data illustrated in Figure UK-3, which illustrates investment levels relative to GDP. In fact, UK DIA has significantly exceeded UK FDI in all but one of the eight years covered by the study. UK direct investment abroad exceeded 4 per cent of GDP for three of the eight years covered by the study. For 1993, investment outflows from the United Kingdom were 2.8 per cent of GDP, substantially more than most of the countries covered by the study.

Figure UK-3 British Investment Relative to GDP

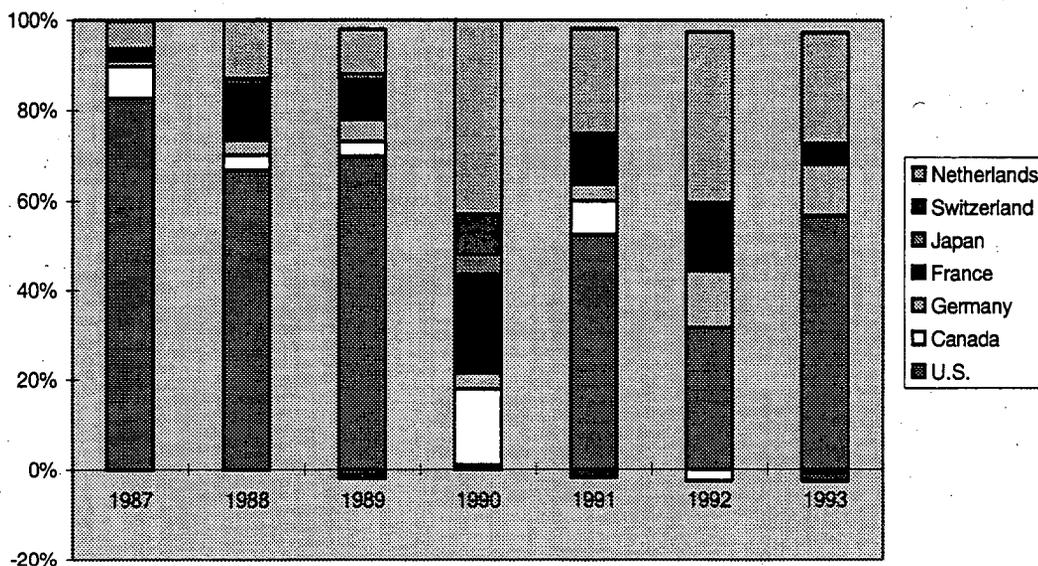
Source: International Monetary Fund, The Conference Board of Canada



The data obtained from the Government Statistical Service in the United Kingdom on UK DIA broken down by country illustrate that UK DIA to Canada has declined during the study period. In Figure UK-4, Canada appears to be a much more important target for UK DIA in 1990 than in any other year. This was also the year in which UK DIA was the smallest of the study period. Prior to 1990, but particularly since 1990, Canada's share of total UK DIA has been very small, with the bulk of the investment directed at North America going to the United States. UK DIA to Canada actually resulted in a net UK DIA *reduction* in 1992, and was practically non-existent in 1993 (see Figure UK-4). By comparison, UK DIA to the United States has been substantial in every year except for 1990.¹

Figure UK-4 British FDI Flows to Selected Countries

Source: Government Statistical Service, The Conference Board of Canada



The data obtained from Industry Canada on foreign direct investment in Canada, subject to the Investment Canada Act, support the data obtained from the UK Government Statistical Service on the investment relationship between the United Kingdom and Canada over the study period. In particular, there was a 60 per cent drop in FDI from the United Kingdom to Canada between 1990

¹ Unlike the United States, which invests only 50 per cent of its DIA in the countries selected for the report, almost 100 per cent of UK DIA is targeted at the seven industrialized countries selected for the report.

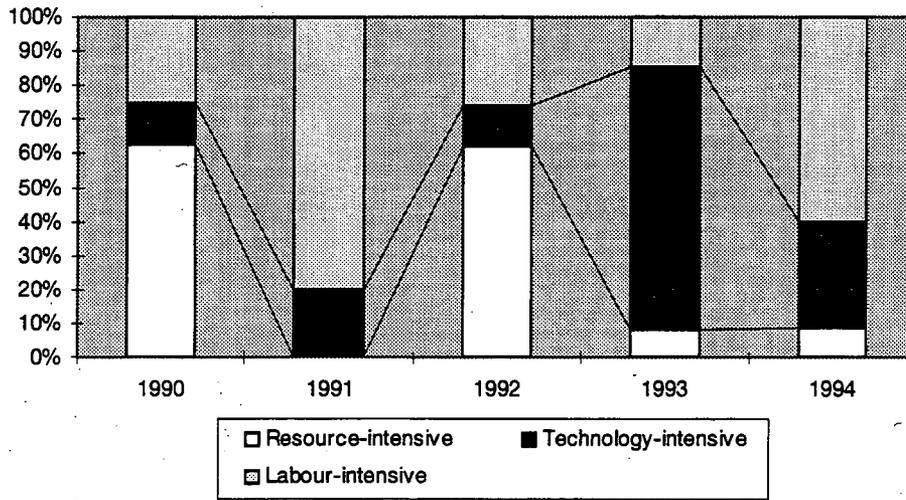
and 1991, largely caused by deteriorating economic conditions. However, subsequently, UK DIA to Canada failed to increase consistently in subsequent years, as global UK DIA increased. For example, 1994 data obtained from other sources suggest that global investment outflows from the United Kingdom increased by 10 per cent, while inflows of investments from the United Kingdom to Canada declined by more than 50 per cent.

This may be problematic for Canada. In looking to capture a share of the North American market, the United Kingdom may in fact be focusing on investments in the United States post-NAFTA. This is supported by the data which suggest continued large flows of UK DIA to the United States. If this is the case, Canada will need to implement investment promotion activities directed at the United Kingdom to increase Canada's profile as a desirable target for investment destined for the North American market. In particular, the promotion activities need to highlight Canada's competitive position relative to the United States.

UK investments levels classified by industry type were very erratic over the period covered by the study. Prior to 1990, investments from the United Kingdom, subject to the Investment Canada Act were primarily focused on the manufacturing sector, considered to be a technology-intensive industry for the purposes of this study. In 1990 and 1992, investments from the United Kingdom occurred primarily in resource-intensive industries. In 1991 and 1994, the United Kingdom invested primarily in labour-intensive industries in Canada, and in 1993, technology-intensive industries were targeted (see Figure UK-5).

Figure UK-5 Foreign Investment from the United Kingdom

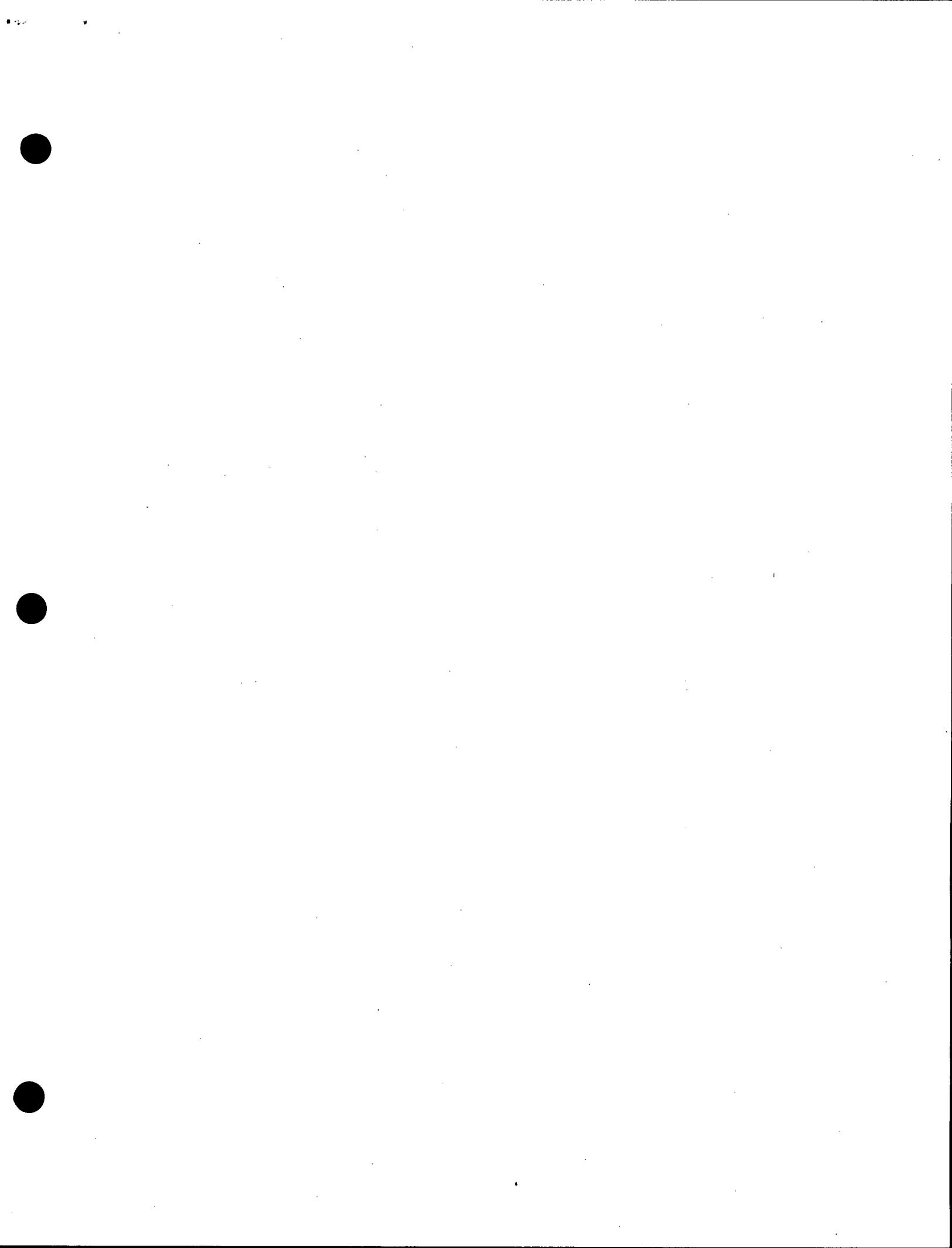
Source: Industry Canada, The Conference Board of Canada

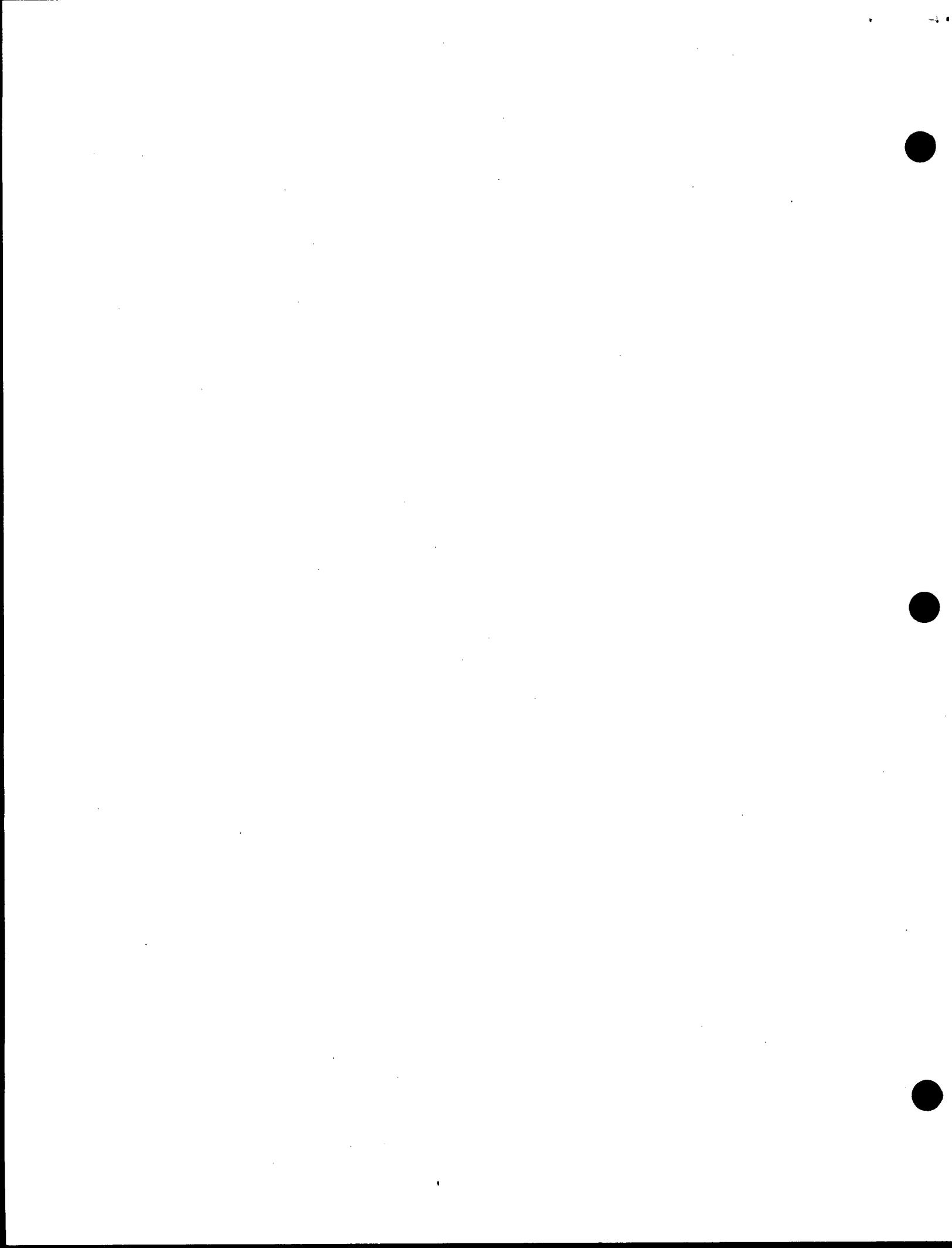


The data on UK DIA flowing to Canada, classified by industry were only consistent with global UK DIA data, by industry, in 1991. In 1992, the United Kingdom was investing in resource-intensive industries in Canada while targeting labour-intensive industries worldwide. In 1993, technology investments were targeted by the United Kingdom in Canada, but resource-intensive and labour-intensive industries were being targeted worldwide. Finally, in 1994, labour-intensive industries were being targeted in Canada, while globally, it was technology-intensive industries that were being targeted by the United Kingdom (although labour-intensive industries were a second area of focus.)

Because the flow of UK DIA to Canada has been relatively small in recent years, individual investment deals occurring in specific sectors of the Canadian economy may be influencing the trends related to the investment relationship between the United Kingdom and Canada. Nevertheless, the lack of significant investments by the United Kingdom to Canada since 1990 is a significant trend that will need to be addressed. The investment stocks of UK DIA to Canada were 6 per cent of total UK DIA stocks in 1987. By 1993, those Canadian UK DIA stocks had declined in importance to only 4 per cent of total UK DIA stocks. It is true that Canada's slippage might be the

result of developments in Europe (in particular, investment liberalization), and that this may have shifted some of UK investments away from North America. However, there also appears to have been a shift away from Canada and to the United States since UK DIA to the United States have been substantial since 1990. Thus, Canada will need to increase its investment profile in the United Kingdom in order to reverse the declining importance of Canada to UK investors.







Global and Canadian Investment Trends

Country Report: Focus on the United States

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September 1995

This country report highlights data on the investment relationship between Canada and the United States, including investment outflows and stocks held by the United States abroad, and inflows and stocks of foreign direct investment targeted at the United States. It provides a more detailed basis for the description of U.S. investment trends found in the compendium report associated with this country report.

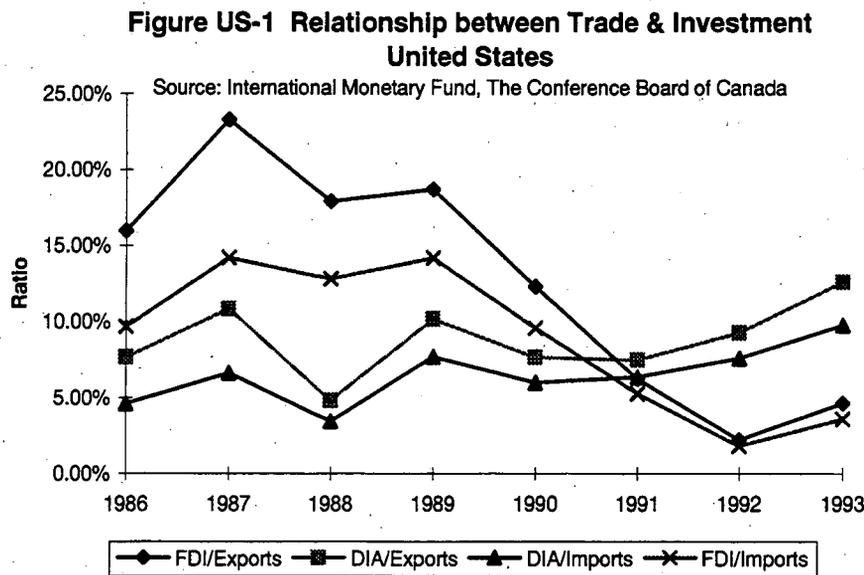
The United States is, of course, the largest economy in the world. In 1993, the GDP of the United States was more than U.S. \$6.3 trillion, or almost twelve times larger than Canada by this measure. The United States is also Canada's largest trading and investment partner, as well as being a very significant global investor. The United States accounts for the largest volume of investments, in terms of both inflows, outflows and stocks. In fact, U.S. investment stocks abroad stood at more than U.S. \$720 billion in 1993, a level that was approximately eight times larger than the corresponding Canadian DIA figure. Stocks of foreign direct investment in the United States is similarly very large at U.S. \$516 billion in 1993.

The global recession of 1990 did not spare the United States, resulting in sluggish growth and a sharp drop in U.S. foreign direct investment inflows for the first two years of the new decade. Foreign direct investment inflows to the United States fell from U.S. \$67 billion in 1989 to U.S. \$9.8 billion in 1992. By 1993, inflows of foreign direct investment were again increasing, reaching U.S. \$21.3 billion for 1993.

By comparison, U.S. direct investment abroad (US DIA) grew throughout much of the 1980s and early 1990s. In 1986, outflows of US DIA stood at U.S. \$17 billion, rising to almost U.S. \$58 billion by 1993. The 1990 global recession resulted in US DIA outflows dropping by approximately U.S. \$7 billion, from U.S. \$36 billion in 1989 to U.S. \$29 billion. However, by 1991, US DIA had recovered to over U.S. \$31 billion, and the increasing trend continued in subsequent years.

The relationship between U.S. trade and U.S. investment levels was significant for both total direct investment in the United States and total U.S. direct investment abroad until the 1990 recession, and

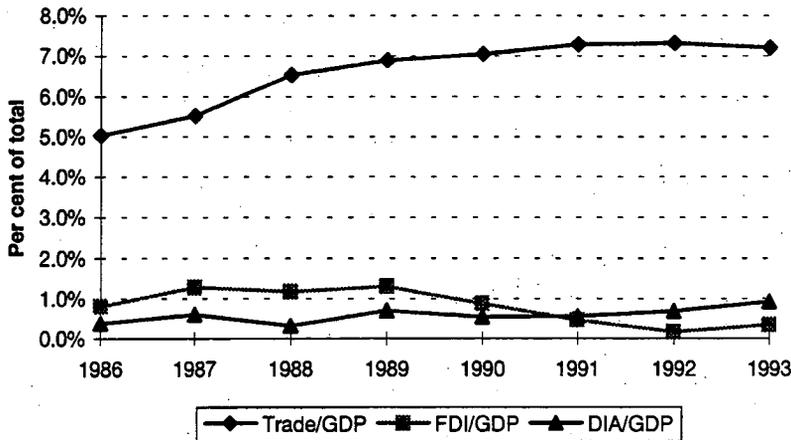
for total US DIA for the entire study period. FDI in the United States was running at 15 per cent of exports and more than 10 per cent of imports in 1986. By 1993, the ratio had declined to less than five per cent of both imports and exports (see Figure US-1). The global recession cut these ratios dramatically for 1991 and 1992, particularly for inflows of foreign direct investment into the United States. For 1993, renewed global economic growth has resulted in larger global foreign direct investment flows, while those flowing to the United States remained relatively weak relative to trade.



U.S. direct investment abroad did not experience the same declines as foreign direct investment in the United States. In fact, the United States maintained a relatively stable level of outward investment throughout the study period. This is reflected in Figure US-1 by a rising ratio of investment to trade, and in Figure US-2, by a US DIA to GDP ratio that surpasses the corresponding FDI to GDP ratio early in the new decade. Thus, US DIA levels grew from 0.7 per cent of GDP in 1989 to 0.9 per cent of GDP in 1993 (see Figure US-2).

Figure US-2 American Investment flows relative to GDP

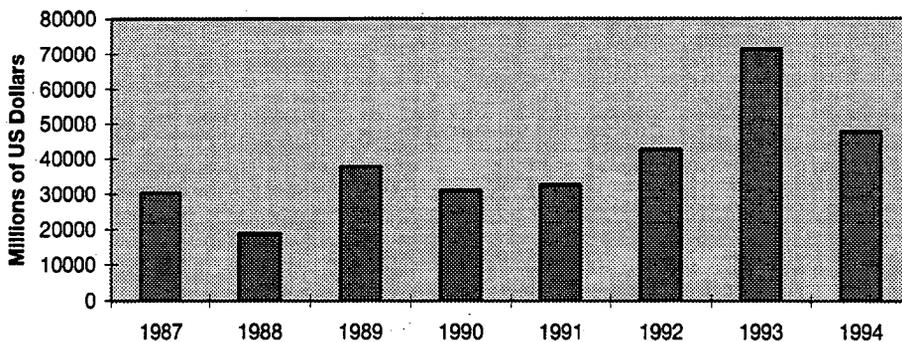
Source: International Monetary Fund, The Conference Board of Canada



Additional data obtained from the U.S. Department of Commerce illustrate the data on US DIA between 1987 and 1994 (see Figure US-3). The data suggest that US DIA continued to grow in 1994, albeit less rapidly than in 1993. Thus, U.S. investments abroad continue to increase rapidly, consolidating the existing leadership position of the United States in terms of global investment levels.

Figure US-3 Total US DIA Flows

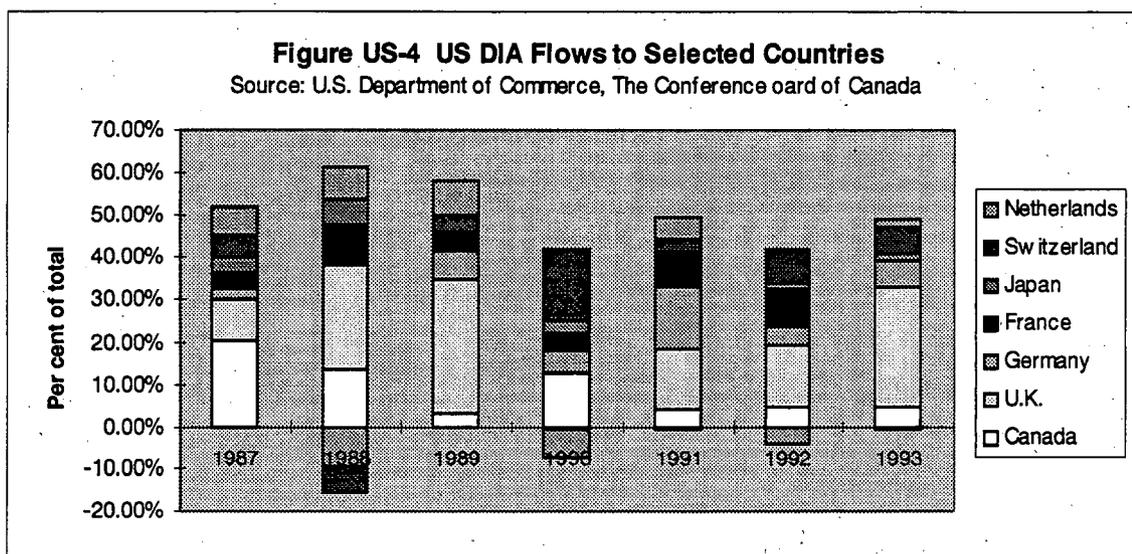
Source: U.S. Department of Commerce



This development would appear to be beneficial to Canada since, from a Canadian point of view, Canada has been an important target for US DIA in the past. In fact, investment stock data obtained

from the U.S. Department of Commerce on US DIA confirm that Canada is an important part of the investment portfolio of the United States.¹ According to this source, the U.S. direct investment position in Canada (stocks) is about U.S. \$68 billion out of an overall U.S. direct investment position abroad of U.S. \$486 billion in 1992.² However, on a DIA flow basis, Canada is not as important to the United States as the stock data would suggest, that is, Canadian stocks of US DIA are much more important than flows of US DIA.

Figure US-4 illustrates data on DIA flows from the United States to selected countries. Clearly, Canada was a more important target of US DIA flows in the late 1980s than it has been post-1990. In fact, other countries such as the United Kingdom, Germany and France have been larger US DIA targets than Canada since 1990. Thus, Canada appears to be losing ground to a number of the countries selected for this report.



In particular, the degree to which the United States invests in countries other than those selected for this report has been substantial over the study period. In Figure US-4, this is reflected by the size of each bar relative to 100 per cent (which represents total US DIA flows). For example, only about 50

¹ The additional data were provided by the U.S. Department of Commerce and is published periodically in the *Survey of Current Business*.

² The reader will note that the investment totals collected under the *Survey of Current Business* are not comparable to those obtained from other sources. These figures represent only a subset of the investments made in the United States by foreigners. For more detail, please see United States Department of Commerce, "Foreign Direct Investment in the United States" in *Survey of Current Business*, July 1993, p. 59.

per cent of total US DIA for 1993 was targeted at the selected countries, whereas the remaining 50 per cent was targeted at other countries, many of which are considered to be developing countries (such as Mexico and to a lesser extent, China). The data highlight the fact that less than five per cent of the 1993 DIA flows of the United States was targeted at Canada in 1993. This compares unfavourably with Canada's ratio of total US DIA stock, which stood at 14 per cent in 1992.

Thus, while Canada is an important part of the U.S. direct investment portfolio abroad, the United States direct investment position in Canada has not changed appreciably since 1990. The United Kingdom had the largest proportion of US DIA stocks in 1992, with U.S. \$78 billion, followed closely by Canada with U.S. \$68 billion. However, US DIA to the United Kingdom grew by more than U.S. \$20 billion in 1993, compared to only U.S. \$3.2 billion flowing to Canada. Thus, Canada is losing ground to its major competitor for US DIA.

Similarly, other selected countries have a relatively smaller share of U.S. investment abroad according to the 1992 figures. The Department of Commerce reported U.S. DIA holdings in Japan of U.S. \$26 billion, Germany with U.S. \$35 billion, France with U.S. \$23 billion, the Netherlands with U.S. \$19 billion, and Switzerland with U.S. \$28 billion. Again, the US DIA of the countries covered by the report have tended to grow faster than the corresponding US DIA to Canada since 1990.

The relative lack of growth of US DIA to Canada may be problematic. Canada needs to keep abreast of major international developments (such as investment liberalization in Europe and NAFTA) if it is to keep its current relationships with important investors such as those of the United States. The trade and investment liberalization which occurred in Europe, for example, as countries prepared for the European Common Market provided opportunities for North American companies wishing to establish in Europe. This may have distracted our closest neighbour, the United States, from investment opportunities in Canada. If Canada does not respond quickly enough to these developments by, for example, somehow promoting or improving the investment environment of Canada, it will quickly lose a share of global investment flows. Canada attracts less than five per cent of new US DIA flows, suggesting that it is losing ground to other countries relative to US DIA.

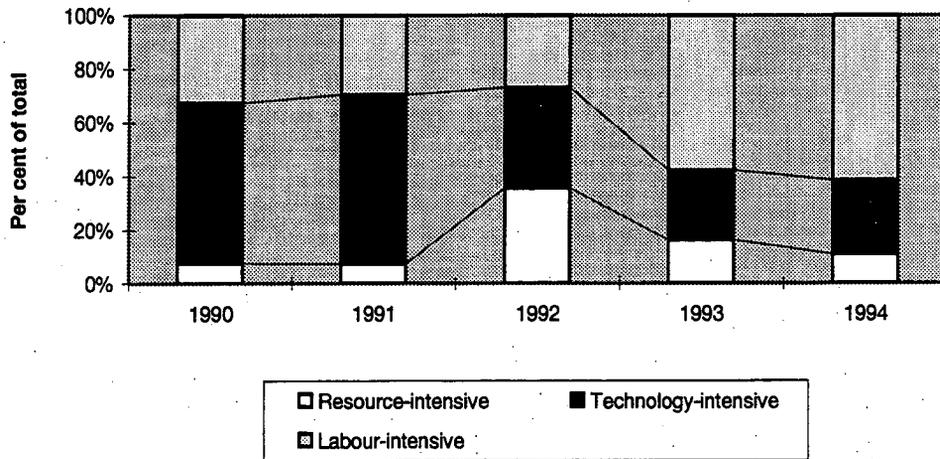
The *Survey of Current Business* also provides data on foreign direct investment stocks in the United States. According to this source of data, all of the selected countries individually have substantial direct investment positions in the United States, totalling U.S. \$419 billion in 1992. Canada's stock of US FDI was U.S. \$39 billion in 1992. The Canadian investment position was substantially less than that of a number of countries in 1992, including the United Kingdom which has an investment position of U.S. \$95 billion, Japan with U.S. \$97 billion and the Netherlands with U.S. \$61 billion.

Classified by industry type, the United States' investment activities on a global basis are relatively balanced in terms of direct investment to other countries, with approximately 30 per cent of investments occurring in each of the labour-intensive, technology-intensive and resource-intensive industries. In years where investment levels are less balanced, resource-intensive and technology intensive industries appear to be favoured over labour-intensive industries.

Data collected by Industry Canada relating to investments subject to the Investment Canada Review Act support other data sources in suggesting that U.S. investment flows to Canada were significantly affected by the 1990 global recession. Inflows of U.S. investments to Canada declined sharply in 1991, rebounded in 1992 and stabilized at about \$5 billion for both 1993 and 1994. Figure US-5 illustrates the industry breakdown associated with US DIA flows to Canada, suggesting that while there is an overall balance of foreign direct investment by the United States globally, the investments destined for Canada tend to be concentrated in resource-intensive industries for 1990 and 1991, and in labour-intensive industries for 1993 and 1994. Thus for those years, U.S. investments in resource-intensive and technology-intensive industries globally are relatively less important in Canada than in other countries around the world being targeted for investment by the United States. US DIA to Canada for 1992, on the other hand, is relatively balanced between the three types of industries, and this matches the U.S. investment focus globally, with approximately 30 per cent of the total foreign direct investment from the United States flowing to each industry classification.

Figure US-5 Foreign Investment from the United States

Source: Industry Canada, The Conference Board of Canada



The status of the United States as our most important trade and investment partner is apparent in almost all of the available descriptions of the relationship between the two countries. The degree to which Canada is integrated economically with the United States, through the FTA and NAFTA, but also through a long-standing investment relationship is significant. It is therefore problematic to find that the importance of Canada as a target of US DIA has been less significant recently than in the past. As was outlined in other country reports associated with the study, Canada's importance as a target for U.S. investment has declined. In fact, the study found that the Canadian proportion of total inflows of US DIA are 10 percentage points lower than the corresponding share of US DIA stocks.

Some of the factors that contribute to this situation cannot be changed by Canada. For example, there is investment liberalization going on in Europe, and this likely diverts some U.S. investments away from Canada as American companies capitalize on opportunities in Europe. As well, the United States inherently invests a large proportion of its investment resources in the developing world, and as a developed country, Canada may not be able to compete for these investment funds.

However, even leading developing countries that are important investment targets of the United States, such as China and Mexico, still fail to obtain a greater share of US DIA flows than Canada.

Recent Canadian experience relative to US DIA suggests that other countries may currently represent a greater opportunity for U.S. investors. However, Canada's investment importance vis à vis the United States is quite large, and it will take some time for this overall investment position to erode. More importantly, Canada benefits from its geographical proximity to the United States and from the similarities that exist between the United States and the Canadian business environments. As such, Canada should be seen as an investment of choice for American investors, and investment promotion efforts in the United States should attempt to raise the profile of Canada in the United States, particularly post-NAFTA. Investors focus on many factors in making investment decisions, for example, the Canadian economic outlook, environmental regulations and the Canada/U.S. exchange rate. These factors make Canadian investment targets in certain industries more or less attractive than other global investment targets for the United States. These many factors need to be systematically reviewed and promoted if Canada is to continue to be an investment target of choice for U.S. investors now that trade barriers have largely been removed from the North American business environment.





Global and Canadian Investment Trends

DATA SUPPLEMENT

prepared for
The Department of Foreign Affairs and International Trade

by
Pierre Vanasse, Principal Research Associate
International Programs Group
The Conference Board of Canada

Contract # T95-5-1018

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Introduction

This data supplement outlines the various data sources used for the study and summarizes the difficulties encountered as the analysis for the Global and Canadian Investment Trends was conducted. The data supplement is broken down into two parts. The first part deals with the various sources used for the compendium report and the associated country reports. Section 2 contains the data tables used in preparing the report. Finally, in Appendix A to the data supplement, data tables for a number of countries which were not selected for detailed study are outlined. For ease of reference, list of tables was prepared on the first page of Section 2 of the data supplement report.

Data sources used in the report

The main global data source for the study is the *International Monetary Fund Balance of Payments Statistics*. It was chosen as the most comprehensive and consistent source of investment and trade data currently available to analysts. It is published yearly by the International Monetary Fund (IMF), which is based in Washington. This data is verified and adjusted for consistency by the IMF.

The alternative global data source for investment data is the *United Nations Conference on Trade and Development on Transnational Corporation and Investment* (UNCTAD), which maintains a database which provides data on investment flows and stocks for selected countries and for selected time periods. The UNCTAD group is also the author of a number of publications related to global investment trends including the *World Investment Report*, which summarizes investment trends and related issues, and the *World Investment Directory* (Volumes I-IV) which provide country tables and analysis for developed and developing countries from various regions of the world. However, this data source appears to be based on unadjusted national data sources and consequently provides uneven coverage depending on the country. For example, no UNCTAD data more recent than 1989 could be found for two of the seven developed countries covered by the report. The UNCTAD data is even less consistent for developing countries. In addition, the definitions used in the data breakdowns by industry types vary from country to country, and as does the types of industries for which data is available. The UNCTAD investment database proved to be a good source of global data, but a poor source of comparative data.

Statistics Canada provided limited data on investment inflows and outflows related to the Canadian economy through its CANSIM database. However, Statistics Canada only publishes investment flow data broken down by industry for three of the seven countries targeted by the study. The Canadian data on investment stocks is more comprehensive but it is derived differently from the Canadian investment flow data. In fact, a reconciliation of Canadian-based investment flow data with Canadian-based investment stock data is not possible as the data is derived differently. This greatly limited the scope of the analysis by investment type using this data source.

The primary source for industry-specific and investment-specific data was a publication entitled *Dealwatch*. It is a survey of investment transactions conducted annually by The KPMG Corporate Finance Network. This data differs from the other sources in that it is based on a review of public announcements of investment intentions. As such, it may not represent an exhaustive list of investments.

Additional data on investment levels classified by industry was obtained from Industry Canada and is based on data collected on investments subject to the Investment Canada Act. Confidentiality requirements associated with this data source prevented the release of data where there are fewer than three investment deals registered for particular industries in particular years. This greatly limited the usefulness of the data for particular countries where the number of investment deals flowing to Canada was small.

Caution about the use of multiple data sources

The use of multiple databases did create comparability problems because of differences in the definitions which are used by the various data collectors. For example, a Canadian subsidiary that is sold by a US parent to a UK parent would not be treated equally in data bases. For that reason, particular illustrations of the data tend to focus on a single data source and comparisons across data sources should be made with caution.

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Table 1 Total FDI & DIA Stocks and Flows				
Source: World Investment Report 1994				
Millions of US \$				
	Stock		Stock	
DATE	Total FDI	FDI Flows	Total DIA	DIA Flows
1980	502688		506604	
1981	551302.4		540157.2	
1982	599916.8		573710.4	
1983	648531.2		607263.6	
1984	697145.6		640816.8	
1985	745760		674370	
1986	937736.4		869344.4	
1987	1129713	126882	1064319	136974
1988	1321689	159101	1259293	168073
1989	1513666	196132	1454268	222395
1990	1705642	207912	1649242	231509
1991	1826873	162214	1790771	191889
1992	1948104	158413	1932300	171129
1993	2069335	133663.5	2073829	140939

Table 2 - Investment by Top 100 Transnational Corporations										
<i>Source: World Investment Report</i>										
(Top 100 Transnational Corporations ranked by Foreign Assets)										
1992 Data in billion US dollars										
		Total	Canada	US	Japan	UK	France	Germany	Netherland	Switzerland
Resource Intensive Industries		\$437	\$18	\$146	\$12	\$170	\$43	\$0	\$19	\$29
Technology Intensive Industries		\$678	\$0	\$225	\$175	\$8	\$70	\$105	\$28	\$67
Labour Intensive Industries		\$88	\$7	\$20	\$30	\$7	\$17	\$7	\$0	\$0
Total	All industries	\$1,202	\$25	\$391	\$216	\$185	\$130	\$112	\$47	\$96
Percent of Total			2.11%	32.52%	18.00%	15.41%	10.78%	9.31%	3.92%	7.95%
Number of companies		100	3	28	16	10	12	9	3	6

Table 3 CDIA Stock by Country in Millions of Cdn. Dollars

Source: CANSIM								
DATE	Total CDIA	U.S.	U.K.	Netherlands	Germany	Switzerland	France	Japan
1986	61497.0	42027.0	4704.0	597.0	552.0	663.0	396.0	461.0
1987	70641.0	46091.0	6708.0	829.0	648.0	758.0	590.0	366.0
1988	76169.0	48809.0	7582.0	769.0	633.0	732.0	1460.0	482.0
1989	84273.0	52615.0	9703.0	951.0	885.0	1024.0	1769.0	509.0
1990	91462.0	55475.0	11706.0	1335.0	875.0	1264.0	1743.0	919.0
1991	101124.0	58256.0	13354.0	1489.0	972.0	1113.0	1720.0	2294.0
1992	107240.0	61806.0	11442.0	1659.0	1070.0	1093.0	1902.0	2632.0
1993	114076.0	61645.0	12022.0	1744.0	1777.0	1128.0	1802.0	2958.0

Table 4 FDI Stock by Country in Millions of Cdn. Dollars

Source: CANSIM								
"DATE"	Total FDI	U.S.	U.K.	Germany	Netherlands	Switzerland	France	Japan
198601	96054.0	69241.0	11317.0	2824.0	2049.0	1497.0	1739.0	2679.0
198701	106144.0	74194.0	13108.0	3283.0	2014.0	1939.0	1876.0	3051.0
198801	114480.0	76345.0	16465.0	3480.0	2257.0	2307.0	2261.0	3582.0
198901	123083.0	80877.0	16466.0	3810.0	2995.0	2647.0	3556.0	4777.0
199001	131132.0	84353.0	18158.0	5074.0	3160.0	2889.0	3823.0	5214.0
199101	135459.0	86813.0	17114.0	5292.0	3008.0	3079.0	4144.0	5526.0
199201	138492.0	89013.0	17613.0	5144.0	3417.0	2928.0	4131.0	5802.0
199301	140044.0	90589.0	17057.0	5121.0	3472.0	3149.0	4273.0	5753.0

Table 5 Distribution of the Top 100 Outwardly-Oriented Canadian-Based Firms, 1991						
<i>Source: Industry Canada</i>						
Industry Groups	Number of Firms					
Resource Intensive	45					
Labour Intensive	40					
Technology Intensive	15					

Table 6 FDI Flows from Select Countries in Millions of Cdn. Dollars

Source: CANSIM

"DATE"	Total FDI Flows	U.S.	U.K.	Other E.U.	Japan	Other OECD	Other
1980	800	278	-164	402	35	74	175
1981	-4400	-3693	246	-1251	384	26	-111
1982	-1025	-2038	134	240	214	93	332
1983	2467	29	871	387	260	474	4
1984	6156	3196	1431	505	375	399	2
1985	1774	-191	1044	99	224	323	274
1986	3864	-743	2889	689	473	354	22
1987	10660	6028	2134	368	405	1424	3
1988	7951	2052	2309	831	1225	960	6
1989	5941	2091	-136	1958	1171	749	18
1990	9163	3246	2065	1970	898	501	5
1991	3338	1664	-738	736	351	468	857
1992	5531	2568	495	802	461	437	8
1993	7649	5343	986	393	84	194	6
1994	8943	7567	-715	468	336	642	645
Period Flows							
1989-1994	40565	22479	1957	6327	3301	2991	1539
1983-1988	32872	10371	10678	2879	2962	3934	312

Table 7 CDIA Flows to Selected Countries in Millions of Cdn. Dollars

Source: CANSIM

"DATE"	Total CDIA Flows	U.S.	U.K.	Other E.U.	Japan	Other OECD	Other
1980	3150	2216	-126	750	2	103	205
1981	6900	3531	230	2249	0	172	718
1982	875	-431	7	861	3	216	219
1983	3244	1686	-14	464	25	22	1061
1984	4772	3209	482	618	101	29	332
1985	5274	3144	1017	713	-35	227	209
1986	4864	3362	-813	330	148	152	1686
1987	11322	7278	1488	236	-106	400	2027
1988	4738	2963	666	348	91	654	17
1989	5428	3510	1359	-467	-49	772	304
1990	5522	2800	1378	382	148	274	540
1991	6712	2271	988	1020	38	-149	2544
1992	4459	1409	335	784	307	-11	1634
1993	9258	1583	992	2029	216	1112	3326
1994	7036	3385	144	437	223	246	2600

Table 8 International Monetary Fund Data on Canada (millions of US dollars)

YEAR	Merchandise Exports	Merchandise Imports	Direct Investment Abroad	Equity Capital	Reinvestment of earnings	Other long-term capital	Short-term capital	Direct Investment in Canada	Equity Capital	Reinvestment of earnings	Other long-term capital	Short-term capital	Direct Investment Abroad - Stock	Direct Investment in Canada - Stock	GDP Millions of Cdn Dollars
1986	89,028	(81,350)	(3,504)	n/a	497	(4,067)	66	2,777	n/a	1,421	984	371	44,548	(69,578)	
1987	98,052	(89,092)	(8,540)	n/a	(1,277)	(7,072)	(192)	8,040	n/a	4,323	3,465	251	54,118	(81,983)	551,600
1988	115,432	(107,274)	(3,855)	n/a	1,373	(5,275)	46	6,426	n/a	3,168	3,568	(311)	63,782	(96,306)	605,910
1989	122,971	(116,985)	(4,587)	n/a	(348)	(4,608)	369	5,029	n/a	3,341	1,797	(108)	72,849	(106,542)	650,750
1990	128,438	(120,108)	(4,725)	n/a	(472)	(4,451)	198	7,855	n/a	(406)	7,595	665	78,894	(113,347)	669,510
1991	126,003	(122,308)	(5,857)	n/a	429	(5,414)	(872)	2,906	n/a	(2,909)	6,684	(870)	87,474	(117,678)	674,770
1992	132,351	(126,370)	(3,650)	n/a	(418)	(3,686)	454	4,637	n/a	(2,848)	6,091	1,395	83,812	(109,294)	688,390
1993	144,030	(136,418)	(7,155)	n/a	384	(7,199)	(341)	5,923	n/a	1,597	2,791	1,535	87,141	(110,187)	711,660

Summary

Table 9 FDI Flows by industry type for selected countries (Millions of US dollars)							
<i>Source: DealWatch</i>							
Year	Canada	US	UK	Japan	Germany	France	Netherland
Resource-intensive industries							
1991	126003	416920	182580	306580	378630	207129	122625
1992	132351	440360	187926	330870	406660	225318	129223
1993	144030	456870	181232	351310	363380	195114	120495
Year	Canada	US	UK	Japan	Germany	France	Netherland
Technology-intensive industries							
1991	262	39104	13619	1326	6585	7902	11425
1992	2662	4084	3331	474	2220	3332	4223
1993	839	10324	2928	98	1259	879	6975
Year	Canada	US	UK	Japan	Germany	France	Netherland
Labour-intensive industries							
1991	429	36446	24253	1903	6977	9845	5277
1992	6775	5374	11539	159	3265	1438	1104
1993	1994	8989	4815	179	897	3719	2989

SumBuy

Table 10 DIA Flows by industry type for selected countries (Millions of US dollars)							
<i>Source: DealWatch</i>							
Year	Canadian	US	UK	Japan	Germany	France	Netherlands
Resource-intensive industries	0	0	0	0	0	0	0
1991	6626	52766	35834	19327	9209	12452	12207
1992	1956	10608	2950	6296	1838	3831	4327
1993	1445	23157	16751	5201	2578	2687	6406
Year	Canadian	US	UK	Japan	Germany	France	Netherlands
Technology-intensive industries							
1991	4739	27494	20753	6104	13004	11667	3171
1992	619	7807	2800	2349	3165	5662	415
1993	2401	5323	7157	1152	1663	3338	2205
Year	Canadian	US	UK	Japan	Germany	France	Netherlands
Labour-intensive industries							
1991	9427	30563	23251	6719	8100	14960	8997
1992	991	4400	3423	3888	1508	4716	1534
1993	3006	9620	5257	846	2495	4659	3395

Importance

Table 11 Canadian Investments in each Country relative to Total Direct Investment for each country, CDIA Stock

Source: Statistics Canada, IMF - IFS Yearbook 1994, UNCTC World Investment Directory

	Canadian DIA	Total FDI	Percentage
US	46234	516720	8.9%
UK	9017	194970	4.6%
Germany	1333	62640	2.1%
France	1352	125163	1.1%
Netherlands	1308	81276	1.6%
Switzerland	846	47311	1.8%
Brazil	1387	39569	3.5%
Japan	2219	16890	13.1%

Importance

Table 12 Canadian Investments from each Country relative to Total Direct Investment from each country, FDI Stock

Source: Statistics Canada, IMF - IFS Yearbook 1994, UNCTC World Investment Directory

	Canadian FDI	Total DIA	Percentage
US	67942	716160	9.5%
UK	12793	252872	5.1%
Germany	3841	153460	2.5%
France	3205	160546	2.0%
Netherlands	2604	123041	2.1%
Switzerland	2362	84632	2.8%
Brazil		3557	0.0%
Japan	4315	259800	1.7%

Table 13 Foreign Investment in Canada: 1989-1991								
sorted by industries (ou/ml/jv)								
Source DealWatch	1989/91				1992/94			
	Total	1989 val	1990 val	1991 val	total	1992 val	1993 val	1994 val
Advertising, PR & Marketing	39	39	0	0	56	0	56	0
Banking & Finance	283	0	168	115	113	9	82	22
Business Services	144	20	74	50	1119	278	722	119
Healthcare	0	0	0	0	915	66	163	317
Hotels and Catering	300	293	7	0	995	299	677	13
Insurance	221	0	168	53	252	0	252	0
Leasing	209	0	87	122	0	0	0	0
Leisure & Entertainment	66	0	66	0	294	201	11	82
Media	45	0	45	0	360	266	60	34
Other Services	9	0	1	8	2341	1038	96	1039
Personal Services	2	0	2	0	524	227	289	0
Printing & Publishing	76	66	9	1	132	0	132	0
Real Estate	5	0	0	5	1066	895	0	171
Retailing	985	0	924	61	607	146	84	277
Transportation	130	106	14	10	189	14	5	170
Wholesale Distribution	367	206	157	4	80	0	52	28
Agricult., Forest. & Fish.	0	0	0	0	339	0	4	312
Construction Building Products	254	253	0	1	3562	363	2158	831
Dealing in Scrap & Waste	0	0	0	0	546	0	136	410
Extractive Industries	657	269	81	307	50	0	24	26
Food, Drink & Tobacco	1438	543	0	895	1270	759	55	456
Oil and Gas	7170	5043	1973	154	19	0	0	19
Paper & Board Products	2536	2281	26	229	106	6	0	100
Timber & Furniture Products	100	100	0	0	34	2	0	32
Utilities	0	0	0	0	410	34	0	376
Chemical & Pharmaceutical	2307	814	1353	140	878	80	163	631
Electrical & Electronics	433	55	344	34	76	7	1	68
Engineering Products	679	527	134	18	110	60	15	35
Other & Misc. Manufact.	69	69	0	0	19	19	0	0
Precision Engineering	7	0	7	0	399	267	24	92
Rubber & Plastics Products	33	3	10	20	649	0	291	358
Textiles, Clothing & Footwear	40	6	5	29	175	0	21	154
Vehicle Manufacturing	229	116	92	21	482	212	0	270
Total	18833	10809	5747	2277	18167	5248	5573	6442
Resource Industries	12155	8489	2080	1586	8730	2415	3223	2706
Technology Industries	3797	1590	1945	262	2662	839	921	896
Labour Industries	2881	730	1722	429	6775	1994	1429	2840
Total	18833	10809	5747	2277	18167	5248	5573	6442

Table 14 Canada Investing Abroad: 1992-1995						
sorted by industries (ou/mi/jv)						
Source DealWatch	1992/94				first quarter	
	Total	1992 val	1993 val	1994 val	1995 nr.	1995 val
Advertising, PR & Marketing	0	0	0	0	0	0
Banking & Finance	1855	127	1282	446	0	0
Business Services	888	22	81	785	1	0
Healthcare	49	14	8	27	0	0
Hotels and Catering	516	224	234	50	1	810
Insurance	431	35	135	261	1	0
Leasing	50	0	50	0	0	0
Leisure & Entertainment	53	0	23	30	0	4
Media	282	59	192	31	0	7
Other Services	350	0	113	237	0	55
Personal Services	30	0	30	0	0	285
Printing & Publishing	3059	193	225	2641	1	0
Real Estate	288	0	181	107	0	8
Repairs	0	0	0	0	0	0
Retailing	222	15	19	168	1	0
Transportation	740	201	316	66	1	0
Wholesale Distribution	614	101	117	296	2	0
Agricult., Forest. & Fish.	33	0	33	0	0	33
Construction Building Products	236	31	204	1	0	0
Dealing in Scrap & Waste	84	2	0	82	0	0
Extractive Industries	1405	242	602	506	3	200
Food, Drink & Tobacco	1073	16	74	698	2	0
Oil and Gas	1940	569	245	1093	2	0
Paper & Board Products	397	102	50	45	1	0
Timber & Furniture Products	24	0	0	24	0	0
Utilities	1434	994	237	203	0	0
Chemical & Pharmaceutical	1833	170	752	101	1	20
Electrical & Electronics	1746	284	1139	319	5	3
Engineering Products	482	36	355	84	2	0
Other & Misc. Manufact.	0	0	0	0	0	0
Precision Engineering	167	15	2	150	2	157
Rubber & Plastics Products	44	0	25	16	1	0
Textiles, Clothing & Footwear	251	0	81	170	0	2
Vehicle Manufacturing	216	114	47	53	1	100
Total	20792	3566	6852	8690	28	1684
Resource Industries	6626	1956	1445	2652	8	
Technology Industries	4739	619	2401	893	12	
Labour Industries	9427	991	3006	5145	8	
Total	20792	3566	6852	8690	28	

Table F-1 International Monetary Fund Data on France (millions of US dollars)

Year	Merchandise Exports	Merchandise Imports	Direct Investment Abroad	Equity Capital	Reinvestment of earnings	Other long-term capital	Short-term capital	Direct Investment In France	Equity Capital	Reinvestment of Earnings	Other long-term capital	Short-term Capital	Direct Investment Abroad - Stock	Direct Investment In France - Stock	GDP in Millions of French Francs
1986	119,360	(121,441)	(5,403)	(4,291)	n/a	(1,050)	(62)	3,256	2,430	n/a	355	471			
1987	141,658	(150,325)	(9,210)	(6,532)	n/a	(2,302)	(376)	5,140	3,834	n/a	845	461	51,685		533,660
1988	160,188	(168,726)	(14,496)	(10,038)	n/a	(2,707)	(1,751)	8,487	6,452	n/a	722	1,313	51,461		573,510
1989	170,761	(181,412)	(19,503)	(15,605)	n/a	(2,584)	(1,314)	10,313	8,277	n/a	1,422	614	75,415	(60,523)	615,970
1990	206,670	(220,341)	(34,822)	(23,997)	n/a	(2,988)	(7,837)	13,183	7,071	n/a	2,008	4,105	110,119	(84,929)	650,950
1991	207,129	(217,305)	(23,932)	(18,433)	n/a	(2,015)	(3,484)	15,149	10,024	n/a	1,263	3,862	129,903	(97,452)	676,390
1992	225,318	(223,563)	(31,269)	(16,816)	n/a	(2,340)	(12,112)	21,843	14,153	n/a	1,662	6,028	151,276	(111,723)	699,890
1993	195,114	(188,117)	(20,604)	(10,151)	n/a	(2,049)	(8,404)	20,755	11,025	n/a	1,080	8,650	160,546	(125,163)	709,370

Table F-2 Summary of Investments Subject to the Investment Canada Act - France							
Source: Industry Canada & The Conference Board of Canada							
(\$ millions)							
	Prior years	1990	1991	1992	1993	1994	Total
Resources	366	86	25	45	120	0	642
Manufacturing	1352	657	491	5	72	302	2879
Trade	1121	69	60	33	17	7	1307
Services	145	14	33	18	100	15	325
Other	205	239	30	20	519	7	1020
	3189	1065	639	121	828	331	6173
Number							
Resources	175	31	34	49	41	34	364
Manufacturing	883	133	121	106	68	70	1381
Trade	707	137	176	99	86	110	1315
Services	566	125	101	71	94	78	1035
Other	273	43	50	33	39	40	478
TOTALS	2604	469	482	358	328	332	4573
Resource-Intensive		86	25	45	120	0	642
Technology-Intensive		657	491	5	72	302	2879
Labour-Intensive		322	123	71	636	29	2652

Table F-3 Foreign Investment in France: 1992-1995						
sorted by industries (ou/ml/v)						
Source DealWatch	1992/94				first quarter	
	Total	1992 val	1993 val	1994 val	1995 nr.	1995 val
Advertising, PR & Marketing	6	3	0	3	0	0
Banking & Finance	607	270	69	268	1	0
Business Services	755	150	551	54	1	0
Healthcare	4	0	0	0	1	0
Hotels and Catering	859	179	26	654	0	0
Insurance	3534	186	853	2495	0	2
Leasing	73	60	0	4	1	0
Leisure & Entertainment	23	4	5	14	0	0
Media	228	3	0	225	1	9
Other Services	58	47	0	11	0	50
Printing & Publishing	462	0	155	304	1	51
Real Estate	545	0	0	494	2	4
Retailing	1694	207	1474	13	0	0
Transportation	265	183	64	18	1	0
Wholesale Distribution	732	146	522	64	0	9
Agricult., Forest. & Fish.	1	0	1	0	0	0
Construction Building Products	1397	1001	9	385	1	0
Dealing in Scrap & Waste	7	0	7	0	0	0
Extractive Industries	256	0	0	206	1	0
Food, Drink & Tobacco	5068	2824	399	1794	3	0
Oil and Gas	134	118	15	1	0	0
Paper & Board Products	1053	0	11	1042	0	34
Timber & Furniture Products	59	59	0	0	0	3
Utilities	796	1	0	795	0	51
Chemical & Pharmaceutical	2083	584	474	1025	0	0
Electrical & Electronics	2787	1592	121	1074	0	3
Engineering Products	1127	673	118	327	3	0
Other & Misc. Manufact.	173	115	30	28	0	0
Precision Engineering	225	62	25	104	1	0
Rubber & Plastics Products	1054	0	26	1025	1	0
Textiles, Clothing & Footwear	264	127	83	54	0	0
Vehicle Manufacturing	189	179	2	8	1	0
Total	26518	8773	5040	12489	20	216
Resource Industries	8771	4003	442	4223	5	
Technology Industries	7902	3332	879	3645	6	
Labour Industries	9845	1438	3719	4621	9	
Total	26518	8773	5040	12489	20	

Table F-4 France Investing Abroad: 1992-1995						
sorted by industries (ou/ml/jv)						
Source DealWatch	1992/94				first quarter	
	Total	1992 val	1993 val	1994 val	1995 nr.	1995 val
Advertising, PR & Marketing	39	39	0	0	0	0
Banking & Finance	2313	1117	656	540	2	0
Business Services	364	241	20	103	3	0
Healthcare	3	3	0	0	0	0
Hotels and Catering	1249	27	16	39	1	0
Insurance	6320	365	3588	1528	2	24
Leasing	0	0	0	0	0	0
Media	1405	1150	30	225	1	0
Other Services	103	0	70	33	0	0
Personal Services	16	16	0	0	0	0
Printing & Publishing	74	26	0	48	1	5
Real Estate	416	256	140	20	0	0
Repairs	0	0	0	0	0	1167
Retailing	1081	1070	11	0	1	839
Transportation	439	251	22	166	0	0
Wholesale Distribution	1138	155	106	783	1	0
Agricult., Forest. & Fish.	0	0	0	0	0	238
Construction Building Products	1070	258	285	503	2	0
Dealing in Scrap & Waste	0	0	0	0	0	0
Extractive Industries	201	48	153	0	0	0
Food, Drink & Tobacco	1779	462	438	874	4	0
Oil and Gas	7158	2943	323	3654	2	0
Paper & Board Products	0	0	0	0	0	0
Timber & Furniture Products	491	96	395	0	0	0
Utilities	1753	24	1093	636	0	0
Chemical & Pharmaceutical	4155	625	1433	2097	4	0
Electrical & Electronics	5858	4577	1119	162	0	52
Engineering Products	308	53	168	87	2	0
Other & Misc. Manufact.	0	0	0	0	0	0
Precision Engineering	107	19	27	61	0	0
Rubber & Plastics Products	197	10	63	72	1	0
Textiles, Clothing & Footwear	299	0	298	1	0	30
Vehicle Manufacturing	743	378	230	105	1	94
Total	39079	14209	10684	11737	28	2449
Resource Industries	12452	3831	2687	5667	8	
Technology Industries	11667	5662	3338	2585	8	
Labour Industries	14960	4716	4659	3485	12	
Total	39079	14209	10684	11737	28	

Table G-1 International Monetary Fund Data on Germany (millions of US dollars)

Year	Merchandise Exports	Merchandise Imports	Direct Investment Abroad	Equity Capital	Reinvestment of Earnings	Other long-term capital	Short-term capital	Direct Investment In Germany	Equity Capital	Reinvestment of Earnings	Other long-term capital	Short-term Capital	Direct Investment Abroad - Stock	Direct Investment In Germany Stock	GDP In Millions of Deutsche Marks
1986	231,030	(175,280)	(10,530)	(7,700)	(1,500)	(890)	(440)	740	520	(520)	1,060	(330)	58,120	(32,350)	
1987	278,480	(208,280)	(9,190)	(6,170)	(1,700)	(1,310)	(20)	1,470	10	1,520	360	(430)	75,490	(40,370)	199,050
1988	308,620	(228,870)	(12,720)	(9,580)	(1,020)	(790)	(1,330)	870	(1,530)	60	2,640	(290)	80,200	(39,810)	209,600
1989	324,950	(247,240)	(18,310)	(11,330)	(2,660)	(670)	(3,650)	10,780	2,750	1,910	2,470	3,650	94,990	(44,100)	222,440
1990	391,290	(320,240)	(28,660)	(19,570)	(3,110)	(750)	(5,220)	9,160	3,170	(1,430)	790	6,630	125,950	(59,990)	242,520
1991	378,630	(355,400)	(22,890)	(18,910)	(3,620)	(400)	40	7,930	610	1,510	2,130	3,680	144,080	(69,030)	263,500
1992	406,660	(373,910)	(15,540)	(16,350)	(970)	(530)	(2,310)	5,350	150	n/a	2,340	2,870	148,780	(66,790)	279,420
1993	363,380	(318,840)	(15,120)	(10,450)	n/a	(1,170)	(3,490)	1,040	1,780	1,810	(180)	1,260	153,460	(62,640)	283,200

Germany

Table G-2 German FDI Flows to Selected Countries in Millions of DM									
Source: German Bundesbank									
	Total								
"DATE"	DIA Flows	U.S.	Canada	U.K.	Germany	France	Japan	Switzerland	Netherlands
1987	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1988	28685	7615	1145	3071	n/a	1802	728	575	977
1989	21383	5546	505	3196	n/a	2723	52	-154	3064
1990	19597	-2552	1141	598	n/a	3737	443	338	584
1991	36208	6197	-78	1701	n/a	2695	750	923	1735
1992	25193	6641	666	-462	n/a	2200	674	-404	1863
1993	31585	9918	633	1838	n/a	333	2025	1061	1196
1994	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Notes:	Flow Data estimated from Stock Data								
Table G-3 FDI stocks to Selected Countries in Million DM									
Source: German Bundesbank									
	Total								
"DATE"	DIA Stocks	U.S.	Canada	U.K.	Germany	France	Japan	Switzerland	Netherlands
1987	156797	43084	3743	10713	n/a	12812	3339	10578	10131
1988	185482	50699	4888	13784	n/a	14614	4067	11153	11108
1989	206865	56245	5393	16980	n/a	17337	4119	10999	14172
1990	226462	53693	6534	17578	n/a	21074	4562	11337	14756
1991	262670	59890	6456	19279	n/a	23769	5312	12260	16491
1992	287863	66531	7122	18817	n/a	25969	5986	11856	18354
1993	319448	76449	7755	20655	n/a	26302	8011	12917	19550
Notes:	Flow Data estimated from Stock Data								
	Data break between 1989 and 1992.								
	1990-1993 data estimated using a different publication from the data for 1987 to 1990								

Table G-4 Summary of Investments Subject to the Investment Canada Act - Germany							
Source: Industry Canada & The Conference Board of Canada							
(\$ millions)							
	Prior years	1990	1991	1992	1993	1994	Total
Resources	0	10	0	220	40	0	270
Manufacturing	856	1339	184	95	627	95	3196
Trade	77	1664	11	10	4	28	1794
Services	0	10	10	125	10	5	160
Other	244	96	14	30	5	186	575
	1177	3119	219	480	686	314	5995
Number							
Resources	175	31	34	49	41	34	364
Manufacturing	883	133	121	106	68	70	1381
Trade	707	137	176	99	86	110	1315
Services	566	125	101	71	94	78	1035
Other	273	43	50	33	39	40	478
TOTALS	2604	469	482	358	328	332	4573
Resource-Intensive		10	0	220	40	0	270
Technology-Intensive		1339	184	95	627	95	3196
Labour-Intensive		1770	35	165	19	219	2529

Table G-5 Foreign Investment in Germany: 1992-1995						
sorted by industries (ou/mi/jv)						
Source DealWatch	1992/94				first quarter	
	Total	1992 val	1993 val	1994 val	1995 nr.	1995 val
Advertising, PR & Marketing	29	0	23	6	0	0
Banking & Finance	1444	904	331	209	0	0
Business Services	199	6	24	130	1	39
Healthcare	0	0	0	0	0	0
Hotels and Catering	210	116	0	94	0	0
Insurance	2375	341	260	1774	1	0
Leasing	77	0	77	0	0	172
Leisure & Entertainment	82	0	0	82	0	0
Media	961	626	92	240	1	0
Other Services	0	0	0	0	0	0
Printing & Publishing	0	0	0	0	0	0
Real Estate	162	0	0	152	2	0
Repairs	7	0	0	7	0	0
Retailing	1052	1052	0	0	0	0
Transportation	272	206	48	15	2	0
Wholesale Distribution	107	14	42	36	2	3
Construction Building Products	125	53	32	40	0	0
Dealing in Scrap & Waste	0	0	0	0	0	0
Extractive Industries	2161	216	1399	546	0	0
Food, Drink & Tobacco	412	37	185	190	0	774
Oil and Gas	5114	1307	728	3079	0	0
Paper & Board Products	1901	550	357	220	1	0
Timber & Furniture Products	166	5	0	161	0	10
Utilities	1434	0	1073	0	4	0
Chemical & Pharmaceutical	2061	1169	182	710	2	0
Electrical & Electronics	1780	378	291	939	4	3
Engineering Products	710	108	310	292	2	3
Other & Misc. Manufact.	18	0	0	18	0	0
Precision Engineering	68	19	14	35	0	3
Rubber & Plastics Products	508	274	0	231	3	361
Textiles, Clothing & Footwear	861	5	415	438	1	37
Vehicle Manufacturing	579	267	47	228	2	15
Total	24875	7653	5930	9872	28	1420
Resource Industries	11313	2168	3774	4236	5	
Technology Industries	6585	2220	1259	2891	14	
Labour Industries	6977	3265	897	2745	9	
Total	24875	7653	5930	9872	28	

Table J-1 International Monetary Fund Data on Japan (millions of US dollars)

Year	Merchandise Exports	Merchandise Imports	Direct Investment Abroad	Equity Capital	Reinvestment of Earnings	Other Long-Term Capital	Short-Term Capital	Direct Investment in Japan	Equity Capital	Reinvestment of Earnings	Other Long-Term Capital	Short-Term Capital	Direct Investment Abroad - Stock	Direct Investment in Japan - Stock	GDP - Millions of Japanese Yen
1986	205,590	(112,770)	(14,480)	(8,750)	n/a	(5,730)	n/a	230	250	n/a	(20)	n/a	58,070	(6,510)	
1987	224,620	(128,200)	(19,520)	(12,350)	n/a	(7,170)	n/a	1,170	320	n/a	850	n/a	77,020	(9,020)	34,842,500
1988	259,770	(164,770)	(34,210)	(21,660)	n/a	(12,550)	n/a	(520)	(320)	n/a	(200)	n/a	110,780	(10,420)	37,142,900
1989	269,550	(192,660)	(44,160)	(26,300)	n/a	(17,860)	n/a	(1,060)	(1,430)	n/a	370	n/a	154,370	(9,160)	39,619,700
1990	280,350	(216,770)	(48,050)	(33,970)	n/a	(14,080)	n/a	1,760	1,020	n/a	740	n/a	201,440	(9,850)	42,453,700
1991	306,580	(203,490)	(30,740)	(26,650)	n/a	(4,090)	n/a	1,370	950	n/a	420	n/a	231,790	(12,290)	45,129,700
1992	330,870	(198,470)	(17,240)	(17,550)	n/a	310	n/a	2,720	2,090	n/a	630	n/a	248,060	(15,510)	46,385,000
1993	351,310	(209,740)	(13,740)	(14,400)	n/a	660	n/a	100	(890)	n/a	990	n/a	259,800	(16,890)	46,886,900

Table J-2 Japanese FDI Flows to Selected Countries in Millions US Dollars									
Source: Japanese Ministry of Finance									
	Total								
"DATE"	Total								
1987	FDI Flows	U.S.	Canada	U.K.	Germany	France	Japan	Switzerland	Netherlands
1988	47022	21701	626	3956	409	463	n/a	454	2369
1989	67540	32540	1362	5239	1083	1136	n/a	397	4547
1990	56911	26128	1064	6806	1242	1257	n/a	666	2744
1991	41584	18026	797	3598	1116	817	n/a	62	1960
1992	34138	13819	763	2948	769	456	n/a	144	1446
1993	35025	14726	662	2527	760	464	n/a	436	2175

Table J-3 Summary of Investments Subject to the Investment Canada Act - Japan							
Source: Industry Canada							
(\$ millions)							
	Prior years	1990	1991	1992	1993	1994	Total
Resources	57	20	0	10	0	2	89
Manufacturing	1799	356	38	763	3	40	2999
Trade	249	280	68	59	114	28	798
Services	621	110	26	105	189	20	1071
Other	516	195	1309	50	30	140	2240
	3242	961	1441	987	336	230	7197
Number							
Resources	175	31	34	49	41	34	364
Manufacturing	883	133	121	106	68	70	1381
Trade	707	137	176	99	86	110	1315
Services	566	125	101	71	94	78	1035
Other	273	43	50	33	39	40	478
TOTALS	2604	469	482	358	328	332	4573
Resource-Intensive		20	0	10	0	2	89
Technology-Intensive		356	38	763	3	40	2999
Labour-Intensive		585	1403	214	333	188	4109

**Table J-4 Direct Investment from Canada to Japan and other OECD,
by Industry Group**

Source: CANSIM

DATE	Labour Intensive	Resource Intensive	Technology Intensive
1985	557	1367	598
1986	674	1063	803
1987	839	1159	818
1988	802	1561	1232
1989	1071	1635	1468
1990	1362	2121	1378
1991	2295	2158	1250
1992	2553	2532	1372
1993	2965	2408	2046
1994	3191	3091	2541

Table J-5 Direct Investment in Canada from Japan, by Industry Group					
Source: CANSIM					
FDI Stocks					
	Labour	Resource	Technology		
DATE	Intensive	Intensive	Intensive		
1985	385	884	867		
1986	534	942	1072		
1987	676	1235	1004		
1988	692	1469	1222		
1989	1117	1966	1330		
1990	1484	1818	1529		
1991	1410	1935	1724		
1992	1352	2268	1777		
1993	1340	2118	1853		
1994	1491	2000	1945		

Table J-6 Foreign Investment in Japan: 1992-1995						
sorted by industries (ou/mi/jv)						
Source DealWatch	1992/94				first quarter	
	Total	1992 val	1993 val	1994 val	1995 nr.	1995 val
Advertising, PR & Marketing	0	0	0	0	0	0
Banking & Finance	1147	33	0	1092	1	0
Business Services	56	8	41	7	2	22
Hotels and Catering	2	2	0	0	0	0
Insurance	0	0	0	0	0	0
Media	213	0	3	201	2	0
Other Services	0	0	0	0	0	492
Personal Services	0	0	0	0	0	0
Printing & Publishing	10	0	0	10	0	0
Real Estate	0	0	0	0	0	0
Retailing	81	11	9	1	1	0
Transportation	43	31	11	1	0	0
Wholesale Distribution	351	74	115	160	2	9
Agricult., Forest. & Fish.	0	0	0	0	0	0
Construction Building Products	40	13	1	26	0	0
Extractive Industries	124	110	0	14	0	0
Food, Drink & Tobacco	8	3	0	5	1	0
Oil and Gas	0	0	0	0	0	0
Paper & Board Products	22	17	0	5	0	0
Utilities	22	0	0	6	1	0
Chemical & Pharmaceutical	167	54	26	87	1	0
Electrical & Electronics	807	252	11	52	3	60
Engineering Products	75	44	10	21	0	0
Other & Misc. Manufact.	10	10	0	0	0	0
Precision Engineering	41	41	0	0	0	0
Rubber & Plastics Products	2	0	0	2	0	16
Textiles, Clothing & Footwear	0	0	0	0	0	100
Vehicle Manufacturing	224	73	51	0	1	2
Total	3445	776	278	1690	15	701
Resource Industries	216	143	1	56	2	
Technology Industries	1326	474	98	162	5	
Labour Industries	1903	159	179	1472	8	
Total	3445	776	278	1690	15	

JapBuy

Table J-7 Japan Investing Abroad: 1992-1995						
sorted by industries (ou/mi/jv)						
Source DealWatch	1992/94			first quarter		
	Total	1992 val	1993 val	1994 val	1995 nr.	1995 val
Advertising, PR & Marketing	9	2	0	7	0	0
Banking & Finance	174	40	40	90	2	0
Business Services	1192	34	11	347	3	4
Hotels and Catering	1304	1271	0	33	0	800
Insurance	141	62	0	79	0	462
Leasing	361	61	0	300	0	20
Leisure & Entertainment	675	652	23	0	0	0
Media	171	145	24	2	1	180
Other Services	491	476	15	0	0	0
Personal Services	13	13	0	0	0	433
Printing & Publishing	30	0	0	30	0	3
Real Estate	783	628	0	0	2	0
Repairs	0	0	0	0	0	0
Retailing	92	76	2	14	0	0
Transportation	924	281	618	25	0	0
Wholesale Distribution	359	147	113	93	4	0
Agricult., Forest. & Fish.	82	77	0	5	0	0
Construction Building Products	9342	3076	305	5941	1	0
Dealing in Scrap & Waste	2	0	2	0	0	0
Extractive Industries	2708	1214	218	843	4	0
Food, Drink & Tobacco	246	95	39	109	2	0
Oil and Gas	5102	1031	3993	78	0	0
Paper & Board Products	1085	803	10	272	0	0
Timber & Furniture Products	1	0	0	1	0	155
Utilities	759	0	634	2	2	0
Chemical & Pharmaceutical	2045	1046	111	426	9	0
Electrical & Electronics	1480	260	592	448	9	0
Engineering Products	649	508	44	97	2	84
Other & Misc. Manufact.	54	2	52	0	2	0
Precision Engineering	108	46	10	52	1	0
Rubber & Plastics Products	94	72	10	12	0	123
Textiles, Clothing & Footwear	401	38	26	253	3	102
Vehicle Manufacturing	1273	377	307	487	7	6
Total	32150	12533	7199	10046	54	2372
Resource Industries	19327	6296	5201	7251	9	
Technology Industries	6104	2349	1152	1775	33	
Labour Industries	6719	3888	846	1020	12	
Total	32150	12533	7199	10046	54	

Table O-1 International Monetary Fund Data on the Netherlands (millions of US dollars)

Year	Merchandise Exports	Merchandise Imports	Direct Investment Abroad	Equity Capital	Reinvestment of Earnings	Other Long-Term Capital	Short-Term Capital	Direct Investment In the Netherlands	Equity Capital	Reinvestment of Earnings	Other Long-Term Capital	Short-Term Capital	Direct Investment Abroad - Stock	Direct Investment in the Netherlands Stock	GDP in Billions of Netherlands Guilders
1986	73,100	(66,051)	(4,093)	(1,519)	(1,018)	n/a	(1,555)	3,135	285	1,601	n/a	1,249	56,896	(34,275)	
1987	86,158	(80,991)	(8,654)	(2,723)	(1,621)	n/a	(4,310)	3,028	520	545	n/a	1,964	72,017	(45,415)	44,060
1988	97,442	(88,966)	(7,112)	(3,742)	(2,743)	n/a	(628)	4,779	887	926	n/a	2,965	73,421	(44,751)	45,740
1989	101,317	(93,162)	(14,826)	(6,876)	(3,371)	n/a	(4,578)	8,346	2,272	1,597	n/a	4,478	88,579	(55,253)	48,470
1990	122,071	(111,741)	(15,422)	(7,776)	(1,722)	n/a	(5,923)	12,319	4,801	2,964	n/a	4,554	109,165	(73,672)	51,630
1991	122,625	(111,885)	(13,544)	(7,267)	(1,299)	n/a	(4,978)	6,282	869	1,489	n/a	3,924	120,087	(78,853)	54,190
1992	129,223	(117,851)	(14,311)	(9,117)	(316)	n/a	(4,879)	7,545	2,408	703	n/a	4,435	123,041	(81,276)	56,320
1993	120,495	(107,386)	(10,924)	(3,843)	n/a	n/a	(7,081)	5,696	2,175	n/a	n/a	3,521		n/a	57,390

Table O-2 International Monetary Fund Data on the Switzerland (millions of US dollars)

Year	Merchandise Exports	Merchandise Imports	Direct Investment Abroad	Equity Capital	Reinvestment of Earnings	Other Long-Term Capital	Short-Term Capital	Direct Investment in Switzerland	Equity Capital	Reinvestment of Earnings	Other Long-Term Capital	Short-Term Capital	Direct Investment Abroad - Stock	Direct Investment in Switzerland	GDP in Millions of Swiss Francs
1986	48,453	(53,412)	(1,460)	(1,160)	(783)	421	62	2,122	994	730	(99)	498	34,312	(24,776)	
1987	55,219	(60,647)	(1,273)	(865)	(1,180)	731	40	2,320	646	613	1,058	3	45,272	(32,520)	254,700
1988	62,725	(67,301)	(8,695)	(4,158)	(2,536)	(2,073)	72	405	1,318	27	(68)	(872)	47,148	(32,566)	268,400
1989	65,366	(69,690)	(7,850)	(6,690)	(2,446)	21	1,265	2,827	1,114	1,249	(9)	473	52,613	(32,891)	290,400
1990	77,488	(83,878)	(6,370)	(3,442)	(1,749)	451	(1,629)	4,961	4,128	1,286	(318)	(135)	65,730	(43,393)	314,000
1991	73,745	(77,550)	(6,541)	(4,113)	(1,342)	(88)	(998)	3,178	1,982	827	80	289	75,335	(45,016)	331,100
1992	79,353	(78,863)	(5,671)	(4,686)	(682)	(794)	491	1,249	924	204	(144)	265	73,817	(42,551)	338,800
1993	74,932	(72,695)	(6,538)	(3,916)	(2,328)	(549)	255	808	970	617	(359)	(421)	84,632	(47,311)	343,000

INVNET

Table O-3 Summary of Investments Subject to the Investment Canada Act - The Netherlands							
Source: Industry Canada, The Conference Board of Canada							
(\$ millions)							
	Prior years	1990	1991	1992	1993	1994	Total
Resources	13	1	12	890	35	0	951
Manufacturing	126	763	11	21	166	416	1503
Trade	94	37	10	12	1	0	154
Services	26	2	18	300	530	22	898
Other	1191	113	30	1100	10	10	2454
	1450	916	81	2323	742	448	5960
Number							
Resources	175	31	34	49	41	34	364
Manufacturing	883	133	121	106	68	70	1381
Trade	707	137	176	99	86	110	1315
Services	566	125	101	71	94	78	1035
Other	273	43	50	33	39	40	478
TOTALS	2604	469	482	358	328	332	4573
Resource-Intensive		1	12	890	35	0	951
Technology-Intensive		763	11	21	166	416	1503
Labour-Intensive		152	58	1412	541	32	3506

InvSW

Table O-4 Summary of Investments Subject to the Investment Canada Act - Switzerland							
Source: Industry Canada							
(\$ millions)							
	Prior years	1990	1991	1992	1993	1994	Total
Resources	27	0	n/a	n/a	n/a	n/a	40
Manufacturing	630	55	55	n/a	n/a	336	1088
Trade	62	22	22	n/a	9	n/a	115
Services	49	n/a	58	n/a	n/a	n/a	120
Other	679	n/a	n/a	n/a	n/a	n/a	808
	1447	86	151	135	14	338	2171
Number							
Resources	175	31	34	49	41	34	364
Manufacturing	883	133	121	106	68	70	1381
Trade	707	137	176	99	86	110	1315
Services	566	125	101	71	94	78	1035
Other	273	43	50	33	39	40	478
	2604	469	482	358	328	332	4573
		1990	1991	1992	1993	1994	
Resource-Intensive		0	n/a	n/a	n/a	n/a	40
Technology-Intensive		55	55	n/a	n/a	336	1088
Labour-Intensive	n/a	n/a	n/a	n/a	n/a	n/a	1043

NetSell

Table O-5 Foreign Investment in the Netherlands: 1992-1995						
sorted by Industries (ou/mi/jv)						
Source DealWatch	1992/94				first quarter	
	Total	1992 val	1993 val	1994 val	1995 nr.	1995 val
Advertising, PR & Marketing	5	0	5	0	0	0
Banking & Finance	0	0	0	0	1	0
Business Services	339	9	22	298	3	0
Healthcare	0	0	0	0	0	10
Hotels and Catering	24	0	24	0	0	0
Insurance	4039	983	2456	600	2	0
Leasing	5	0	5	0	0	0
Media	98	0	0	98	2	0
Other Services	375	0	375	0	0	64
Printing & Publishing	63	0	20	43	1	0
Real Estate	30	20	0	0	1	0
Repairs	0	0	0	0	0	0
Retailing	19	9	10	0	0	0
Transportation	94	58	17	19	0	0
Wholesale Distribution	186	25	55	12	1	0
Agricult., Forest. & Fish.	0	0	0	0	0	0
Construction Building Products	277	66	187	24	2	0
Dealing in Scrap & Waste	0	0	0	0	0	0
Extractive Industries	391	0	385	6	0	0
Food, Drink & Tobacco	548	458	57	33	3	0
Oil and Gas	339	118	211	10	0	0
Paper & Board Products	652	3	10	639	0	0
Timber & Furniture Products	20	4	0	16	0	10
Utilities	400	0	0	400	2	0
Chemical & Pharmaceutical	5952	94	5776	82	0	0
Electrical & Electronics	4647	3700	942	5	0	0
Engineering Products	318	67	166	21	2	2
Other & Misc. Manufact.	0	0	0	0	0	0
Precision Engineering	27	0	10	17	0	0
Rubber & Plastics Products	10	0	0	10	1	0
Textiles, Clothing & Footwear	27	21	4	0	1	26
Vehicle Manufacturing	444	341	77	0	1	94
Total	19329	5976	10814	2333	23	206
Resource Industries	2627	649	850	1128	7	
Technology Industries	11425	4223	6975	135	5	
Labour Industries	5277	1104	2989	1070	11	
Total	19329	5976	10814	2333	23	

NetBuy

Table O-6 Netherlands Investing Abroad: 1992-1995						
sorted by Industries (ou/ml/jv)						
Source DealWatch	1992/94				first quarter	
	Total	1992 val	1993 val	1994 val	1995 nr.	1995 val
Agricult., Forest. & Fish.	18	0	0	18	0	0
Banking & Finance	3516	290	1608	496	6	1122
Business Services	158	34	26	98	1	0
Hotels and Catering	40	0	0	40	0	50
Insurance	1160	273	403	384	1	0
Leasing	66	66	0	0	0	0
Leisure & Entertainment	321	6	301	14	0	0
Media	451	257	5	33	2	0
Other Services	90	0	90	0	0	0
Printing & Publishing	384	0	164	220	1	0
Real Estate	1858	494	565	729	2	0
Retailing	313	93	0	142	2	100
Transportation	283	0	61	206	1	0
Wholesale Distribution	339	21	172	131	3	0
Construction Building Products	55	0	9	46	0	156
Dealing in Scrap & Waste	0	0	0	0	0	22
Extractive Industries	42	42	0	0	0	0
Food, Drink & Tobacco	1757	386	884	487	2	0
Oil and Gas	9880	3692	5479	687	1	0
Paper & Board Products	140	82	2	56	0	0
Timber & Furniture Products	286	125	0	161	0	0
Utilities	47	0	32	15	1	70
Chemical & Pharmaceutical	2584	104	2060	370	3	78
Electrical & Electronics	347	151	69	127	3	0
Engineering Products	41	21	16	4	0	0
Other & Misc. Manufact.	10	0	10	0	0	0
Precision Engineering	0	0	0	0	0	16
Rubber & Plastics Products	97	97	0	0	2	0
Textiles, Clothing & Footwear	0	0	0	0	1	0
Vehicle Manufacturing	92	42	50	0	0	15
Total	24375	6276	12006	4464	32	1629
Resource Industries	12207	4327	6406	1452	4	
Technology Industries	3171	415	2205	501	9	
Labour Industries	8997	1534	3395	2511	19	
Total	24375	6276	12006	4464	32	

Table UK-1 International Monetary Fund Data on the United Kingdom (millions of US dollars)

Year	Merchandise Exports	Merchandise Imports	Direct Investment Abroad	Equity Capital	Reinvestment of Earnings	Other Long-Term Capital	Short-Term Capital	Direct Investment in the United Kingdom	Equity Capital	Reinvestment of Earnings	Other Long-Term Capital	Short-Term Capital	Direct Investment Abroad - Stock	Direct Investment in the U.K. - Stock	GDP in Millions of Pounds Sterling
1986	106,429	(120,488)	(17,018)	n/a	(6,670)	(10,349)	n/a	8,570	n/a	1,897	6,673	n/a	118,946	(76,283)	
1987	129,847	(148,866)	(31,335)	n/a	(11,971)	(19,364)	n/a	15,696	n/a	5,362	10,334	n/a	159,613	(117,251)	423,380
1988	143,078	(181,237)	(37,287)	n/a	(14,613)	(22,674)	n/a	21,414	n/a	4,009	17,405	n/a	188,809	(139,018)	471,430
1989	150,696	(191,238)	(35,484)	n/a	(14,806)	(20,678)	n/a	30,553	n/a	6,135	24,418	n/a	199,076	(160,280)	515,960
1990	181,729	(214,471)	(19,419)	n/a	(14,712)	(4,707)	n/a	32,436	n/a	3,286	29,151	n/a	231,123	(217,781)	551,120
1991	182,580	(200,853)	(15,944)	n/a	(10,358)	(5,585)	n/a	16,158	n/a	342	15,816	n/a	237,573	(223,436)	575,320
1992	187,926	(211,890)	(19,341)	n/a	(8,927)	(10,415)	n/a	16,738	n/a	920	15,818	n/a	226,094	(184,444)	597,120
1993	181,232	(201,802)	(25,674)	n/a	(13,766)	(11,909)	n/a	13,241	n/a	6,648	6,594	n/a	252,872	(194,970)	630,020

UK

Table UK-2 FDI Flows from the United Kingdom to Selected Countries									
Source: Government Statistical Service									
	Total								
"DATE"	Flows	U.S.	Canada	U.K.	Germany	France	Japan	Switzerland	Netherlands
1987	19159	12591	1057	n/a	205	249	-24	150	931
1988	20915	10472	535	n/a	505	1821	102	232	2011
1989	21484	11676	542	n/a	797	1484	230	-334	1644
1990	10062	47	894	n/a	187	1158	235	465	2258
1991	9296	2235	318	n/a	155	486	-5	-75	985
1992	10107	1321	-107	n/a	536	628	13	-2	1585
1993	17022	6960	10	n/a	1389	584	-78	-259	3019

InvUK

Table UK-3 Summary of Investments Subject to the Investment Canada Act - United Kingdom							
Source: Industry Canada							
(\$ millions)							
	Prior years	1990	1991	1992	1993	1994	Total
Resources	2415	2220	0	1625	175	75	6518
Manufacturing	5278	435	199	324	1642	270	8149
Trade	625	226	146	51	6	82	1137
Services	775	150	368	28	52	43	1406
Other	895	514	288	589	246	398	2931
	9989	3545	1001	2618	2121	868	
Number							
Resources	27	5	0	7	4	3	46
Manufacturing	149	36	23	17	13	15	253
Trade	122	24	22	25	4	24	221
Services	98	50	17	6	10	10	191
Other	69	10	13	9	2	10	113
Totals	465	125	75	64	33	62	824
Resource-Intensive		2220	0	1625	175	75	6518
Technology-Intensive		435	199	324	1642	270	8149
Labour-Intensive		890	802	668	304	523	5474

Table UK-4 Direct Investment from Canada to U.K., by Industry Group

Source: CANSIM

DATE	Labour Intensive	Resource Intensive	Technology Intensive
1983	873	1992	225
1984	844	2242	392
1985	835	3012	538
1986	1044	3071	575
1987	1488	3689	1440
1988	2624	3319	1603
1989	4166	3467	1559
1990	5305	3713	2200
1991	5223	3916	3672
1992	3046	3782	4010
1993	2905	3564	4948
1994	2984	3634	4800

Table UK-5 Direct Investment in Canada from U.K., by Industry Group					
Source: CANSIM					
FDI Stocks					
	Labour	Resource	Technology		
DATE	Intensive	Intensive	Intensive		
1985	4408	3208	921		
1986	5599	4172	1443		
1987	6414	4519	2083		
1988	6896	6935	2495		
1989	7116	6286	2584		
1990	7336	7478	2786		
1991	6935	6965	2825		
1992	7877	6869	2516		
1993	7869	6420	2406		
1994	9940	6030	2347		

Table UK-6 Foreign Investment in the United Kingdom: 1992-1995						
sorted by industries (ou/mi/jv)						
Source DealWatch	1992/94				first quarter	
	Total	1992 val	1993 val	1994 val	1995 nr.	1995 val
Advertising, PR & Marketing	39	39	0	0	1	0
Banking & Finance	9696	7747	473	289	2	5
Business Services	1009	402	328	279	3	1187
Healthcare	29	0	15	14	0	0
Hotels and Catering	2120	607	242	96	2	1252
Insurance	2404	192	450	1762	1	28
Leasing	159	18	109	32	0	0
Leisure & Entertainment	18	0	18	0	1	344
Media	1285	114	1040	112	3	23
Other Services	408	68	21	0	1	8
Personal Services	341	16	0	325	0	0
Printing & Publishing	217	10	24	183	1	0
Real Estate	2794	973	1288	533	1	1175
Retailing	497	253	132	110	2	0
Transportation	2194	518	350	1326	0	0
Wholesale Distribution	1043	582	325	136	2	0
Agricult., Forest. & Fish.	65	46	14	0	1	19
Construction Building Products	979	243	569	139	4	265
Dealing in Scrap & Waste	17	0	0	17	0	0
Extractive Industries	1920	158	530	1224	1	319
Food, Drink & Tobacco	3055	1119	913	1023	0	0
Oil and Gas	3049	1300	821	663	4	0
Paper & Board Products	542	74	387	81	1	0
Timber & Furniture Products	90	90	0	0	0	0
Utilities	3588	846	1057	185	2	0
Chemical & Pharmaceutical	5047	1267	570	1958	2	2
Electrical & Electronics	3605	1046	1421	794	6	17
Engineering Products	1637	289	79	1246	2	0
Other & Misc. Manufact.	786	604	3	179	0	0
Precision Engineering	161	0	61	100	0	0
Rubber & Plastics Products	144	0	72	55	2	1500
Textiles, Clothing & Footwear	230	94	72	64	0	0
Vehicle Manufacturing	2009	31	650	1328	1	0
Total	51177	18746	12034	14253	46	6144
Resource Industries	13305	3876	4291	3332	13	
Technology Industries	13619	3331	2928	5724	13	
Labour Industries	24253	11539	4815	5197	20	
Total	51177	18746	12034	14253	46	

UKBuy

Table UK-7 United Kingdom Investing Abroad: 1992-1995						
sorted by Industries (ou/ml/jv)						
Source DealWatch	1992/94				first quarter	
	Total	1992 val	1993 val	1994 val	1995 nr.	1995 val
Advertising, PR & Marketing	81	10	62	9	0	0
Banking & Finance	2451	413	435	1593	5	9
Business Services	1113	36	255	760	6	10
Healthcare	210	0	11	195	1	62
Hotels and Catering	1718	253	179	1286	0	701
Insurance	3323	617	393	2313	3	8
Leasing	110	79	0	8	2	0
Leisure & Entertainment	239	4	0	235	0	232
Media	716	43	391	111	4	11
Other Services	68	12	37	19	0	500
Personal Services	0	0	0	0	0	5381
Printing & Publishing	2818	44	718	1936	3	4
Real Estate	804	0	295	390	7	0
Repairs	9	0	0	9	0	0
Retailing	3669	279	1543	1843	2	23
Transportation	2443	1326	415	699	1	0
Wholesale Distribution	3479	307	523	2649	1	171
Agricult., Forest. & Fish.	1457	12	0	1436	1	4
Construction Building Products	1496	224	824	440	4	0
Dealing in Scrap & Waste	0	0	0	0	1	0
Extractive Industries	5933	572	3169	1692	2	26
Food, Drink & Tobacco	11917	1253	1135	4148	6	0
Oil and Gas	4066	771	2277	1014	1	0
Paper & Board Products	690	44	451	169	2	120
Timber & Furniture Products	472	9	0	463	0	119
Utilities	9803	65	8895	456	10	0
Chemical & Pharmaceutical	10852	525	4497	5129	9	4
Electrical & Electronics	2082	506	514	830	7	107
Engineering Products	3402	971	1245	1175	3	125
Other & Misc. Manufact.	50	0	31	19	0	0
Precision Engineering	583	196	133	254	0	3
Rubber & Plastics Products	1532	278	252	895	3	387
Textiles, Clothing & Footwear	1156	96	433	502	7	128
Vehicle Manufacturing	1096	228	52	688	5	0
Total	79838	9173	29165	33365	96	8135
Resource Industries	35834	2950	16751	9818	27	
Technology Industries	20753	2800	7157	9492	34	
Labour Industries	23251	3423	5257	14055	35	
Total	79838	9173	29165	33365	96	

Table US-1 International Monetary Fund Data on the United States (millions of US dollars)

Year	Merchandise Exports	Merchandise Imports	Direct Investment Abroad	Equity Capital	Reinvestment of Earnings	Other Long-Term Capital	Short-Term Capital	Direct Investment in the U.S.	Equity Capital	Reinvestment of Earnings	Other Long-Term Capital	Short-Term Capital	Direct Investment Abroad - Stock	Foreign Investment in U.S. - Stock	GDP in Millions of U.S. \$
1986	223,350	(368,410)	(17,120)	(560)	(8,440)	n/a	(8,120)	35,640	25,090	(750)	n/a	11,300	4,212	(2,658)	
1987	250,210	(409,770)	(27,180)	(4,630)	(15,850)	n/a	(6,700)	58,220	34,320	(780)	n/a	24,680	4,933	(3,135)	4,539,900
1988	320,230	(447,190)	(15,450)	6,120	(10,900)	n/a	(10,670)	57,270	45,040	670	n/a	11,560	5,157	(3,744)	4,900,400
1989	362,130	(477,380)	(36,830)	(6,390)	(11,930)	n/a	(18,510)	67,730	51,770	(8,670)	n/a	24,630	5,600	(4,366)	5,250,800
1990	389,310	(498,330)	(29,950)	(8,740)	(20,410)	n/a	(810)	47,920	56,240	(14,660)	n/a	6,340	6,205	(4,682)	5,522,200
1991	416,920	(490,980)	(31,300)	(17,680)	(16,930)	n/a	3,310	26,090	44,040	(20,280)	n/a	2,330	6,506	(4,919)	5,722,900
1992	440,360	(536,460)	(41,010)	(14,440)	(14,480)	n/a	(12,090)	9,890	25,470	(11,650)	n/a	(3,930)	6,682	(4,971)	6,020,200
1993	456,870	(589,440)	(57,870)	(17,420)	(29,570)	n/a	(10,880)	21,370	21,700	(9,400)	n/a	9,070	7,162	(5,167)	6,343,300

US

Table US-2 FDI Flows from the United States to Selected Countries (Millions of US. Dollars)									
Source: US Department of Commerce									
	Total								
"DATE"	CDIA Flows	U.S.	Canada	U.K.	Germany	France	Japan	Switzerland	Netherlands
1987	30154	n/a	6097	2966	805	1078	1223	1458	2104
1988	18599	n/a	2510	4576	-1822	1789	1114	-1145	1446
1989	37604	n/a	1268	11825	2522	1584	299	1269	3112
1990	30982	n/a	3902	-202	1626	1267	984	5314	-2004
1991	32696	n/a	1337	4665	4832	2737	-203	930	1654
1992	42647	n/a	2068	6215	1754	3857	683	3260	-1562
1993	71349	n/a	3226	20324	4301	-450	1499	4208	1425
1994	47698	n/a	4252	-2015	1846	3242	2843	972	2466

INVUS

Table US-3 Summary of Investments Subject to the Investment Canada Act - United States							
Source: Industry Canada							
(\$ millions)							
	Prior years	1990	1991	1992	1993	1994	Total
Resources	13713	410	245	2726	828	647	18569
Manufacturing	18621	3214	2133	2867	1344	1651	29830
Trade	4024	992	439	890	638	1359	8342
Services	3084	467	223	450	424	1898	6546
Other	4943	287	329	716	1896	427	8598
	44385	5370	3369	7649	5130	5982	71885
Number							
Resources	175	31	34	49	41	34	364
Manufacturing	883	133	121	106	68	70	1381
Trade	707	137	176	99	86	110	1315
Services	566	125	101	71	94	78	1035
Other	273	43	50	33	39	40	478
TOTALS	2604	469	482	358	328	332	4573
Resource-Intensive		410	245	2726	828	647	18569
Technology-Intensive		3214	2133	2867	1344	1651	29830
Labour-Intensive		1746	991	2056	2958	3684	23486

Table US-4 Direct Investment from Canada to U.S., by Industry Group

Source: CANSIM

DATE	Labour Intensive	Resource Intensive	Technology Intensive
1983	8833	12632	6981
1984	11753	14278	8404
1985	13861	16250	9219
1986	14995	15815	10840
1987	18324	15356	12059
1988	19637	15959	12842
1989	18797	16952	16375
1990	19519	18593	16892
1991	20976	18566	18256
1992	21479	19565	20312
1993	21522	19771	19903
1994	24438	21249	21549

Table US-5 Direct Investment in Canada from U.S., by Industry Group					
Source: CANSIM					
FDI Stocks					
	Labour	Resource	Technology		
DATE	Intensive	Intensive	Intensive		
1985	14874	26948	23777		
1986	15646	25794	25276		
1987	17711	26995	27007		
1988	18914	27718	27175		
1989	20636	28588	28913		
1990	22041	30468	29483		
1991	23289	31115	30032		
1992	24842	30947	31077		
1993	22536	32108	33966		
1994	22261	33734	37747		

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Table US-6 Foreign Investment in the United States: 1992-1995						
sorted by industries (ou/mi/jv)						
Source DealWatch	1992/94				first quarter	
	Total	1992 val	1993 val	1994 val	1995 nr.	1995 val
Advertising, PR & Marketing	22	3	19	0	0	0
Banking & Finance	7825	97	2484	3734	3	0
Business Services	3118	130	344	1841	5	1510
Healthcare	250	14	14	222	0	803
Hotels and Catering	2103	72	1181	810	1	1727
Insurance	1700	101	1120	479	2	33
Leasing	861	182	53	612	1	0
Leisure & Entertainment	988	652	304	32	0	744
Media	2245	987	81	1021	3	62
Other Services	1217	468	304	445	0	570
Personal Services	44	13	30	1	0	4915
Printing & Publishing	5909	346	692	4756	3	0
Real Estate	1296	543	561	192	1	40
Repairs	2	0	0	2	0	0
Retailing	2456	503	993	940	1	14
Transportation	1786	950	446	233	1	0
Wholesale Distribution	4624	313	363	3848	2	156
Agricult., Forest. & Fish.	1774	0	33	1741	0	767
Construction Building Products	2537	1614	416	474	5	0
Dealing in Scrap & Waste	67	0	2	65	0	0
Extractive Industries	5482	765	2058	2089	4	200
Food, Drink & Tobacco	14013	1253	1001	6844	4	0
Oil and Gas	3569	313	1921	568	3	0
Paper & Board Products	2416	114	434	1668	1	115
Timber & Furniture Products	471	0	0	471	0	0
Utilities	11168	272	9983	913	1	0
Chemical & Pharmaceutical	25600	1733	6669	15471	12	20
Electrical & Electronics	5105	1193	1117	2051	10	102
Engineering Products	3543	618	1499	1364	2	98
Other & Misc. Manufact.	51	0	51	0	1	0
Precision Engineering	1574	260	118	1196	4	157
Rubber & Plastics Products	1180	91	273	714	1	0
Textiles, Clothing & Footwear	962	65	519	280	5	2
Vehicle Manufacturing	1089	124	78	885	2	100
Total	117047	13789	35161	55962	78	12135
Resource Industries	41497	4331	15848	14833	18	
Technology Industries	39104	4084	10324	21961	37	
Labour Industries	36446	5374	8989	19168	23	
Total	117047	13789	35161	55962	78	

Table US-7 United States Investing Abroad: 1992-1995						
sorted by Industries (ou/mi/jv)						
Source DealWatch	1992/94				first quarter	
	Total	1992 val	1993 val	1994 val	1995 nr.	1995 val
Advertising, PR & Marketing	96	27	67	2	1	0
Banking & Finance	5509	1733	1819	1669	5	0
Business Services	3019	465	1005	1170	10	288
Healthcare	178	0	154	24	0	379
Hotels and Catering	1671	247	707	717	0	1050
Insurance	3472	400	78	2987	5	8
Leasing	1709	26	1481	202	0	15
Leisure & Entertainment	597	93	52	452	0	624
Media	5982	304	952	4630	7	23
Other Services	919	174	698	47	0	216
Personal Services	413	0	69	344	0	423
Printing & Publishing	244	6	57	181	1	0
Real Estate	2108	99	1638	371	0	0
Repairs	7	0	6	1	0	7
Retailing	945	175	115	655	1	0
Transportation	2794	354	433	1867	5	0
Wholesale Distribution	900	297	289	284	9	96
Agricult., Forest. & Fish.	182	133	49	0	0	409
Construction Building Products	2558	291	374	1885	2	0
Dealing in Scrap & Waste	103	88	0	0	1	0
Extractive Industries	5800	2352	2240	992	5	89
Food, Drink & Tobacco	9971	3841	3677	2030	15	0
Oil and Gas	25437	3080	14515	7433	7	34
Paper & Board Products	2060	436	574	961	2	0
Timber & Furniture Products	517	216	0	301	0	0
Utilities	6138	171	1728	3838	10	0
Chemical & Pharmaceutical	9894	2277	2267	4300	3	0
Electrical & Electronics	7997	2989	1363	3021	13	17
Engineering Products	3624	551	619	2431	3	90
Other & Misc. Manufact.	1560	721	89	750	0	0
Precision Engineering	512	179	106	193	1	140
Rubber & Plastics Products	560	109	272	162	3	401
Textiles, Clothing & Footwear	1190	228	66	806	2	100
Vehicle Manufacturing	2157	753	541	763	4	30
Total	110823	22815	38100	45469	115	4439
Resource Industries	52766	10608	23157	17440	42	
Technology Industries	27494	7807	5323	12426	29	
Labour Industries	30563	4400	9620	15603	44	
Total	110823	22815	38100	45469	115	

Appendix A-1 International Monetary Fund Data on China

Year	Merchandise Exports	Merchandise Imports	Direct Investment Abroad	Equity Capital	Reinvestment of Earnings	Other Long-Term Capital	Short-Term Capital	Direct Investment in China	Equity Capital	Reinvestment of Earnings	Other Long-Term Capital	Short-Term Capital	Foreign Investment Inward Stock	Foreign Investment Outward Stock	GDP in Millions of Yuan	Exchange	Total in U.S.
1986	25108	-38231	-629	-629				1659	1659								
1987	25756	-34896	-450	-450				1875	1875						1131000		
1988	34734	-36395	-645	-645				2314	2314						1407000		
1989	41054	-46369	-850	-850				3194	3194						1600000		
1990	43220	-48840	-780	-780				3393	3393						1768000		
1991	51519	-42354	-830	-830				3487	3487						2019000		
1992	58919	-50176	-913	-913				4366	4366						2402000		
1993	69568	-64385	-4000	-4000				11156	11156						3138000		

Appendix A-2 International Monetary Fund Data on Argentina

Year	Merchandise Exports	Merchandise Imports	Direct Investment Abroad	Equity Capital	Reinvestment of Earnings	Other Long-Term Capital	Short-Term Capital	Direct Investment in Argentina	Equity Capital	Reinvestment of Earnings	Other Long-Term Capital	Short-Term Capital	Foreign Investment Inward Stock	Foreign Investment Outward Stock	GDP in Millions of Pesos
1986	6852	-4406						574	91	483					
1987	6360	-5343						\$ (19)	-558	539					23332
1988	9134	-4892						1147	487	660					111
1989	9573	-3864						1028	431	597					3244
1990	12354	-3726						1836	1606	230					68922
1991	11978	-7559						2439	2011	428					180897
1992	12235	-13685						4179	3678	501					226636
1993	13117	-15545						6305	5737	568					255326

Appendix A-3 International Monetary Fund Data on Brazil (millions of US dollars)

Year	Merchandise Exports	Merchandise Imports	Direct Investment Abroad	Equity Capital	Reinvestment of Earnings	Other Long-Term Capital	Short-Term Capital	Direct Investment in Brazil	Equity Capital	Reinvestment of Earnings	Other Long-Term Capital	Short-Term Capital	Foreign Investment Inward Stock	Foreign Investment Outward Stock	GDP in Brazilian Reals
1986	22,348	(14,044)	(143)	(8)	n/a	(135)	n/a	320	71	449	(200)	n/a	n/a	n/a	
1987	26,210	(15,052)	(138)	(1)	n/a	(137)	n/a	1,225	285	617	323	n/a	n/a	n/a	420,900
1988	33,773	(14,605)	(175)	(37)	n/a	(138)	n/a	2,969	2,043	714	212	n/a	n/a	n/a	3,149,100
1989	34,375	(18,263)	(523)	(111)	n/a	(412)	n/a	1,267	634	531	102	n/a	n/a	n/a	46,200
1990	31,408	(20,661)	(665)	(151)	n/a	(514)	n/a	901	272	273	356	n/a	37,143	2,397	1,187,100
1991	31,619	(21,041)	(1,014)	(67)	n/a	(947)	n/a	972	183	365	424	n/a	n/a	n/a	5,981,300
1992	36,103	(20,578)	(146)	n/a	n/a	(146)	n/a	1,454	1,279	175	n/a	n/a	39,569	3,557	67,156,800
1993	38,783	(25,711)	(1,094)	n/a	n/a	(1,094)	n/a	802	702	100	n/a	n/a	n/a	n/a	

Appendix A-4 International Monetary Fund Data on Belgium & Luxemburg (millions of US dollars)

Year	Merchandise Exports	Merchandise Imports	Direct Investment Abroad	Equity Capital	Reinvestment of earnings	Other long-term capital	Short-term capital	Direct Investment in Belgium-Luxembourg	Equity Capital	Reinvestment of Earnings	Other long-term capital	Short-term Capital	Foreign Investment Inward Stock	Foreign Investment Outward Stock	GDP Millions of Belgian Francs
1986	59,955	(59,399)	(1,723)	(1,025)	n/a	(698)	n/a	730	958	n/a	(228)	n/a	n/a	n/a	
1987	76,088	(76,268)	(2,782)	(2,117)	n/a	(665)	n/a	2,355	1,987	n/a	368	n/a	n/a	n/a	520,800
1988	85,496	(84,273)	(3,784)	(2,054)	n/a	(1,730)	n/a	5,212	3,951	n/a	1,262	n/a	n/a	n/a	556,400
1989	89,988	(89,020)	(6,812)	(4,267)	n/a	(2,545)	n/a	7,057	4,461	n/a	2,597	n/a	n/a	n/a	602,800
1990	107,654	(107,064)	(6,262)	(3,066)	n/a	(3,196)	n/a	8,056	4,810	n/a	3,246	n/a	36,644	28,913	641,400
1991	106,019	(106,085)	(6,165)	(2,370)	n/a	(3,794)	n/a	9,377	6,439	n/a	2,938	n/a	n/a	n/a	670,500
1992	113,638	(112,307)	(11,259)	(1,958)	n/a	(9,301)	n/a	11,286	9,680	n/a	1,606	n/a	57,094	46,253	703,200
1993	103,837	(99,905)	(4,023)	(1,575)	n/a	(2,448)	n/a	10,650	8,437	n/a	2,213	n/a	n/a	n/a	n/a

Appendix A-5 International Monetary Fund Data on Australia (millions of US dollars)

Year	Merchandise Exports	Merchandise Imports	Direct Investment Abroad	Equity Capital	Reinvestment of Earnings	Other Long-Term Capital	Short-Term Capital	Direct Investment in Australia	Equity Capital	Reinvestment of Earnings	Other Long-Term Capital	Short-Term Capital	Direct Investment Abroad	Direct Investment in Australia	GDP in Millions of Australian Dollars
1986	22,423	(24,264)	(3,327)	(2,984)	(614)	241	30	3,484	1,409	725	1,394	(44)	8,654	(27,081)	
1987	27,014	(26,749)	(5,114)	(4,339)	(1,175)	440	(41)	3,920	1,526	1,291	900	204	14,159	(39,687)	282,430
1988	33,182	(33,892)	(5,072)	(4,153)	(1,696)	784	(8)	8,013	3,729	1,782	2,655	(153)	26,167	(55,691)	319,320
1989	36,893	(40,329)	(3,319)	(1,761)	(1,405)	49	(202)	7,770	3,632	1,292	2,511	335	29,569	(66,206)	357,900
1990	39,332	(38,966)	(931)	(953)	(604)	285	342	6,884	5,276	684	1,610	(686)	30,541	(71,934)	378,510
1991	42,005	(38,494)	(2,512)	(1,069)	(297)	(3,084)	(201)	4,772	3,293	549	(47)	978	29,192	(75,308)	382,820
1992	42,374	(40,820)	81	(782)	(899)	1,767	(6)	5,299	2,587	1,112	1,778	(178)	30,000	(72,301)	397,070
1993	42,230	(42,362)	(668)	47	(1,469)	841	(87)	2,708	2,469	1,737	(1,305)	(192)	30,564	(75,332)	418,070

Appendix A-6 International Monetary Fund Data on Hong Kong (millions of US dollars)

Year	Merchandise Exports	Merchandise Imports	Direct Investment Abroad	Equity Capital	Reinvestment of Earnings	Other Long-Term Capital	Short-Term Capital	Direct Investment In Hong Kong	Equity Capital	Reinvestment of Earnings	Other Long-Term Capital	Short-Term Capital	Foreign Investment Inward Stock	Foreign Investment Outward Stock	GDP In 1987 Hong Kong Dollars
1986	36,081	(35,942)											n/a	n/a	320,970
1987	48,712	(50,691)											n/a	n/a	367,600
1988	63,493	(70,325)											n/a	n/a	398,060
1989	73,336	(77,662)											n/a	n/a	409,360
1990	82,390	(84,725)											13,413	14,015	422,640
1991	98,659	(103,883)											n/a	n/a	440,330
1992	119,587	(127,340)											15,869	14,015	462,390
1993	135,385	(141,308)											n/a	n/a	n/a

Appendix A-7 International Monetary Fund Data on Singapore (millions of US dollars)

Year	Merchandise Exports	Merchandise Imports	Direct Investment Abroad	Equity Capital	Reinvestment of Earnings	Other Long-Term Capital	Short-Term Capital	Direct Investment In Singapore	Equity Capital	Reinvestment of Earnings	Other Long-Term Capital	Short-Term Capital	Foreign Investment Inward Stock	Foreign Investment Outward Stock	GDP in Millions of Singapore Dollars
1986	21,336	(23,402)	(181)					1,710					n/a	n/a	
1987	27,464	(29,910)	(206)					2,836					n/a	n/a	42,636
1988	37,993	(40,338)	(117)					3,655					n/a	n/a	49,998
1989	43,572	(45,687)	(882)					2,887					n/a	n/a	57,462
1990	51,095	(55,812)	(1,570)					5,575					32,043	4,058	66,174
1991	57,156	(60,948)	(444)					4,888					n/a	n/a	73,038
1992	62,068	(67,850)	(748)					6,730					42,073	6,565	79,083
1993	71,959	(80,025)	(767)					6,829					n/a	n/a	89,007

Appendix A-8 International Monetary Fund Data on Korea (millions of US dollars)

Year	Merchandise Exports	Merchandise Imports	Direct Investment Abroad	Equity Capital	Reinvestment of Earnings	Other Long-Term Capital	Short-Term Capital	Direct Investment in Korea	Equity Capital	Reinvestment of Earnings	Other Long-Term Capital	Short-Term Capital	Foreign Investment Abroad - Stock	Foreign Investment in Korea - Stock	GDP in Millions of Korean Won
1986	33,913	(29,707)	(110)	(110)	n/a	n/a	n/a	435	435	n/a	n/a	n/a	636	(1,886)	
1987	46,244	(38,585)	(183)	(183)	n/a	n/a	n/a	601	601	n/a	n/a	n/a	819	(2,487)	112,130,000
1988	59,648	(48,203)	(151)	(151)	n/a	n/a	n/a	871	871	n/a	n/a	n/a	970	(3,358)	133,134,000
1989	61,408	(56,811)	(305)	(305)	n/a	n/a	n/a	758	744	14	n/a	n/a	1,275	(4,116)	149,165,000
1990	63,123	(65,127)	(820)	(820)	(21)	n/a	n/a	715	699	16	n/a	n/a	2,095	(4,831)	179,539,000
1991	69,581	(76,561)	(1,357)	(1,357)	n/a	n/a	n/a	1,116	1,099	17	n/a	n/a	3,452	(5,947)	215,734,000
1992	75,169	(77,315)	(1,047)	(1,047)	n/a	n/a	n/a	550	535	15	n/a	n/a	4,499	(6,482)	240,392,000
1993	80,950	(79,090)	(1,056)	(1,056)	n/a	n/a	n/a	516	502	14	n/a	n/a	5,555	(6,984)	265,548,000

Appendix A-9 International Monetary Fund Data on Italy (millions of US dollars)

Year	Merchandise Exports	Merchandise Imports	Direct Investment Abroad	Equity Capital	Reinvestment of Earnings	Other Long-Term Capital	Short-Term Capital	Direct Investment in Italy	Equity Capital	Reinvestment of Earnings	Other Long-Term Capital	Short-Term Capital	Foreign Investment Inward Stock	Foreign Investment Outward Stock	GDP in 1987 Italian Lire
1986	97,205	(92,158)	(2,694)					(172)					n/a	n/a	953,900,000
1987	116,712	(116,629)	(2,366)					4,175					n/a	n/a	983,800,000
1988	127,859	(128,872)	(5,583)					6,801					n/a	n/a	1,023,800,000
1989	140,556	(142,219)	(2,160)					2,166					n/a	n/a	1,053,900,000
1990	170,304	(168,931)	(7,585)					6,411					57,985	56,105	1,076,600,000
1991	169,465	(169,911)	(7,222)					2,401					n/a	n/a	1,090,200,000
1992	178,155	(175,070)	(5,891)					3,105					62,740	68,718	1,100,400,000
1993	168,456	(136,178)	(7,409)					3,749					n/a	n/a	n/a

Appendix A-10 International Monetary Fund Data on Taiwan (millions of US dollars)

Year	Merchandise Exports	Merchandise Imports	Direct Investment Abroad	Equity Capital	Reinvestment of Earnings	Other Long-Term Capital	Short-Term Capital	Direct Investment in Taiwan	Equity Capital	Reinvestment of Earnings	Other Long-Term Capital	Short-Term Capital	Foreign Investment Inward Stock	Foreign Investment Outward Stock	GDP
1986													n/a	n/a	
1987													n/a	n/a	
1988													n/a	n/a	
1989													n/a	n/a	
1990													9,735	12,888	
1991													n/a	n/a	
1992													11,885	16,443	
1993													n/a	n/a	

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