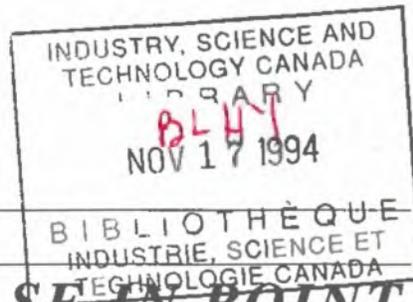


INVESTING IN CANADA

A NEWSLETTER ON CANADA'S INVESTMENT CLIMATE

Vol. 2, No. 3 — Winter 1988



TECH-TRANSFER

VACCINES: A CASE IN POINT

The following article was prepared by Suzanne Amos, Consultant, for OEB International of Toronto, and describes some of the technology transfer programs for production of vaccines and antitoxins carried out by Connaught Laboratories in the developing world.

In 1974 the World Health Organization (WHO) made a commitment to immunize all children in the world by 1990 against the six major infectious diseases: diphtheria, tetanus, whooping cough, polio, measles and tuberculosis – an extraordinary and far-reaching undertaking.



Rabies vaccine production facility (Islamabad, Pakistan).

To do this, WHO developed The Expanded Programme on Immunization (EPI), a plan which relies on the vaccines and technology provided by commercial biological producers such as Connaught Laboratories.

Through its program of technology transfer, or tech-transfer as it is known, Connaught provides the governments of developing nations with its vaccine product and manufacturing expertise by establishing modern vaccine manufacturing facilities in those countries. One example is the building of a polio and measles vaccine production laboratory in Pakistan. The construction of the plant was facilitated through EPI.

Connaught was a reasonable choice for EPI. Since 1914, the firm has played a leading role in the development and large scale production of effective biological products for public health needs. It is one of the Western world's largest producers of vaccines. ➤

INVESTMENT OPPORTUNITY DATA BASES

A Valuable Tool for

Investors and Entrepreneurs

This article focusses on investment opportunity data bases which are available to investors and entrepreneurs actively seeking financial opportunities. In a coming issue, Investing in Canada will feature an article on investment opportunities listings which are more general, are not necessarily computerized, and offer minimal or no direct matchmaking services. These articles are partly based on data sent in by readers; you are invited to send information for the second article in the series to The Editor (see page 8).

Investment opportunity data bases are information systems made available to investors looking for investment opportunities and entrepreneurs looking for business people interested in investing capital in new, expanding or well-established businesses.

➤ p. 3

INSIDE THIS ISSUE

Japanese Investment in Canada Biotech: Report of the BIDEK Mission – p. 5

Investment Canada's Advertising Wins Award – p. 5

Investment Barometer: Measures of confidence – p. 6

Publications of interest – p. 8

Reader Survey: Results – p. 8



INVESTMENT CANADA INVESTISSEMENT CANADA

A unique service offered by Connaught is sale of its proprietary technologies through the Technology Transfer Division.

Most of the projects involving Connaught are transfers of intermediate production technology. This means that Connaught provides the plant with the basic vaccine product in bulk, which is then further processed and packaged into vials for distribution. This type of arrangement can take up to four years to complete, from the signing of the contract to the time the plant becomes operational. Such arrangements also involve a commitment by Connaught to keep supplying the plant with bulk vaccine.

Before starting a project under the EPI, Connaught staff conduct a feasibility study to assess the existing facilities, if any, and to determine the expenditure required. Then they design the physical plant and outfit it with equipment suitable for the local environment, making sure the facilities meet WHO standards. Connaught ensures the local staff is properly trained in equipment and plant operation and maintenance so that, after the company's obligations to transfer the technology have ceased, they are satisfied the plant will continue to operate according to WHO guidelines. The most important aspect of the project is the transfer, from Connaught to the receiving nation, of the technology to manufacture vaccines. Once

the plant has been built, staff receive in-depth training in internationally accepted "good manufacturing practices" to enable them to produce the necessary vaccines to take part in the EPI program.

Connaught also carries out duplicate quality control testing in Canada to ascertain that the products produced in the new plant are safe, and they put programs of preventive maintenance and quality assurance in place in the new facility so this testing can, in time, be done on-site.

Both Connaught and its clients want to eventually achieve the complete transfer of all basic technologies and capabilities to the developing countries.

From Connaught's viewpoint, if the EPI continues to be as successful as it is now, WHO, in conjunction with UNICEF, with companies like Connaught and with governments of both developed and developing nations, will in fact reach its goal of vaccinating all the children in the world in the foreseeable future. By 1986, WHO was able to declare that half of the world's children had already been immunized through EPI.

However, the immensity of this project as it nears completion could put serious constraints on the availability of vaccines at a time when large biological companies are already operating at, or near, full capacity. Other sources and ways of servicing the market are needed.



Research at the Connaught facilities in Toronto.

From the developing countries' viewpoint, local vaccine production leads to greater participation in immunization programs, new employment opportunities and increased export possibilities. It also provides third world countries with the capability of joining the ranks of developed nations by elevating their level of preventative health care.

The growing demand for vaccines, coupled with the potentially uncertain supply situation, is creating a rapidly increasing tendency for developing nations to try to become self-sufficient in the production of vaccines. The transfer of basic technologies by companies like Connaught addresses this tendency by putting dedicated plants in the countries where the immunization demand exists. 🍀

THE CANADIAN EDGE

Some copies still available

The Canadian Edge, (Ottawa, Investment Canada, 1988), comprises almost 1000 pages of text and graphics on investment in Canada in relation to the business, political, geographic and social climates. The hardcopy edition is available in Canada for \$150 (\$180 elsewhere), with text updates for \$75 (\$90). The electronic edition (IBM PC compatible software and instruction manual) is \$90 (\$108). *Bonus* – the software version is free of charge, on request, to purchasers of the hardcopy version. (Handling and shipping charges: Order value \$25.01-\$75.00 — \$2.25; \$75.01-\$200 — \$4.50; over \$200 — 4% of total order value.)

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INVESTMENT OPPORTUNITY DATA BASES

A Valuable Tool for Investors and Entrepreneurs *(cont. from p. 1)*

Thanks to these data bases, investors and entrepreneurs seeking investment partners often end up making a match that benefits both parties.

Most of the time, the number of investors exceeds the number of entrepreneurs. In some cases, in fact, there are twice as many investors as entrepreneurs.



Canada Opportunities
Investment Network

"Research shows that small and emerging businesses, particularly in smaller centres, often have extreme difficulty finding sources of equity capital," says Bernard R. Wilson, president of COIN (Canada Opportunities Investment Network), a centralized computer system operated by the provincial Chambers of Commerce. Entrepreneurs looking for capital, and business people who want to invest in a given business, may register in the COIN network.

COIN services are currently available across Canada through a network of over 500 provincial Chambers of Commerce / Boards of Trade. Although the data base is accessible to anyone interested in using it, the system has not yet been advertised extensively across Canada. COIN became nation-wide in November 1988 with the cooperation of the federal and provincial governments.

COIN helps eliminate two negative tendencies among investors. First, to quote Jim Carnegie, Executive Director of the Ontario Chamber of Commerce and COIN, "There has long been, in investment in Canada, a gender-biased attitude from the point of view that it has been infinitely easier for a businessman to raise money than it has been for some of the female entrepreneurs." Secondly, adds Carnegie, "We have found there

has been a heavy geographic bias. In other words, it has been much simpler for someone in the Golden Horseshoe than for someone in Kapuskasing, for example, to find a business partner.

"COIN, because of its very nature, eliminates both gender and geographic bias because it's a confidential matching of criteria and interests. By the time you have gone to a first, second and third stage of the matching process, you probably have people who are fairly interested in sitting down and negotiating a deal, whether male or female or wherever they might be."

COIN is a confidential system. Entrepreneurs can thus seek capital with complete discretion, without causing concern among the public or the staff of their businesses. "One of the big difficulties we have is that both entrepreneurs and investors are very reluctant to let other people know what they are up to," he continues. "The confidentiality aspect, the convenience of the system (one has only to fill in a form), the speed of turnaround and matching process, have been commented on by many of the users as being highly successful."

Unlike some other systems, which charge a commission on successful matches, COIN collects only registration fees. Entrepreneurs pay \$150 a year; investors pay \$250. Matches involve an average investment of \$200,000 to \$300,000 in venture capital, but can range from \$5,000 to \$1 million.

COIN also enables entrepreneurs and investors to find suitable partners without requiring frequent travel or long trips. The time and money thus saved, Carnegie says, allow business people to consult lawyers and experts about the proposed agreement.

However, although the computerized matching system is very fast, some users of COIN, according to Carnegie, feel they do not get the information they want quickly enough. This is because COIN delivers the requested data mainly through the mail, sometimes causing delays.

The BUSINESS MARKETPLACE is run by the firm of Maheu et Noiseux, which maintains two service bureaus, one in Montreal and one in Quebec City. It, too, aims to enable interested investors and entrepreneurs to find a suitable match. As with COIN, investors and entrepreneurs must complete a questionnaire describing the characteristics of their investment or business and their respective requirements. Entrepreneurs must also provide a detailed business plan. Registrations are processed electronically, and prospective partners are identified. The investor then receives a brief description of the investment opportunity. Although out-of-province clients may use them, these matchmaking services apply only to the province of Quebec.

Annual registration, processing and prospective partner identification fees total \$500 for entrepreneurs and \$250 for potential investors. If a match is made, both parties must also pay equal shares of a commission that varies depending on the transaction. Transactions resulting from matches vary from \$50,000 to \$3 million.



THE BUSINESS MARKETPLACE

The BUSINESS MARKETPLACE offers interested parties the services of investment experts. Investors and entrepreneurs can obtain detailed financial and technical advice and assistance in looking for financing. This is not the case with COIN, for instance, which does not offer investment-related technical or counselling services but rather encourages clients to consult experts in these fields. ►

The FINANCIAL MATCHMAKING SERVICE of the Federal Business Development Bank (FBDB) is a computerized referral service offered through the FBDB's network of branches across Canada. It brings together investors looking for opportunities and entrepreneurs in search of financing.

The FBDB keeps in touch with prospective investors and entrepreneurs.



Financial Matchmaking

When an investment opportunity arises, the Bank describes the respective investment objectives to each of the parties and then invites them to meet.

Interested people and businesses may be recorded on the Bank's list for about \$250. If a financial match is made, one of the two parties must pay the Bank a fee depending on the amount, up to a maximum of 5% of the total investment. There are 1,500 entrepreneurs and investors in the FBDB's FINANCIAL MATCHMAKING SERVICE network. Foreign investors can also register in the service through Canada's embassies and consulates and government departments and agencies.

Investments made or capital invested through the FINANCIAL MATCHMAKING SERVICE average \$200,000. Matches may result in investments ranging from \$50,000 to \$5 million.

Like its counterparts, the service is useful to investors and entrepreneurs. According to one user, "the FINANCIAL MATCHMAKING SERVICE of the FBDB has helped us to find investors interested in doing business with us." He adds, however, that "personal contacts are sometimes more useful in finding a suitable match and cost nothing."

ENTINEX INC. acts as a listing service for all recognized business sources across Canada. Its fees are paid by the investor who is seeking to buy a business or to make an equity investment in a business. Through ENTINEX, the investor can obtain a selection of business opportunities within 24 hours. On behalf of the investor, ENTINEX will search

all the relevant data bases and business lists in Canada including the FBDB's FINANCIAL MATCHMAKING SERVICE, the COIN network, and lists maintained by provincial governments.

ENTINEX will also contact economic development commissioners in various municipalities, access some private sector local networks (for example Maheu et Noiseux in Quebec and the Investment Exchange in Alberta) and all other major sources of information. Entinex does not generate its own opportunity listings.

The client then has the option to make direct contact with the opportunity source. ENTINEX lists names, telephone and FAX numbers. It then steps aside because it does not take part in negotiations but simply provides business



information. Investors are charged \$150 to search any industry sector on the data base. A search is "live" for 30 days, and if no opportunity matching the client's criteria turns up, he/she has the option to remain on standing search for a further fee of \$50 a month. Opportunities are listed at no charge. The data base usually has about 400 investment opportunities at one time.

ENTINEX offers business opportunities such as equity participation or joint ventures investment situations from a minimum of \$150,000 and up. The data base is updated regularly. Anything that has been on the system for three months is taken off the active files and stored on an inactive file. ENTINEX uses facsimile (FAX) systems for receiving and transmitting information. The service is also available through 20 Commercial Banking Units of the Bank of Montreal across Canada. ENTINEX does not need to know the identity of a business. It only requires the relevant facts and the key contact person.

ENTINEX recently introduced two new services. *Buyout* is a bimonthly directory of Canadian business opportunities, available at a subscription price of \$150 per year. Each issue carries a selection of current business opportunities resident on the ENTINEX data base.

The other is a browse/advice service for potential business immigrants to Canada. This is a service for people who are making an exploratory business trip to Canada, or who already have their conditional visa. It costs \$150 for a one-hour session. ENTINEX is currently negotiating with a U.S. business opportunity network that is looking for a gateway into Canada.

With so many available investment opportunities data bases, it is up to the parties who use them to determine whether the value of the services offered justifies paying registration and other fees.

One thing seems apparent. To quote COIN's president, Mr. Wilson, "The current system of matching entrepreneurs with investors interested in participating in their ventures is a hit and miss process relying on accident and chance. COIN fills that gap by acting as a centralized intermediary." Thanks to these systems, entrepreneurs and investors considerably increase their opportunities to make profitable deals that are not the result of chance. 🍀

— by Réjean Lemieux, *Investment Canada*

Further information about these investment opportunity data bases may be obtained by contacting:

BUSINESS MARKETPLACE
Maheu & Noiseux
2 Complexe Desjardins, Suite 2600
P.O. Box 153
Montreal, Quebec
H5B 1E8
☎ (514) 281-1555

COIN
Canada Opportunities Investment Network
2323 Yonge Street
Toronto, Ontario
M4P 2C9
☎ (416) 482-5225

ENTINEX INC.
Business Opportunities Network
3 Church Street, Suite 402
Toronto, Ontario
M5E 1M2
☎ (416) 359-0037
Fax: (416) 359-0038

FINANCIAL MATCHMAKING SERVICE
Federal Business Development Bank
800 Victoria Square
Bureau 4600
P.O. Box 187
Montreal, Quebec
H4Z 1C8
☎ (514) 283-7220

JAPANESE INVESTMENT IN CANADIAN BIOTECH

Report of the BIDECE Mission

The following article is a translation of one which appeared in the Japanese newspaper Nikkan Kogyo Shinbun, one of Japan's major industrial and commercial daily newspapers, May 30, 1988.

With a high economic growth rate just behind that of Japan, Canada is putting a lot of effort into the advancement of its biotech industry, along with automotive parts and electronics. Since the national strategy for biotechnology was adopted five years ago, as many as 225 biotechnology-related firms have appeared, spending more than C\$70 million per year on research and development. In addition, world-class research institutes have been completed in the past few years and The Industrial Biotechnology Association (IBAC) has been established.

At the invitation of the Canadian government, the Japanese bio-industry association, BIDECE, which has a close relationship with IBAC, recently carried out the first biotech mission to Canada made up of 14 member companies for a two-week period. We asked BIDECE Vice-Chairman and Professor Emeritus of Kyoto University Saburo Fukui about his impression of the mission. Among his statements: "The Canadian investment climate is improving rapidly and Canada is hoping for investment from Japanese firms".



BIDECE Vice-Chairman Saburo Fukui.

What is your impression of biotechnology in Canada?

"Basically, because Canada is rich in natural resources and has a high standard of education, there have been steady achievements in plant and marine biotechnology, centering around the National Research Council and the universities. On the other hand, Canada is the country of the discovery of insulin and medical-related research is also advanced.

"Over the past few years, world-class research facilities have been set up in each region with government support. Among them are the St-Hyacinthe Agriculture and Food Centre in Quebec, The Alberta Research Council's pilot plant in Edmonton, and the Biomedical Research Centre at the University of British Columbia. All of the buildings themselves are amazingly superb, but the content of the research and the re-

searchers – this is the future. Furthermore, with government financial assistance, bio-venture businesses, which numbered close to zero several years ago, are now reaching 225 in number. In Canada, it is not uncommon for university professors to be company executives at the same time. In fact, industry and academia are working together to promote the advancement of biotechnology."

What is your advice to Japanese firms?

"Allelix, the largest biotech firm in Canada, succeeded in extracting an anti-cancer substance through plant cell culture. Mitsui Petrochemical has bought this and is awaiting commercialization. Aside from this, there must be many other natural products worth consideration in such a vast territory. As well, the topflight researchers from the U.S.A. and Europe who are difficult to invite to Japan might be happy to participate in joint research in Canada."

Could you give us your candid comments as leader of the first bio-mission?

"The participants on this mission were mainly large steel-, chemical-, and energy-related firms who look at things from a long-term perspective. However, judging from the enthusiastic reception by the Canadian government, among others, it seems that they are hoping for quick, concrete results. For the next time, I would definitely like to call on biotechnology firms and small- and medium sized firms to participate." 🍀

The following interview was conducted by reporter Ei-ichi Kosho, Osaka.

Investment Canada's Advertising Wins Award

Investment Canada won a silver award for colour print advertising at the annual meeting of the Industrial Developers Association of Canada this fall in Scarborough, Ontario. IDAC is a professional association of economic developers devoted to enhancing professional competence, advancing economic development as a profession and contributing to Canada's well-being. The award was for an ad entitled "A Tradition of Technological Excellence", which was placed

in the New York-based *Leaders* magazine, in its January-February-March, 1988 issue.

Also at the Scarborough convention, Investment Canada became part of IDAC's Canadian Development Network, which includes developers from the federal government, the provinces, various municipalities and chambers of commerce, utilities and real estate boards. 🍀

For Your Calendar

Sixth Pacific Rim Opportunities Conference
February 27 to March 2, 1989
Montreal, Quebec.

Contact Dianne Caldbick
The Canadian Committee of the
Pacific Basin Economic Council
55 Metcalfe Street, Suite 1160
Ottawa, Ontario
K1P 6N4
☎ (613) 238-4000 🍀

INVESTMENT BAROMETER

Measures of Confidence

The level and rate of growth of foreign direct investment (FDI) in a country may be considered a measure of the international business community's confidence in that country. The higher or lower the level, the more or less confidence international investors have that the country is a stable, profitable location for their investments.

Record levels of foreign direct investment in Canada in recent years indicate that international investors have confidence in Canada. Similarly, Canadian business shows confidence in itself, as revealed through figures for Canadian direct investment abroad (CDIA) — that is, for Canadian companies operating internationally.

Following are the most recent data available for these measures of confidence, as well as for which industries have been of most interest both to foreign investors in Canada and to Canadian investors abroad. In examining investment data by industry group,

stock values[†] of FDI are used, the most recent year available being 1985.

Regarding the flows[‡] of direct investment in 1987, gross inflows of foreign direct investment reached a record \$10.2 billion, an increase of 21.4% over the \$8.4 billion registered for 1986. Canadian direct investment abroad has also been steadily increasing. Gross outflows in 1987 amounted to \$9.3 billion, an increase of 8.1% from 1986 (see charts p. 7).

As to the stock of FDI in Canada at year-end 1987, it attained a value of \$103.1 billion, increasing 11.5% from \$92.5 billion in 1986. The total stock of CDIA at year-end 1987 was valued at \$59.9 billion, up 9.5% over the \$54.7 billion at year-end 1986.

Not surprisingly, the majority of FDI in Canada originates from the United States and the majority of CDIA is located there as well. This has been the case throughout most of

this century (see *Investing in Canada*, Vol. 2, No. 1, pages 2-3).

Prior to the First World War, the United Kingdom was the primary source of foreign investment in Canada, which at that time mainly took the form of portfolio investment, helping, for example, to finance the construction of our railways.

The United States and the United Kingdom have remained Canada's two most important investment partners, though the U.S. is by far the most predominant, and has been for most of this century. The U.S. is the one for which more recent data is available — up to 1987, whereas for other countries 1985 is the most recent year.

Of the \$103.1 billion of FDI stock at year-end 1987, 72.9% was owned in the U.S., while a similar 72.3% of the total stock of CDIA was located there. The United Kingdom, by contrast, accounted for just 9.5% of the total stock of FDI at year-end 1985 and was the location of only 7.3% of the total stock of CDIA.

In examining FDI and CDIA by industry group, 1985 is the most recent year for which data is currently available, including for the U.S. The manufacturing sector is the main focus in Canada-U.S. investment relations. This sector accounted for almost half (46%) of the total stock of United States' FDI in Canada at year-end 1985, varying little during the past decade. Iron and iron products has been the single largest manufacturing sub-group (35% of the manufacturing sector and 15% of the total U.S. FDI in Canada at year-end 1983). In the non-manufacturing sector, petroleum and natural gas accounted for almost one-quarter (23.4%) of total U.S. FDI in Canada

Canadian Direct Investment Abroad, by Industry Group and Location, Year-Ends, 1983 and 1985

(millions of dollars)

Located in	United States		United Kingdom		Other countries		All countries	
	1985	1983	1985	1983	1985	1983	1985	1983
Industry group								
Manufacturing:								
Beverages	2,393	1,972	1,195	890	406	259	3,994	3,121
Non-ferrous metals	5,130	2,963	831	516	2,069	1,712	8,030	5,191
Wood and paper products	3,665	2,945	447	197	534	399	4,647	3,541
Iron and products	1,302	1,105	291	164	515	616	2,108	1,885
Chemical and allied products	4,201	2,234	49	40	375	242	4,626	2,516
Other manufacturing	1,202	1,041	34	29	183	148	1,418	1,218
Sub-total	17,893	12,260	2,848	1,836	4,083	3,376	24,823	17,472
Merchandising	1,860	1,131	64	84	642	465	2,566	1,680
Mining and smelting	1,110	644	23	23	1,717	1,745	2,850	2,412
Petroleum and natural gas	5,715	4,425	3	257	1,750	1,561	7,469	6,243
Utilities:								
Railways	800	657	—	—	—	—	800	657
Other Utilities	45	31	44	60	842	842	931	933
Sub-total	845	688	44	60	842	842	1,731	1,590
Financial	6,249	5,163	547	476	1,596	1,406	8,392	7,045
Other enterprises	1,849	1,205	98	67	130	79	2,077	1,351
Total	35,521	25,516	3,627	2,803	10,761	9,474	49,909	37,793

Source: Statistics Canada, *Canada's International Investment Position 1985*, Catalogue No. 67-202, July, 1988.

[†]"Stock" represents the book value, at a point in time ("year-end" for this data), of long term capital (long term debt, and equity, including retained earnings) owned by a foreign investor in a Canadian business, giving influence in the management of the business.

[‡]Direct investment "flows" are part of the balance of payments' capital account. The components of direct investments are: i) equity capital; ii) reinvested earnings; iii) other long-term capital; and iv) short-term capital.

at year-end 1985, also relatively constant since the late 1970s, while the financial sector accounted for about 13%, up from 9.6% in 1978.

The 1985 year-end stock value of direct investment held by U.K. investors, on the other hand, was concentrated in the financial sector, accounting for 36% of the total U.K. FDI in Canada. The entire manufacturing sector accounted for slightly less (35%). The year-end book value of U.K. FDI in Canada in the financial sector surpassed manufacturing in 1982, the presence of major British financial institutions such as Lloyds, Barclays and National Westminster becoming more and more evident. There has been a similar trend for FDI from "all other foreign countries". Amendments to the Bank Act in 1980, and subsequent changes in regulations governing financial institutions in Canada, have played a significant role in this development.

Petroleum and natural gas traditionally was the sector accounting for the largest portion of the total stock of FDI owned by the group of "all other foreign countries" (approximately 30% from 1978 to 1983). In 1983, however, the financial sector had overtaken petroleum and natural gas, and by year-end 1985, this resource sector had dropped behind both the financial (28.8%) and the manufacturing groups (23.5%), to account for 23.3% of these countries' total stock of FDI in Canada.

Looking at the ownership of FDI stock in Canada, by all non-residents (U.S. and U.K., as well as "all other"), and given the predominance of the U.S., manufacturing remains the single largest sector (41.6%), followed by petroleum

Owned by	U.S.		U.K.		Other Countries		All non-residents	
	1985	1983	1985	1983	1985	1983	1985	1983
Industry group								
Manufacturing:								
Vegetable product	n.a.	2,924	n.a.	491	n.a.	349	n.a.	3,764
Animal products	n.a.	460	n.a.	7	n.a.	109	n.a.	576
Textiles	n.a.	530	n.a.	93	n.a.	68	n.a.	691
Wood and paper products	n.a.	2,464	n.a.	429	n.a.	620	n.a.	3,513
Iron and products	n.a.	8,388	n.a.	377	n.a.	275	n.a.	9,040
Non-ferrous metals	n.a.	2,613	n.a.	185	n.a.	287	n.a.	3,085
Non-metallic minerals	n.a.	987	n.a.	78	n.a.	142	n.a.	1,207
Chemicals and allied products	n.a.	4,803	n.a.	689	n.a.	410	n.a.	5,902
Other manufacturing	n.a.	677	n.a.	10	n.a.	33	n.a.	720
Sub-total	29,005	23,846	2,743	2,359	2,936	2,293	34,684	28,498
Petroleum and natural gas	14,752	15,062	917	1,077	2,908	2,806	18,577	18,945
Mining and smelting	3,197	2,719	472	357	1,559	1,351	5,228	4,427
Utilities	598	623	11	12	50	41	659	676
Merchandising	4,544	3,966	690	602	1,108	1,061	6,342	5,629
Financial	8,117	6,912	2,845	2,369	3,596	2,856	14,558	12,137
Other enterprises	2,883	2,398	221	133	322	374	3,426	2,905
Total	63,096	55,526	7,899	6,909	12,479	10,782	83,474	73,217

†Direct investment covers investments in branches, subsidiaries and controlled companies.
 n.a.: Figures for manufacturing sub-categories not yet available for 1984 and 1985.
 Source: Statistics Canada, *Canada's International Investment Position 1985*, Catalogue No. 67-202, July, 1988.

and natural gas (22.3%) and the financial sector (17.4%).

Mirroring the origins of FDI in Canada, Canadian direct investment abroad, as previously mentioned, is primarily in the U.S. (71.2% of total CDIA at year-end 1985), with 7.3% being located in the U.K. and 21.6% in "all other foreign countries".

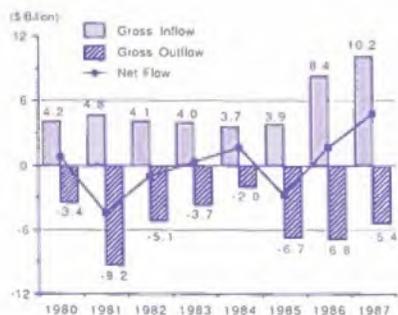
Over the past decade, the U.S. manufacturing sector is where half of the total U.S. stock of CDIA has been held (50.4% in 1985). The non-ferrous metals

group is where Canadian ownership is largest within the manufacturing sector, accounting for over one-quarter (28.7%) of direct investment in this sector and for 14.4% of total CDIA located in the U.S. Among non-manufacturing industries, the financial group accounted for 17.6%, followed by the petroleum and natural gas sector (16.1%).

Canadian direct investment in the U.K. is heavily concentrated in the manufacturing sector (78.5%), especially in the beverages industry (42% of manufacturing and 33% of the total CDI in the U.K.), reflecting the activities of major Canadian companies such as Seagram.

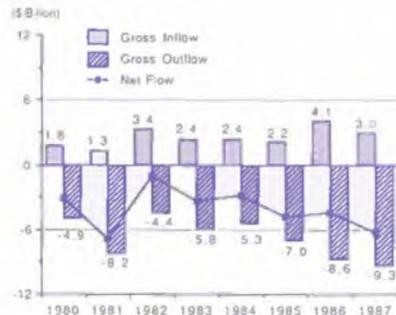
CDIA in "all other foreign countries" is also concentrated in the manufacturing sector (37.9%), and specifically the non-ferrous metals group (50.7% of manufacturing and 19.2% of the total CDIA in these countries), reflecting the presence of Canadian multinational companies such as Alcan and Inco. In the non-manufacturing sector, three groups account for a similar proportion of the total CDIA located in these "other" countries: petroleum and natural gas (16.3%); mining and smelting (16.0%); and financial (14.8%). ➤

GROSS AND NET FLOWS OF FOREIGN DIRECT INVESTMENT IN CANADA



Source: Statistics Canada, *Quarterly Estimates of the Canadian Balance of International Payments*, 67-001 (revised August, 1988).

GROSS AND NET FLOWS OF CANADIAN DIRECT INVESTMENT ABROAD



As with total FDI, total CDIA is concentrated mainly in manufacturing but at a slightly higher proportion, 49.7%, with the financial sector next, accounting for 16.8%, followed by petroleum and natural gas at 15%.

The most recent data for total FDI in Canada, including rates of increase, demonstrate that international investors have confidence in Canada as a location for investment. While manufacturing remains the most important sector for FDI, there are distinctions between countries of origin as well as discernable shifts in the portion of FDI in certain other industry groups, particularly increases in the financial sector. At the same time, recent data for CDIA show the increasing strength, and confidence, of Canadian companies operating abroad as well as reflecting the competitive advantages of certain Canadian industry sectors. 🍀

— by J. William Galbraith, Investment Canada

Publications of interest

Prospectus Canada, Investment Canada, Ottawa: January 1989, 12pp. (English, French). Obtain from: Publications Manager, P.O. Box 2800, Station "D", Ottawa, Ontario, Canada K1P 6A5, (613) 995-9525.

Supplying or Acquiring Technology: A Canadian business guide to structuring and negotiating technology transfer agreements, Department of Regional Industrial Expansion, Ottawa: 1986, reprinted 1988. 75pp. (English, French). Obtain from: Government of Canada, Business Information Centre, Level C1, 235 Queen Street, Ottawa, Ontario, K1A 0H5, (613) 995-5771.

Technology Inflow Program, Department of External Affairs, Ottawa: 1987. 5-6pp. (bilingual, English and French). Obtain from: Technology Inflow Program, Lester B. Pearson Building, 125 Sussex Drive, Ottawa, Ontario, K1A 0G2, (613) 996-4248. 🍀

READERSHIP SURVEY RESULTS

Over the summer, *Investing in Canada* surveyed readers to evaluate their level of satisfaction and find ways to improve the newsletter. The survey was conducted in two steps. First, a questionnaire was printed on a reply card and included in the Winter 1987 issue (Vol. 1, No. 3). Replies were completely voluntary and out of 10,000 cards mailed, 527 were filled out and returned. (This is a response rate of about 5% which is above average for this kind of survey.)

In the second step, names were selected from the mailing list and the readers were contacted by telephone. From the 500 names selected, 100 people took the time to answer 30 short questions.

Among those who returned the reply cards, we found that:

- Rating the newsletter in terms of interest on a scale of 1 to 5, 47% chose (4) and 23.5% chose (5) — meaning 70.5% deemed the newsletter to be very interesting.

- Nearly 60% of respondents were very satisfied with the timeliness of the newsletter.

- 62% selected were very satisfied with its relevance.

- Topics readers said they are most interested in are (in order of importance): domestic investment; foreign investment; international trade; free trade; investment in specific sectors; and the economy.

- Our "For Your Calendar" section received a relatively poor rating.

- Many readers suggested more articles on joint ventures and on the role of Investment Canada. They also suggested interviews with ambassadors or consulates regarding inquiries about Canada from foreign business leaders.

Similar results were found in the telephone survey:

- When asked "Do you like the newsletter?", 100% of the respondents said "yes"; 71% said that, if *Investing in Canada* were sold, they would subscribe.

- After reading the newsletter, 48% said they file it for reference and 35% pass it on to someone else.



- 84% said they read *Investing in Canada* for their job.

- 66% of respondents find the list of current publications useful.

- Only 30% said they read the newsletter for articles related to their specific career. Comments showed that investment content was the main reason for reading the newsletter.

- 53% of the readers said the maximum length of the articles should be one page. In a follow-up question, 66% said they answered the question based on the amount of time they have to read the newsletter.

Although this was not a scientific study, the comments gathered from the cards and the telephone conversations have given us an insight into our readers' specific interests, and will be reflected in future issues. We would like to thank everyone who took the time to answer our questions. 🍀

Investing In Canada is published quarterly by Investment Canada, the investment development agency of the federal government. The mandate of Investment Canada is to promote investment in Canada by both Canadians and non-Canadians that contributes to economic growth and employment opportunities, and that is of net benefit to Canada. Opinions expressed in Investing In Canada are not necessarily those of the Agency. Copyright on published material remains with Investment Canada and the authors of each piece. Letters of response or analysis are welcome, and may be published in future issues subject to the writer's consent. Inquiries, correspondence and subscription requests should be directed to The Editor, Investing In Canada, 235 Queen Street, 5th Floor West, Ottawa, Ontario K1P 6A5, tel. (613)995-9630.