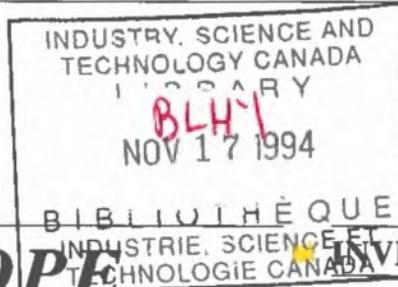


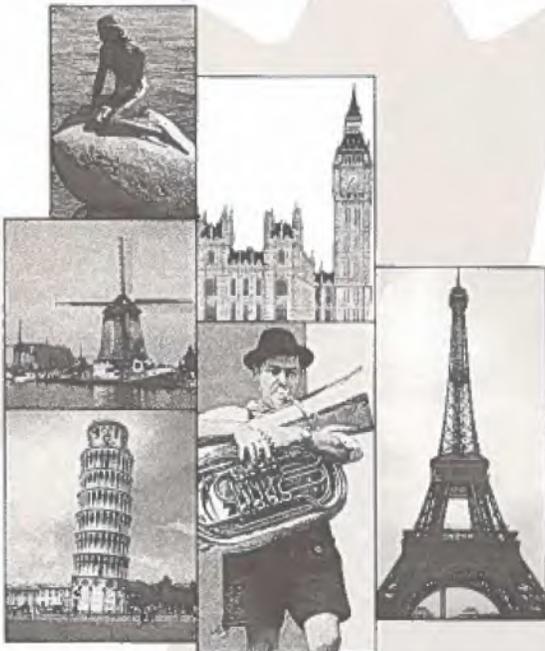
INVESTING IN CANADA

A NEWSLETTER ON CANADA'S INVESTMENT CLIMATE

Vol. 2, No. 4 — Spring 1989



■ FOCUS ON EUROPE INVESTMENT SNAPSHOTS FROM EUROPE



Canada and the countries of Western Europe have long enjoyed close commercial and cultural links. Each is an important trading and investment partner. The Canada-U.S. Free Trade Agreement (FTA), which came into effect January 1, 1989, and the Single European Act (SEA), coming into effect in 1992, are expected to have positive effects on two-way direct investment flows between Canada and Western Europe.

Western Europe is Canada's largest overseas source of foreign direct investment (FDI), accounting for approximately 80% of non-U.S. direct investments. By the end of 1985, the stock value of FDI from Western Europe reached C\$15.5 billion. This represented 18.8% of total FDI in Canada, up from 17.8% in 1980. Preliminary estimates for 1986 and 1987 indicate that Western Europe's share of FDI in Canada has grown a further 2 to 3 percentage points.

Western Europe is also the largest overseas recipient of Canadian direct investment abroad (CDIA), accounting for, on average, 45% of non-U.S. Canadian direct investment. By the end of 1985, the stock value of CDIA in Western Europe reached C\$7.5 billion. This represented 15% of total CDIA, down from 18% in 1980. Preliminary estimates for 1986 point to a relative stagnation of Western Europe's share of CDIA, followed by an increase of close to 2 percentage points in 1987. This figure, however, is still below the 1980 share. ♦

— by Alexandra Wood, Investment Canada

Canadian Consulates General and Embassies across Europe work with Investment Canada to promote investment development between Canada and Europe. The following are some recent activities and targets for the coming year.

ENGLAND

The London investment team of Bill Johnston, Commercial Counsellor, and Andrew de Schulthess, Special Advisor (Investment), says their investment development focus has been to project a new image of Canada as a country with a dynamic economy which welcomes foreign investment. Canada's sensible public policies, together with its strategic position in the North American market, are offered as attractions for investors.

"We built a data base of 600 British companies with Canadian subsidiaries," says Johnston, "and these are contacted regularly regarding Canadian economic performance, tax reform and the free trade agreement. We also solicit testimonial material which is judged one of ▶

INSIDE THIS ISSUE

Interview:

Andrew de Schulthess — p. 3

The Canada-U.S. Free Trade Agreement:
Investment Implications — p. 4

The Single European Act:
Investment Implications — p. 5

Investment Barometer
About Investment Canada Statistics — p. 7

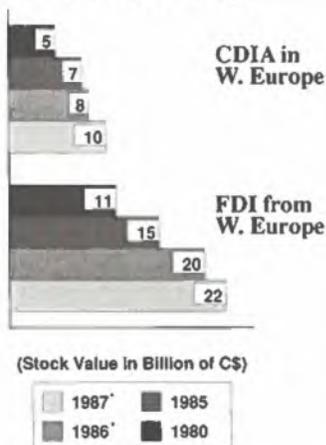
Current Publication — p. 8



INVESTMENT
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CANADA

Direct Investment Between Canada and Western Europe



*Preliminary estimates. Source: Statistics Canada, adapted by Investment Canada.

the most effective means of attracting other British firms to consider investing in Canada." Another 300 British firms, which have Canadian agents and distributors but no manufacturing subsidiaries, have been contacted by mail and, according to Johnston, the post is now following up with 20 firms which responded positively.

Prospecting activities have concentrated on the auto parts, electronics, defence and health care sectors. "A recent investment seminar on the Canadian defence market attracted 70 British firms, while our 'Investing in Canadian Electronics' drew 40 firms," says Johnston. New initiatives are also being planned in ocean technology and optoelectronics in the hopes of duplicating the success of the recent biotechnology/biomedical (BIOS) prospecting project.

WEST GERMANY

Otfried (Otch) Von Finckenstein was appointed as Canada's Investment Counsellor to Bonn in the autumn of 1988, succeeding Edgar Sarton. During his time as Investment Counsellor in Bonn, Sarton concentrated on high-level image building and was able to open doors to the three largest German banks, as well as to major German industrial groups, and to the powerful German Association of Industries (BDI). This promotional work was capped with a four-city lecture tour in spring 1988 which featured Paul Labbé, President of Investment Canada,

and Tom d'Aquino, President of the Business Council on National Issues.

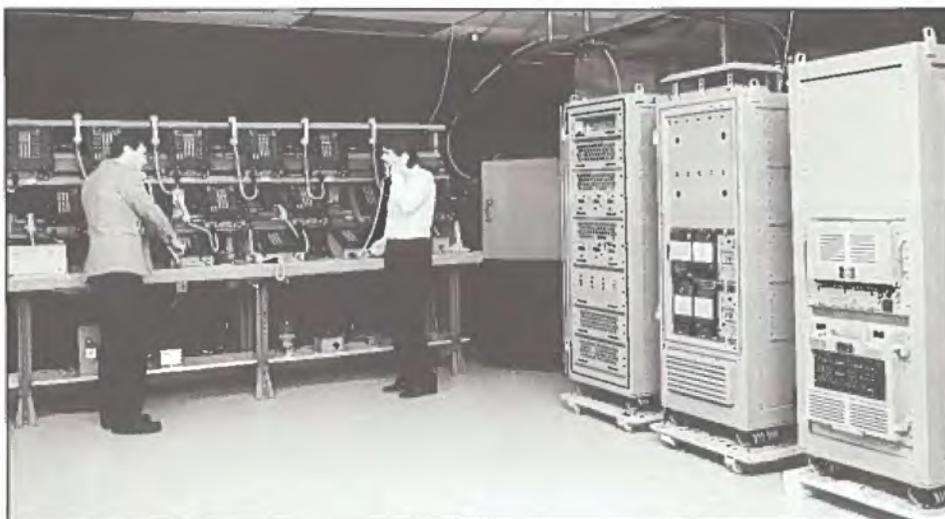
The sectors actively pursued by posts in Munich, Düsseldorf and Bonn include automotive parts, micro-electronics, resource processing, machinery and plastics. An advertising campaign is planned in the year ahead to highlight the opportunities offered by the Canada-U.S. Free Trade Agreement. Von Finckenstein says, "While the German economy continues to forge ahead at a brisk pace, and the new free trade agreement represents good news to German entrepreneurs, the preoccupation with 'Europe 1992' will absorb a good deal of management attention in German boardrooms. This might well be the only cloud on an otherwise bright investment horizon."

NETHERLANDS

Increasing Dutch investments have maintained The Netherlands' position as the third largest Western European inves-

Ten Hoopen notes the close trade relations between the two countries, and a strong Dutch empathy for Canada resulted in an unprecedented number of investment enquiries over the past year. Nevertheless, the Embassy in The Hague has undertaken a program for 1989/90 to improve awareness of Canada's potential for investment by Dutch business people. This will involve press articles, publicity and support for The Netherlands-Canadian Chamber of Commerce, direct mailing and corporate liaison.

Program activities will focus on greenfield investment, joint venturing, technology licensing and strategic partnering in the agri-food, health care, machinery, electronics and chemicals sectors. "Of particular importance," says ten Hoopen, "will be to ensure that Canada derives maximum benefits from increased Dutch investments in North America which may result from the Canada-U.S. Free Trade Agreement. It will be a particular challenge to maintain strong Dutch interest in Canada, given the distractions of



SHINCOM System undergoing tests. Built by Leigh Instruments Ltd., SHINCOM integrates all voice communications on board naval vessels. (Courtesy Leigh Instruments Ltd.)

tor in Canada. Loepy ten Hoopen, Canada's Investment Counsellor in The Hague, says, "A continuing strong guilder, combined with Canada's buoyant economy, favourable investment climate, the Canada-U.S. Free Trade Agreement, and an abundant supply of Dutch investment capital have continued to attract Dutch investments and entrepreneurial immigrants to Canada."

the European integration process, ongoing multilateral trade discussions and continuing strong Dutch interest in the U.S.A."

SWITZERLAND

One of the high points of Canada's investment program in Bern, which began in 1985, was the successful bid by Oerlikon Buehrle to supply the Department ▶

of National Defence with a low-level air defence system, and its subsequent establishment in Quebec of the Oerlikon Aerospace subsidiary. Their initial investment of \$10 million has since increased three or four-fold.

"We are particularly interested in the aerospace, high-tech, machinery and agriculture/food sectors," says Alan Virtue, Consul and Commercial Counsellor for the Bern post. "We provide preliminary data on Canada to a large number of enquirers, meet individually with a select few with serious investment plans, and arrange visits to Canada."

A substantial portion of Embassy investment resources is focussed on the annual Davos Symposium, held in late January 1989, where Canada's key business leaders were active participants. International Trade Minister, John Crosbie, presented a Canadian overview, Premier Van der Zalm led the British Columbia delegation, and Quebec Premier, Robert Bourassa, was also in attendance.

FRANCE

"Canada has a very favourable image as a country that welcomes French investment," says Pierre Bélanger, Investment Counsellor. "Just as the Europe of 1992 is generating a great deal of interest among Canadian companies, the free trade agreement between Canada and the U.S. has renewed interest in Canada among French companies."

The Paris investment development program, established two and a half years ago, is aggressive. "We are on the lookout for dynamic, innovative and rapidly expanding French small businesses and industries," says Bélanger. Targeted sectors in the search for potential investors are aeronautics, aerospace, biotechnology, electronics, high-tech industrial materials, medicine, pharmaceuticals and plastics.

Investment related enquiries handled by the Paris Embassy last year have generated C\$350 million worth of new investments in Canada. Among the most recent are the establishment of Garbarini S/A (electronic equipment) and the Laboratories Boiron (homeopathic products); construction of an automobile parts manufacturing plant by the Fonderies Montupet Company, with investments of \$116 million that will (p. 4) ▶

Interview:

Andrew de Schulthess

Investing in Canada took advantage of Andrew de Schulthess' Ottawa visit to conduct an interview, illustrating the kind of work that is going on in Canada's posts abroad. De Schulthess is Special Advisor (Investment), Canadian High Commission, London, England.



Perhaps we could start with a summary of what you do in London.

I am fortunate that Bill Johnston, the High Commission's Commercial Counsellor, works with me in partnership so we are able to segment the market. My predecessor used a consultant to filter down hundreds of companies to a manageable number of prospects, and we are working on the ones identified as highest priorities.

I concentrate on larger companies, we share the medium-sized prospects, and Bill concentrates on priority sectors in the broader spectrum of smaller companies. The ones with sales of \$1 billion and over are typically prospected from published reports. I analyse their financial situations and try to assess their long-term strategies in hopes of identifying a Canadian fit.

Over the past 12 months senior executives of these companies have been invited to presentations by such people as the Canadian High Commissioner, the Minister of Finance, Michael Wilson, the Minister of International Trade, John Crosbie, former Minister of Industry, Science and Technology, Robert de Cotret, and President of Investment Canada, Paul Labbé. With high-level speakers, it becomes possible to attract senior executives from large and medium-sized firms.

What is your relationship with British institutions?

We like to use 'maximum leverage,' so we make sure opinion leaders and high profile institutions in Britain are fully aware of what we are doing — organizations such as the Confederation of British Industries (CBI), the Institute of Directors (IOD), the Department of Trade and Industry (DTI), and

the Canada-U.K. Chamber of Commerce.

And who are your Canadian contacts?

We work with various Canadian intermediaries such as legal firms, financial firms, investment brokers, banks and accountancy firms. They are part of what we like to call 'Team Canada' and a lot of the activity in London is the result of the profile that Investment Canada has created.

What about government agencies?

We work closely with the provinces to co-ordinate our events. Many have representatives in London and we communicate on a regular basis. As federal representatives, our role is to remain 'location neutral' and we do our best to represent each region of Canada and to identify the advantages available in each respective region.

What sectors do you feel are most promising?

Defence, electronics, biotechnology and the health care fields are among the high priority sectors for us. The British are very strong in these sectors and offer excellent opportunities for transferring technology to Canada.

Have you seen results from your efforts?

One of our successes which I am particularly pleased about is Laporte Industries' decision to make a major investment in Alberta. The operation it is putting into Alberta is the production of fine organics used as basic components for pharmaceuticals. It will be state-of-the-art technology and the only operation of its kind in North America.

Plessey was another gratifying success over the past year. (p. 4) ▶

■ The Canada-U.S. Free Trade Agreement (FTA):

Investment Implications

With the signing of the Canada-U.S. Free Trade Agreement, Canada becomes an attractive gateway to a market of 266 million consumers. Expanding Western European firms can now service both Canadian and U.S. markets from a single base. The FTA provides for:

- **Elimination of Tariffs:** The Agreement, in accordance with a set schedule, provides for the elimination of all tariffs on goods originating in the country of either party by January 1, 1998.
- **National Treatment:** Canada and the U.S. will treat each other's goods, services, investment and suppliers as they treat their own. Once goods and services from one country enter the other, they cannot be discriminated against on the basis of origin.
- **Greater Access to Government Procurement:** U.S. government purchases above C\$33,000 will be open to Canadian companies unless the purchases are reserved for small business or excluded for reasons of national security. This opening of the procurement process will allow Canadian companies to bid on approximately C\$4 billion in U.S. purchases.
- **Settlement of Trade Disputes:** When either country believes there are grounds for complaint about a duty imposed by the other, an appeal can be made to a panel of five members chosen by both countries. This panel will review the complaint using the law of the country which imposed the duty. The ruling must be made within 315 days.

- **A More Secure and Predictable Business Environment:** The FTA establishes conditions which facilitate trade and investment flows.

Examples of Western European firms that have invested or are planning to invest in Canada since the FTA came into effect on January 1, 1989, include:

Aluminerie de Bécancour Inc. will proceed with a C\$550 million expansion to its primary aluminum products operations in Bécancour, Quebec. The expansion will result in the creation of 225 new jobs.

Miron Inc., the Quebec-based cement company, has received an acquisition bid from Lake Ontario Cement Ltd. Lake Ontario Cement is 54% owned by the French company, Société des Ciments Français. Miron, which has operations in Quebec and New England employs 760 people.

Terochem Laboratories Ltd. of Edmonton, Alberta, is being acquired by the British firm, Laporte Chemicals Ltd. Laporte expects to retain Terochem's 80 employees and plans to substantially expand the company's operations as a result of the FTA.

—by Alexandra Wood, *Investment Canada*

Interview — (Cont'd from p. 3)

When Plessey started off with the acquisition of Leigh Instruments in Ontario and Nova Scotia, it had the strategic objective of making the Canadian operation its global headquarters for navigation systems and certain other high technology electronics and defence products. This is exciting because Plessey is a world-wide organization developing global product mandates for Canada.

Do you have any hot prospects at the moment?

Quite a few, but at different stages of progress. British Aerospace is one prospect that we are spending a lot of time with these days. We are convinced they will be making significant investments in Canada, the first of which was the contract with Bombardier to build \$400 million worth of components for the Airbus wings. But we think that's just the tip of the iceberg.

There are also many other lower profile firms that have decided to invest in Canada, which either Bill or myself have been involved with. Recorded investments ran about nine or ten per month through 1988, up from the seven or eight per month in 1986. We are also tracking with interest the U.K. share of foreign direct investment into Canada which has been increasing quite nicely during the past two to three years. ☀

—by Lillian Rukas, *Investment Canada*

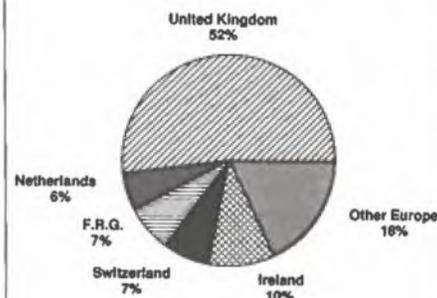
create 650 jobs; and the establishment of a Dijon mustard production plant by the Bornibus Company. In addition, Michelin and Pechiney recently announced investments of C\$500 million and C\$550 million, respectively, to expand their facilities in Canada.

BELGIUM

Belgian companies have been important investors in Canada in natural resources and financial services. However, the

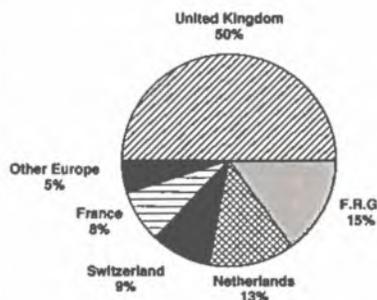
past 10 years has seen a reduction in investments by the big centralized holding companies, such as Petrofina and Genstar, making way for smaller companies to expand into Canada. "We encourage Belgian companies with advanced processes that might fill technology gaps in Canada to enter into partnerships with Canadian firms," says Jim Welsh, Economic/Commercial Counsellor. "Recent successes include the float glass plant investment made by Glaverbel, and the electronic highway panels investment by Ivan Paques." (p. 5) ☀

Total Canadian Direct Investment in Western Europe (% of Stock) 1985: C\$7.5 Billion



Source: Statistics Canada.

Total Foreign Direct Investment From Western Europe (% of Stock) 1985: C\$15.5 Billion



Source: Statistics Canada.

'Contact Canada' is the main prospecting vehicle aimed at leading industries and businesses in the region. The one-day program, organized with provincial governments, local Canadian lawyers, accounting firms, airlines, shipping companies, Chambers of Commerce, etc., includes seminars, press interviews, business visits and official calls by the Ambassador, and Embassy or Chamber of Commerce luncheons.

SWEDEN

Bill Roberts, Commercial Counsellor, says the Swedish post has focussed on the corporate sector, building on the strong base of Swedish direct investment already present in Canada. About 95 Swedish subsidiaries operate in Canada, from automotive assembly and distribution, construction and mining, pulp and paper, to industrial equipment, chemicals, pharmaceuticals and biotechnology.

Roberts says the post concentrates on basic education about Canada for Swedish business activity and investment, "in short, bringing Canada to the minds of business people who overlook Canada in favour of better known destinations such as the U.S.A. and Southeast Asia." The most important event since the investment development program began in 1985 was a four-province tour by a delegation of two dozen managers of major Swedish multinationals accompanying the King of Sweden during his state visit in March 1988.

The Technology Inflow Program has been used in hopes of attracting Swedish

technology to Canada in the form of joint ventures or licensing agreements. "As Swedish authorities lift restrictions on investment abroad," says Roberts, "investment development activities will be broadened to address a larger potential market, and we plan to work with Swedish investment analysts as they begin to look for investment opportunities beyond Sweden."

ITALY

"The strength of the Italian economy," says Marta Moszczenska, Consul and Trade Commissioner, "together with the growing international interests of the Italian business community, and an awakening interest in North America — in part due to the Canada-U.S. Free (p. 6) ▶"

■ The Single European Act (SEA): Investment Implications

The 12 members of the European Community (EC) are working towards eliminating all internal trade barriers by the end of 1992. This ambitious initiative will permit the free movement of goods, services, capital and people within the Community, creating a single market of 325 million consumers.

It is expected the EC will achieve the world's fastest growth rates in the 1990s and that EC firms will increase their competitiveness both within the single European market and globally. As a result, the EC will become a more important source of investment and technology and a more attractive place in which to invest.

It will probably become more of a challenge to attract direct investment from Western Europe into Canada. Indeed, in the short term, most EC firms will be busy adjusting to the single European market, while firms from other Western European countries will be preoccupied with securing preferential access to the market. Moreover, the U.S., the Asia Pacific Region and Eastern Europe will also be competing with Canada for EC investment.

Until more is known about the final provisions of the EC initiative, it is difficult to assess how non-EC firms will be affected by the single European market. Nevertheless, it is an opportune time for Canadian companies to position themselves strategically in order to prepare for increased global competition, and to minimize the effects of a potential "fortress Europe". This may involve establishing a corporate presence within the EC, or forming strategic alliances and joint ventures with EC companies.

Recent examples of Canadian companies that are preparing for the single European market include:

CAE Industries Ltd., the manufacturer of flight simulators, is expanding its wholly-owned subsidiary in West Germany to compete with firms in the U.K., France and the U.S.

Northern Telecom Ltd., the telecommunications equipment manufacturer, has already established links with companies in France, the U.K. and West Germany.

Laidlaw Transportation Ltd., the school bus operator and waste management company of Burlington, Ontario, recently bought into Britain's largest waste management company, Atwoods PLC.

Plastique Moderne, a small Montreal-area plastics manufacturer, recently bought a plant in France to springboard into the European market.

A federal interdepartmental task force has been established which, in collaboration with the private sector, is analysing the issues of 1992 through a number of sectoral working groups. In addition, a series of information seminars will be held across Canada to alert the Canadian business sector to the challenges and opportunities that are expected to result from the single European market.

— by Alexandra Wood, *Investment Canada*

Trade Agreement — all point to significant potential for investment in Canada.”

The post has liaised extensively with Canadian federal and provincial governments, and industrial associations in both Canada and Italy, to determine which sectors should be targeted for priority action. These include plastics, food processing, forest products remanufacture, converted paper and wood products, biotechnology, machine tools, robotics and flexible automation.

“The post prefers to deal with enquiries on an individual basis,” notes Moszczenska, “and is prepared to work with companies of all sizes.” In 1988 alone, Milan received over 100 enquiries from Italian industry concerning joint ventures or investment opportunities in Canada. “Italian companies were placed in contact with Canadian companies and a number of negotiations are underway with good results expected,” says Moszczenska.

In the next 12 to 24 months, the Milan post intends to continue an active program of promoting Canada’s image as an economically sound, sophisticated industrial nation with substantial opportunity for growth. “An important element in achieving this program is the recent signing of the Economic and Industrial Co-operation Agreement between Canada and Italy,” adds Moszczenska.

IRELAND

According to Gilles Morin, Commercial Counsellor, a substantial portion of Irish industry is under foreign ownership and the number of investment candidates is somewhat limited, but there are Irish companies who are showing growth through selective investment at home and abroad. Irish public companies have been much more active than private ones in looking overseas, partly due to size and access to capital, and the post has been courting these companies to enter the Canadian scene. Says Morin, “We are also attempting to publicize the free trade agreement, suggesting Canada as the right base to develop the U.S. market.”

Activity in Canada has been modest, the most notable Irish investment being the robotics systems operation of Automation Tooling Systems Inc. of Kitch-



The Norsk Hydro magnesium plant in Bécancour, Quebec. (Courtesy Norsk Hydro)

ener, owned by a division of Aer Lingus. The Jeffersen Smurfit Group, one of the world’s fastest growing paper/packaging groups, has recently taken a minority holding in PCL Industries Limited.

FINLAND

“Finland has a very good track record in investment in Canada,” says Claude Charland, Commercial Counsellor. Despite its relatively small size, Finland has become a high technology country in the past three decades, exporting 30% of its GNP. The Helsinki post is changing its focus from a specialization in the forest industry to a clientele of smaller companies producing unique or high technology products. “Our approach involves the nurturing of good relations with the heads of the largest corporations, promotion campaigns, and special events organized with local banks, the Finnish Foreign Trade Association (FFTA), or the Finnish Export Institute (FEI),” says Charland.

Examples of Finnish success stories in Canada include Winpak, Valmet-Sentrol and Neste Oy. Winpak, which is located in Winnipeg, is the third largest North American producer of flexible (shrink-wrap) packaging and captured 11% of the market last year. Valmet-Sentrol is planning a manufacturing/engineering plant in Toronto, and its Canadian headquarters will be moving to Montreal.

Neste Oy is contemplating a C\$250 million MTBE (gasoline additive) plant near Edmonton, which will be the second biggest Finnish investment in Canada.

NORWAY

By far the largest Norwegian investment to date in Canada is the Norsk Hydro magnesium plant at Bécancour, Quebec, a C\$500 million, 40,000-ton capacity plant which will come onstream in June 1989, and reach full capacity by year end. The Quebec base was chosen largely because of provincial co-operation, and the potential access to North American markets.

According to Mel MacDonald, Consul and Commercial Counsellor, one sector of particular success for Canada has been aquaculture. Norway has investments of C\$100 million in fish farming on both the east and west coasts of Canada. On the B.C. coast, it is estimated that up to 50% of salmon farm development has some form of Norwegian involvement, either through direct investment, technology, or Norwegian management. There is also growing interest in developing halibut, turbot and cod aquaculture.

The investment promotion program for Norway has been multi-sectoral in its approach for, like Canada, Norway has a broad base of resource industries. The Oslo post has conducted three major investment seminars in (p. 8) ➤

INVESTMENT BAROMETER

About Investment Canada Statistics

Investment Canada's statistics of foreign investment are unique. They provide a partial measure of current foreign direct investment (FDI) activity in Canada and contain useful information not found elsewhere. They are not comparable to the measures of FDI collected by Statistics Canada. There are also other important qualifications to keep in mind when using these statistics.

Unlike Statistics Canada's FDI data (both flows and stocks) which are more common and comprehensive measures, Investment Canada statistics concern only certain foreign investments as defined by the Investment Canada Act. These investments are either acquisitions of control, direct or indirect,¹ of Canadian businesses, or the establishment of new businesses. Not included in the Investment Canada data are expansions of facilities made by established foreign investors in Canada. A major plant expansion by a large, foreign-controlled auto manufacturer would not come under the Investment Canada Act, but this type of investment may increase the stock of FDI as measured by Statistics Canada.

Not included in the Investment Canada data are expansions of facilities made by established foreign investors in Canada.

As well, portfolio investments do not come under the Investment Canada Act if they do not involve acquisition of control of the Canadian business. Under the section "presumptions respecting acquisition of control" (29.(3)(d)), it states, "the acquisition of less than one-third of the voting shares of a corporation or of an equivalent undivided ownership interest in the voting shares of the corporation is deemed not to be acquisition of control of that corporation."

As Investment Canada statistics concern only a certain portion of all FDI in Canada, there are limitations also within

¹An indirect acquisition is one in which control of a subsidiary in Canada changes as a result of a transaction abroad.

the statistics themselves. It is important to note that the figures may not wholly reflect the actual number and value of acquisitions and new business starts made by international investors for the following reasons:

- two or more international investors may submit notifications of intent or applications to acquire the same Canadian business and each proposal is recorded as a separate transaction;
- most cases are submitted to Investment Canada at the proposal stage. However, the investor may choose not to implement the investment. (This is known to occur for less than 1% of the cases, or about 3% of the reported asset value);
- acquisitions are recorded by asset value of the business to be acquired, based on the most recent audited financial statements and not on the actual purchase price;
- new business proposals, up to the end of 1988, were recorded on the basis of the planned amount of investment by the end of the first full year of operation. Beginning in 1989, this data will reflect the planned investment in the new business over the first two years.

Investment Canada's statistics have been collected since the creation of the Agency on June 30, 1985. They are published quarterly, about four weeks after the end of the quarter, and provide an update — in text, tables and charts — of the number and value of foreign investments subject to the Investment Canada Act. Also included are summaries of trends over the previous 12 months and comparisons with the previous quarter.

The quarterly statistics, also found in the Annual Report, are broken down by country of origin, by sector of activity and by province of destination².

²Other, basic information such as the name of an investor and type of business is listed in Investment Canada's bi-weekly news release. The release does not contain statistical data on the individual cases because of confidentiality. These statistics are found only in aggregate form as described.

The bi-weekly news release is also used by companies in Canada as a source of business leads, to offer services or products to recent foreign investors in Canada.

In Canada, there is no official source of FDI statistics by province, but there is interest in these type of statistics. This is one gap in the FDI data from Statistics Canada which is due to drawbacks: i) in how corporate financial information is reported in the Statistics Canada survey, and, ii) in the distribution of investments, by province, of an enterprise³ with activity in more than one province. This gap forces individuals to search for this type of information.

In Canada, there is no official source of FDI statistics by province, but there is interest in these type of statistics.

The provincial breakdown of Investment Canada statistics has similar drawbacks, as well as those cited for statistics in general. In the Agency's data, the province of destination of the foreign investment is determined on the basis of the largest cluster of employees and is the province to which the total assets of the acquired Canadian company are attributed. The significance of these investments to other provinces, therefore, is not reflected.

In summary, while it is very important to remember the limitations of Investment Canada statistics, they are useful in certain ways. They can be one source to assist individuals searching for FDI data by province,⁴ and they are an up-to-date source of current foreign investment activity in Canada. ♦

— by J. William Galbraith, Investment Canada

³According to Statistics Canada, an enterprise may be defined as a group of corporations under common control.

⁴Another source that researchers have used to attempt to provide some guide to provincial breakdown of FDI is the taxable income of foreign-controlled firms, by province, from the Corporations and Labour Unions Returns Act (CALURA) data of Statistics Canada. The provincial percentages then have been applied, possibly in combination with some other data available on a provincial basis, to the FDI statistics.

co-operation with the Export Council of Norway (ECN). The next seminar, scheduled for April 10, 1989, will focus on the Canada-U.S. Free Trade Agreement. MacDonald says a continuing program of separate liaison calls and investment mailings will complete Oslo's investment development plans throughout 1989/90.

DENMARK

Denmark has a highly developed industrial sector focussed on light manufacturing, food processing and specialized products. Kathryn Hewlett-Jobes, Commercial Counsellor, says the investment development program in Copenhagen started in 1986 with four basic elements: to identify Danish exporters to Canada, to design and implement a computerized

investment data base, to increase general awareness about the potential for investments in Canada, and to stimulate portfolio investment.

The post holds 'Business Contact Canada' days, which combine an informal luncheon, brief presentations, and an information booth-trade show approach. "These events have been even more useful than we had hoped," says Hewlett-Jobes. Twenty-seven Danish companies completed a questionnaire detailing their investment and technology transfer plans and several firms have indicated they are considering Canada for possible joint ventures, technology transfers or subsidiaries. Eskofot A/S, a Danish graphics equipment manufacturer, is investing C\$5 million in a Mississauga plant starting up early this year and is expected to employ 70 people.

Technology Transfer Conference

Calgary, Alberta, August, 23-26, 1989.

The Convention Centre will host a meeting of international technology brokers and experts from the academic, government and business sectors. "It's a small but very important conference," says organizer Dr. Cristina Castro, Director of the Technological Innovation Program at the University of Calgary's Faculty of Management. "Because we have such uneven economies around the world, technology transfer could be the shortcut to improving all our economies." Do technology brokers assist economic growth? Can we teach technology brokerage and transfer? Experts will ask these questions to determine what works and what doesn't in the complex process of transferring products and know-how to other countries. "The whole idea really began here at the Centre for New Venture Development," says Dr. Castro, "as a way of teaching students about technology transfer." Dr. Castro is hoping to organize live video links in Russia and Yugoslavia for students to participate without making the expensive trip. ♦

SPAIN

Don Wismer, Canada's Commercial Counsellor in Madrid, says Spain's largest petroleum company, Repsol, is planning a visit to Canada early in 1989 with a view to making very significant investments, as are the Antibioticos and Trema Companies.

Trade and investment seminars have been held in a variety of Spanish cities since 1985. Wismer notes that in addition to seminars, the post supplied articles and advertising support for a special issue on Canada in *El Nuevo Lunes* business journal, which circulated to 35,000 Spanish decision-makers.

A C\$500,000 joint venture investment in St-Sébastien, Quebec, by Abrasivos de Espana S/A was realized, through the efforts of Jim Rollefson of the National Research Council's International Technical Transfer Division, and a new C\$1 million factory was opened March 1988 by the Spanish Ambassador to Canada, Antonio Fournier, and François Gérin, MP for Megantic-Compton-Stanstead. There are currently four other possible Spanish investments under serious discussion. ♦

—by Lillian Rukas, *Investment Canada*



From the U.K. promotion campaign, "The Sweetest Investment Opportunity of 1988."

Current Publication

Investors Guide to Doing Business in Canada — The Royal Bank Way, 1989.

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