INVESTING IN CANADA

A NEWSLETTER ON CANADA'S INVESTMENT CLIMATE

Vol. 3, No. 1 — Summer 1989

INVESTMENT DEVELOPMENT IN THE PROVINCES

Artist's rendition of the four-storey addition to the Merck Frosst Centre for Therapeutic Research in Kirkland, Quebec. (Courtesy of Merck Frosst)

In this issue, Investing in Canada *is publishing several articles on investment development activities in some of the provinces, and actual investments that are being made.We plan to make this a periodic feature of our newsletter because we feel that potential investors and investment intermediaries will be interested in which aspects of their economies the provinces are promoting, and how they are going about it.*

We also plan to publish articles about successful investments in Canada in which company executives discuss their interest in Canada and their reasons for investing here. For this issue we interviewed the President of Merck Frosst Canada Inc., Robert Ingram.

We hope you find this series useful. Please do not hesitate to write us with your comments.

ALBERTA

With a gross domestic product (GDP) of $63 million, Alberta is an increasingly important destination for international investment. In 1988, Alberta attracted 15% of Canada's total non-residential investment, and 15% of total Canadian fixed assets. Capital expenditures on major projects proposed for Alberta over the next several years are estimated at $25 billion.

Businesses located in Alberta enjoy tax rates among the lowest in Canada, and neither individuals nor corporations pay provincial retail sales tax. Manufacturing industries are taxed at 9%, small businesses at 5%, and small manufacturing companies pay no tax. *(p. 3)* ➤

MERCK FROSST INVESTS $205 MILLION IN QUEBEC

Merck Frosst recently announced a $205 million investment in Kirkland, Quebec, the largest research investment in Canadian history for the pharmaceutical industry. Merck Frosst Canada Inc. is the largest pharmaceutical company in Canada, with gross annual sales in excess of C$250 million. The following is an interview with Robert Ingram, President of Merck Frosst Canada Inc.

Could you describe your facilities in Kirkland, Quebec?

Our Kirkland site houses our head office, manufacturing, marketing and administration functions and our research facility, the Merck Frosst Centre for Therapeutic Research. Of our 900 employees, 600 live in Quebec, and the rest are primarily sales representatives throughout Canada. *(p. 2)* ➤

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Robert A. Ingram, President
Merck Frosst Canada Inc.

We are currently engaged in some of the most exciting new research taking place in the world in the area of inflammatory diseases, specifically those that afflict the pulmonary tract. We are hopeful this research will lead to breakthroughs in the treatment of asthma and allergic reactions.

Are you developing new drugs?

Clearly, that's our focus. But it's not just new drugs, it is new therapeutic advances. Our research is 'cutting-edge' science. We're trying to identify those disease areas for which there aren't good therapeutic answers. For example, our Merck Frosst scientists discovered one of today's widely-used compounds for the treatment of glaucoma, and recently discovered the most successful treatment for harmful cholesterol.

Where does Canada fit into your world operations?

Canada is one of six countries in which Merck is carrying on a major research effort. The others are the U.S., the U.K., Italy, Japan and France. Merck targets its investment into specific therapeutic categories. As I mentioned, the Merck Frosst Centre for Therapeutic Research is working on pulmonary diseases; the Japan research is focused more on the anti-infective area; the U.K. facility on the neuroscience area; and the U.S. facilities on a broader cardiovascular metabolic focus. This strategy avoids duplicating our efforts. Merck is the largest investor in research and development in our industry and will invest this year in excess of US$700 million in research.

Why have you chosen those specific countries?

We feel that Canada, along with Europe, Japan and the U.S. represent significant business opportunities because there is a clear recognition of the need for health care and a willingness of government and the private sector to help pay for good health care. If we are to continue to address diseases that are not yet conquered, such as Alzheimer's, AIDS, and cardiovascular diseases, it is going to be through a continued investment in research by industry, by government and by academia. We see Canada as being one of those environments where that kind of commitment will continue.

How will your recent investment in Kirkland be spent?

The $205 million is a conservative estimate of the investment we will make over the next five years. The cornerstone of that commitment is a $60 million capital investment involving a research laboratory expansion targeted for completion in early 1991, which will be the largest research laboratory of its type in Canada.

Will new jobs be created?

Yes, and a great many will be at the doctorate and post-doctorate levels. It is hard to pinpoint accurately but when the new research building is fully operational we're looking at about 300 scientists occupying the building. Today we have half that number.

Why did Merck choose Canada for this investment?

I think Quebec is a leader in North America for innovative techniques to lower the after-tax costs of conducting research. Quebec's support, by way of tax credits on salaries paid to scientists, as well as tax credits on industry-university co-operative projects, has been very successful in attracting research activities.

Quebec was also very supportive of intellectual property protection during the Bill C-22 debate and the legislation was critical for us. In effect, Canada provides a company like Merck Frosst with seven years of market exclusivity for new products. And when you consider the enormous high risks we take in research — where we fail much more often than we succeed — we feel very strongly that the public benefits from a strong intellectual property protection environment.

Do you work with other institutions?

We work closely with Canadian universities. Montreal is becoming a centre for biotechnology which is shown in the emergence of Bio-Méga, the Armand-Frappier Institute and the Biotechnology Research Institute, and in the world-class scientists doing research at the universities of Montreal and McGill. Merck Frosst works with Laval and Sherbrooke Universities' researchers, as well as with the major hospital centres, the Royal Victoria and Montreal General, and the Clinical Research Institute of Montreal.

Through collaborative efforts with the pharmaceutical industry we are going to create an industry that will give university graduates the opportunity to stay in Canada to further their research, whereas in the past they might have had only the U.S. or Europe to consider. But in time our industry will require even more talent than is currently available.

What can be done to satisfy this requirement?

The governments, both federal and provincial, must work with the universities and industry to make sure we all devote the right type of resources to ensure the pool of Canadian talent is adequate. It is one thing to build new research laboratories; it is quite another to attract and hire the brightest young Canadian science graduates. We really want to work with government in order to provide the necessary resources and funds to the medical schools and universities, so they can graduate larger numbers in the areas of chemistry, molecular biology, pharmacology and medicine.

What do you think is the future of the pharmaceutical industry in Canada?

I'm optimistic about the future. I think as the Canadian public comes to understand that this industry does meet its commitments in terms of research investment and is willing and eager to work with the Prices Review Board, a partnership will evolve that will only grow stronger, and be of tremendous value to Canadian society.

— by Réjean Lemieux and Lillian Rukas, Investment Canada

PROVINCIAL INVESTMENT ACTIVITIES *(Cont'd from p. 1)*

Exports represented over 20% of Alberta's GDP in 1988, amounting to $13.8 billion. Traditional exports include primary products such as natural gas, crude oil, sulphur, coal, wheat, barley, canola and beef. In addition, manufactured goods such as petrochemicals, oil and gas equipment, communications technology and processed foods are playing an increasingly important role as Alberta's maturing economy becomes more diversified. While the United States is the predominant market for Alberta's exports, taking 70% of the total, markets are also opening up in Asia, Europe, Latin America, the Middle East, Africa and the U.S.S.R.

In 1988, the energy industry accounted for 18% of Alberta's GDP. With present technology, 25 billion barrels of crude oil are recoverable from the oilsands, representing about one-third of the world's known recoverable reserves. Major new investments include the proposed $4 billion Oslo oilsands mining project in Fort McMurray, and the $1.4 billion Husky heavy-oil upgrader on the Saskatchewan border.

Major opportunities exist in petrochemicals and plastics, with $95 million worth of investment being committed to Alberta's plastics industry this year. Alberta Gas Ethylene has announced its intention to build another world-scale ethylene plant at Joffre, representing $1.2 billion in new investment. Dow Chemical also announced plans to proceed with its $800 million ethylene plant.

The forestry industry currently contributes over $1.5 billion a year to the provincial economy, and directly employs 10,000 Albertans. Developments now under way will see over $3.2 billion of new investment in this sector, which will create almost 10,000 construction person-years and 4,000 operating jobs.

Painting by Murray Kimber for the Alberta International Awareness campaign

The Alberta Heritage Fund, worth over $12 billion, plays a major role in the development of the advanced technologies industry, and has been used to finance a variety of economic diversification programs. Alberta firms have established worldwide reputations for innovation in biotechnology, lasers, telecommunications and medical research.

Tourism, Alberta's third largest industry, generated $2.3 billion in 1988 and employed 75,000 people. In that year, Alberta hosted the 1988 Olympic Winter Games which attracted 22 million visitors and enhanced Alberta's international profile.

MANITOBA

This region of abundant waters has some of the lowest electricity rates in the world, a well-established transportation network and a strong and skilled labour force. The province sells itself as a centre of excellence in aerospace, information processing technologies, the health care industries, agricultural development and food processing. Forestry, mining and mineral processing are integral to Manitoba's long-term economic strategy.

In March, Repap Enterprises Corp. announced a $1 billion investment over the next four years to modernize the pulp and paper complex at The Pas, northern Manitoba. "We will be the best mill in Canada when it is done," says new General Manager Paul Richards. *(p. 4)* ➤

THE PHARMACEUTICAL INDUSTRY IN CANADA

The pharmaceutical industry in Canada consists of about 130 manufacturing establishments employing 17,000 people, with annual shipments of $2.4 billion. With the exception of the biological products subsector such as vaccines, blood products and hormone products, the industry is dominated by international companies which account for 85% of the industry's $1.5 billion assets. About 30 companies account for approximately 80% of the Canadian market and include such well-known names as Merck Frosst, Glaxo, Johnson and Johnson and American Home Products.

Despite this high degree of concentration, no single company holds more than 7.5% of market share. The pharmaceutical sector remains among the more profitable manufacturing sectors in Canada with after-tax profit on capital employed averaging 19.3% annually over the five-year period to 1985.

In general, multinationals have tended to centralize their R & D functions at their head offices or in major market locations. The same holds true for fine chemical production, the major ingredients of pharmaceuticals. Since Canada represents only about 1% of world consumption, the Canadian industry has one of the lowest R & D investment levels among the industrialized countries, and Canadian production tends to concentrate on formulation and packaging of product.

An added complication was the existence of the compulsory licensing clause of Canada's Patent Act, whereby the Commissioner of Patents was empowered to issue compulsory licences to permit Canadian generic manufacturers to import, formulate and market copies of patented pharmaceutical products. However, recent changes in the Act, as outlined in Bill C-22, essentially restored protection to brand-named pharmaceutical manufacturers.

This change prompted manufacturers to announce spending intentions in excess of $1 billion on R & D over a 10-year period. Although many had expected these expenditures to take the form of clinical, rather than basic research, the interview with Merck Frosst indicates that much more is indeed possible.

— by Chummer Farina, Investment Canada

ALBERTA INTERNATIONAL AWARENESS PROGRAM

'Alberta, Strong and Free' is the slogan for the Alberta International Awareness Program, a three-year promotional campaign designed to increase international awareness of Alberta. The campaign targets the highest level decision makers in political, academic and business environments, primarily in the United States, United Kingdom, West Germany, Hong Kong and Japan.

Through the original oil paintings by Alberta artist Murray Kimber, the ads create an image of a place where visions can become realities, where there is a knowledge and a respect for roots and achievement, and where there is a confidence in the future.

To complement the ad campaign, the program will place more emphasis on promoting Alberta's presence in priority markets through trade shows, ministerial missions, etc. by augmenting the public relations component of these activities through an international public relations network.

In addition, the Visiting Journalists Program is directed at attracting international journalists to Alberta to generate reports on the provincial investment climate. Thirty-five journalists have been through the program so far.

The Kimber pictures are courtesy of the Government of Alberta.

Repap will undertake a $200 million conversion of the unbleached kraft paper mill to a bleached kraft operation, followed next year by an $800 million expansion involving construction of a new bleached softwood kraft mill. The mill at The Pas will be environmentally sophisticated with state-of-the-art technology, keeping the use of chlorine down and improving the odour emissions usually associated with pulp mills. Repap promised the existing 850 jobs will be preserved and up to 400 new ones created. Repap also earmarked $20 million for retraining programs over the entire $1 billion expansion program.

Wang Canada Limited announced plans for its Centre for Imaging Technology in Winnipeg, worth between $20 and $40 million to the Manitoba economy over five years. Wang is expected to create a North American market worth $2 billion by 1992, and $10 billion by the year 2000.

A recognized leader in breeding technologies for beef, dairy cattle and swine, Manitoba has been chosen, by Minebea Company of Japan, as site for the Northern Manitoba Breeders (Canada) Co. Ltd., a $20 million hog breeding facility. The operation combines Canadian and Japanese high technology and is expected to evolve into one of the world's largest bases producing and improving purebred breeding hogs.

Boeing is planning a $31.3 million expansion of its composite aircraft component manufacturing facility, creating 270 new jobs and introducing high technology capabilities to the Winnipeg plant.

Manitoba Premier Filmon announces Boeing's expansion in Winnipeg. (Courtesy Government of Manitoba)

NORTHWEST TERRITORIES

Bountiful resources exist within this vast, sparsely populated part of Canada. The Northwest Territories has 36% of Canada's land, 18% of its fresh water and 64% of proven oil reserves. The N.W.T. economy is made up of mining, oil and gas, government, small business, tourism, renewable resources and arts and crafts.

A very important sector of the economy in terms of income and growth is small business, with service and retail outlets accounting for 52% of small business jobs. Personal and business services, retail trade, transportation, accommodation and food are the largest small business sectors. In March 1988, there were 1,845 businesses operating in the N.W.T., and 2,143 businesses registered for trade outside of the territory.

Northern businesses have matured to the point where they must venture out into the world to find new markets, new processes and new sources of capital. The government is recognizing the need for upgrading and improving roads, docks and airports to keep pace with a growing population, and is committed to fostering an economic strategy conducive to increased investment and business opportunities.

Prospects North Inc. was created in June 1988 to stage a series of economic development conferences every *(p. 5)* ➤

Young Dene learn carpentry skills. (Photo by Erik Watt)

three years. Prospects North '89 took place in Yellowknife in early June, the first economic conference of its scale organized by northern business people to bring their community to the attention of southern business interests.

The conference provided a comprehensive overview of the N.W.T. economy, highlighting mining, tourism, transportation and construction. Guest speakers included the Hon. Jean Chrétien, the Hon. Pierre Cadieux, Minister of Indian and Northern Affairs, and Dr. Michael Walker, Executive Director of Vancouver's Fraser Institute.

NEW BRUNSWICK

Forming a land bridge between Nova Scotia, Quebec and Maine, New Brunswick offers outstanding access to major population centres, and is keen to raise its profile in new and expanding markets.

With assistance from the federal government, New Brunswick recently established an office at the Canadian Consulate General in Boston to pursue trade, investment, tourism and other opportunities in the New England market.

In addition, New Brunswick's representative in Hamburg, West Germany promotes the province as a site for manufacturing investment in West Germany, The Netherlands, Scandinavia and the United Kingdom, and identifies promising joint ventures and technology partners for New Brunswick manufacturers.

In May, Interaction '89 was held in Moncton, N.B. The focus of this international trade show and conference was increased opportunities for trade between six New England states and five Eastern Canadian provinces arising from the Canada-U.S. Free Trade Agreement. Special guest speakers included International Trade Minister, John Crosbie; U.S. Ambassador to Canada, Thomas Niles; and U.S. free trade negotiator, Peter Murphy.

Microwave Techniques is a small company taking advantage of the business opportunities in New Brunswick. This company was recently awarded a $940,000 contract to build parts for six-wheel drive recovery vehicles to be supplied to the Canadian Department of National Defence.

Under its parent in the U.S., Microwave Techniques has seen steady growth since its inception in 1985, nearly tripling the number of employees. The company manufactures a variety of products, ranging from high-tech microwave components to special-purpose machinery used to produce cans for the North American fisheries industry.

Microwave Techniques' computer-controlled lathe. (Courtesy Government of New Brunswick)

NEWFOUNDLAND

The St. John's Board of Trade has undertaken a research project, the Investment Opportunities Project, to identify, advertise and market investment opportunities in Newfoundland and Labrador. The project is funded by the Atlantic Canada Opportunities Agency.

Investors, entrepreneurs, established business people, academics and government officials will be contacted and encouraged to share any ideas that would qualify as opportunities for investment.

An 'opportunity' may involve the development of products, services or techniques which foster entrepreneurship and employment. Since these opportunities will be delivered to active investors, they must be packaged as well-researched ideas with imminent development potential.

Once a list of opportunities has been generated, project staff will research each idea to determine which meets the criteria for packaging and promotion, and they will be marketed through all means available, advertising, investor listings, trade fairs, venture capital networks, investment missions and direct contact.

If you are an entrepreneur looking for a challenge, an investor seeking a new business opportunity, or somebody who has a promising idea for investment in Newfoundland and Labrador, contact the St. John's Board of Trade.

QUEBEC

Quebec is geographically the largest of Canada's provinces and one of the most prosperous centres of industrial growth, accounting for one-quarter of the total Canadian market. Quebec's giant forest products and pulp and paper industries, with over $6 billion in annual production, are the largest single industries and employers in the province.

Economic growth in Quebec has been above the Canadian average since 1982, showing strength in such high-tech areas as aeronautics, telecommunications, pharmaceuticals, transport equipment, hydroelectricity, consulting engineering and computers. Quebec focuses a large part of its investment promotion activities on the United States.

In the early 1980s, biotechnology was targeted as a priority sector for all levels of government, and has rapidly become one of the most promising areas of Quebec's economy. The 1987 drug patent law has brought in a whole new climate for the pharmaceutical industry. More than $700 million in new investments have been announced by Montreal-area pharmaceutical companies.

Quebec is attracting large investments in a variety of sectors. General Motors invested $450 million over the past two years to modernize its Boisbriand plant, and Hyundai Canada (Korea) recently invested $325 million to establish an automobile plant in Bromont. Merck Frosst, the pharmaceutical giant, recently announced its $205 million five-year expansion plans for its Kirkland facilities near Montreal, the largest research investment in Canadian history for the pharmaceutical industry.

— by Lillian Rukas, Investment Canada

INVESTMENT OPPORTUNITY SERVICES

This is a follow-up to a previous article on Investment Opportunity Data Bases featured in the Winter 1988 issue of Investing In Canada.

"Entrepreneurs dig first into their own pockets to get started, and, as their need for cash increases, ask for help from family and friends," says Robert Safrata, president of Canadian New Ventures and Investments Group Ltd.

VENTURE LINK

"When these sources are depleted, entrepreneurs look for outside assistance. Informal venture investors (IVIs) are the first people they turn to."

The financial capacity of an entrepreneur usually does not exceed $50,000. IVIs are professionals, business owners, or managers who invest in promising small businesses. True venture capital, where investors pledge money in return for unsecured equity, operates mainly in the $50,000 to $500,000 range. There are few organized market devices to handle these transactions, and so IVIs fill a well-defined niche in the growth of many businesses.

Canadian New Ventures and Investments Group Limited publish Venture Link, a monthly newsletter for IVIs. Its objective is to provide IVIs with promising investment opportunities and the advice of financial experts. Venture Link publishes the entrepreneurs' applications as well as short summaries of business proposals which are sent to more than 1,000 subscribers. Interested investors contact the entrepreneur directly to negotiate deals. Venture Link's services are available throughout Canada with transactions ranging from $50,000 up to $1 million.

The Centre financier de la PME (CF/PME), established in Laval, Quebec, in 1987 is a non-profit organization providing a one-stop shopping service for entrepreneurs seeking venture capital. Serving as a broker, it matches entrepreneurs with suppliers of capital ranging between $50,000 and $10 million.

The CF/PME serves as a link between entrepreneurs and a dozen venture capital institutions such as RoyNat, Lavalintech, the National Bank, the Quebec Deposit and Investment Fund and the Federal Business Development Bank. Through an agreement with the FBDB, the centre provides small businesses with access to the FBDB's Financial Matchmaking Service and to its bank of names, which include some 400 investors totalling $166 million in potential funds.

The CF/PME operates in an effective and inexpensive way. The centre charges businesses in search of venture capital an annual fee of $350. Major lending institutions are charged $2,000, while small lending companies pay $350. When an entrepreneur submits a proposal, the centre brings it to the attention of the venture capital institutions. The centre then advises the entrepreneur of the interest generated by his proposal and organizes a meeting. If an agreement is reached, the centre charges a commission of 2% of the investment.

"The advantage of our service for entrepreneurs is the amount of time it can save," says centre general manager Mr. Goyette. "Entrepreneurs need only prepare one business plan to submit to the major venture capital institutions."

CENTRE FINANCIER DE LA PME

With the co-operation of the Montreal Exchange, the centre also organizes a series of 'capitalization days' for entrepreneurs to submit their proposals in person to venture capital investors. The centre intends to hold one capitalization day every month or two, in different regions of Quebec.

"This is a personalized service," Mr. Goyette adds. "It's not a computerized matchmaking service." Only after a careful screening process — visiting the entrepreneur's facilities, meeting with the business's management team, reviewing the company's detailed business plan — does the centre determine whether a proposal is likely to interest the venture capital institutions. "Human contact," Mr. Goyette concludes, "is the most important aspect of this process."

In November 1988, the Hon. Elwood Veitch, B.C.'s Minister of Regional Development, and the Hon. John Jansen, Minister of International Business and Immigration, jointly announced the introduction of VentureNet, a new data base of B.C. Business Network. It is one of seven data bases on business opportunities in British Columbia. VentureNet is accessed through the B.C. Business Network which uses the services of Telecom Canada and the British Columbia Telephone Company.

VentureNet

VentureNet assists investors as well as businesses seeking equity capital. It allows investors, both inside and outside B.C., to search through an extensive list of business investment opportunities in the province. Mr. Veitch says that equity investment is a very important source of funding for the small but expanding business. "Often, during this phase of a company's growth, cash flow cannot keep up with debt servicing requirements, and that can be very restrictive, even though the company may have real potential to become a large and successful venture. VentureNet makes it easier for investors and entrepreneurs to get together."

Information is provided to the data base from province-wide sources such as regional development offices and community development officers working with the private sector, the Federal Business Development Bank, the University of Victoria, the Discovery Foundation, TIEM Canada Inc. and the Matching Service of the Equity Programs Branch.

Entrepreneurs complete a form describing their businesses and VentureNet staff review it and enter the listing, which remains active for 90 days. After 90 days it is removed, or an *(p. 8)*

INVESTMENT BAROMETER:

Investment Flows Remain Strong Through 1988

The gross inflows* of foreign direct investment (FDI) into Canada during 1988 remained very strong at $8.1 billion; double the levels prevailing from 1982-85, though down from the record levels of $10.2 and $8.4 billion set in 1987 and 1986 respectively.

The record figure for 1987 reflected, in part, the acquisition of British Columbia Forest Products by Fletcher Challenge Limited of New Zealand, as well as the Dumez S.A. (France) acquistion of Westburne International Industries and the acquisition by Esso Resources Canada Ltd. of Sulpetro Limited.† These deals were valued at well over a half billion dollars each.

The continuing strong level of foreign investment is evidence of Canada's attractiveness to international investors. The strength of the country's economy has been one of the attractions. Canada's real gross domestic product (GDP) grew by 4.5% in 1988 and is generally expected to continue growing through 1989 and 1990, although at more modest rates.

Canada's appeal to international investors, and the headline-catching foreign acquisitions of Canadian companies have been matched by even larger acquisitions in the other direction.

Canadian companies have been increasingly active in investing abroad since the recession in 1981-82. Gross outflows** of Canadian direct investment abroad (CDIA) have grown at an average annual compound rate of 19.5% from 1982 to 1988. This was almost a tripling of the value, from $4.4 billion in 1982 to $12.9 billion in 1988.

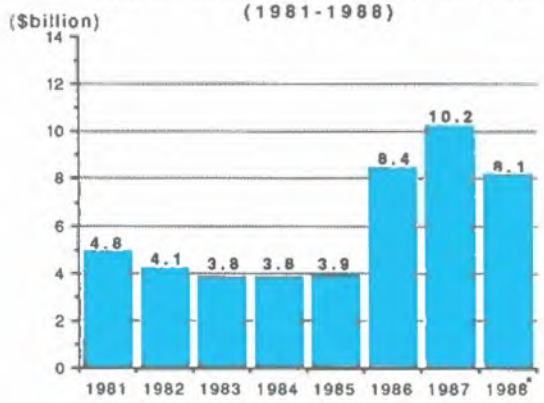
The significant increase in the gross outflow of CDIA of almost 26% from 1987 to last year reflects, in part, such major deals as the much publicized purchase of Federated Department Stores Inc. of the United States (valued at US$6.6 billion or C$8.1 billion) by the Campeau Corporation.†

The figure also partly reflects the Seagram Co. Ltd.'s acquisitions of Florida-based Tropicana Products Inc., valued at US$1.2 billion (C$1.5 billion), and of the French firm, Martell & Co. S.A., valued at US$924 million (C$1.2 billion). Campeau's purchase of Federated followed the acquisition in 1986 of Allied Stores Corp. which was valued at US$3.6 billion (C$5 billion), making Campeau a major force in U.S. retailing.

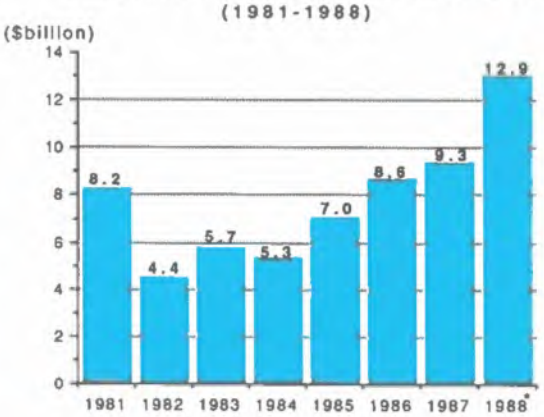
The mergers and acquisitions (M&A) that are reflected in investment flows, and involving Canadian companies, are part of a worldwide trend. M&A activity is expected to increase in the wake of the Canada–U.S. Free Trade Agreement and as companies, both inside and outside the European Community (EC), prepare for '1992', the target year for completion of the EC's internal market.

— by J. William Galbraith, Investment Canada

GROSS INFLOWS OF FOREIGN DIRECT INVESTMENT IN CANADA (1981-1988)



GROSS OUTFLOWS OF CANADIAN DIRECT INVESTMENT ABROAD (1981-1988)



* Preliminary data.
Source: Statistics Canada.

*The gross inflow of FDI includes the regular type of equity and debt investment that a company controlled outside Canada or citizen of a foreign country makes in a business in Canada, in which it has a say in the day to day operations.

**The gross outflow of CDIA includes the regular type of equity and debt investment that a company controlled in Canada makes in a business outside Canada and in which it has a say in the day to day operations.

†The total value of acquisitions may not be included in the investment flows, depending on where the financing was obtained. For example, if a Canadian company obtains financing for an acquisition in the United States from both Canadian and U.S. sources, the financing raised in the U.S. would not be included in the gross outflows of CDIA. Conversely, the portion of financing raised in Canada for the acquisition of a Canadian company by a foreign firm would not be included in gross inflows of FDI.

Alan Nymark
Executive Vice-President

NEW EXECUTIVE VICE-PRESIDENT — INVESTMENT CANADA

Alan B. Nymark has joined Investment Canada as Executive Vice-President. Mr. Nymark comes to Investment Canada from the federal government Trade Negotiations Office where he was responsible for the final preparation of legislation for the Canada-U.S. Free Trade Agreement and its implementation on January 1, 1989. During the negotiations with the U.S., Mr. Nymark was Assistant Chief Negotiator to Simon Reisman.

Mr. Nymark began his career in the federal public service in 1972 with the International Branch of the Department of Finance. He served in Washington, D.C. as technical assistant to the Executive Director of the International Monetary Fund and returned to Canada to serve in the Economic Secretariat of the Privy Council Office.

In the early 1980s, Mr. Nymark was special adviser to the Chairman and Chief Executive Officer of the Royal Bank of Canada in Montreal. He returned to the public service as Deputy Secretary to the Cabinet for Federal-Provincial Relations and later served as Director of Policy for the Royal Commission on the Economic Union and Development Prospects for Canada (the Macdonald Commission). Mr. Nymark holds Bachelor and Masters degrees in economics from Queen's University at Kingston, and undertook post-graduate studies at the London School of Economics in England.

(Cont'd from p. 6)

extension granted if some interest has been shown. VentureNet does not participate in negotiations. If a potential investor expresses interest, the entrepreneur is notified and asked to contact the investor directly. VentureNet does not charge the entrepreneur for listing the opportunity, nor does it charge a 'finders fee' on investments when they are made. It is anticipated that investment opportunities will likely vary from $50,000 to $5 million, averaging $500,000.

— by Réjean Lemieux, Investment Canada

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