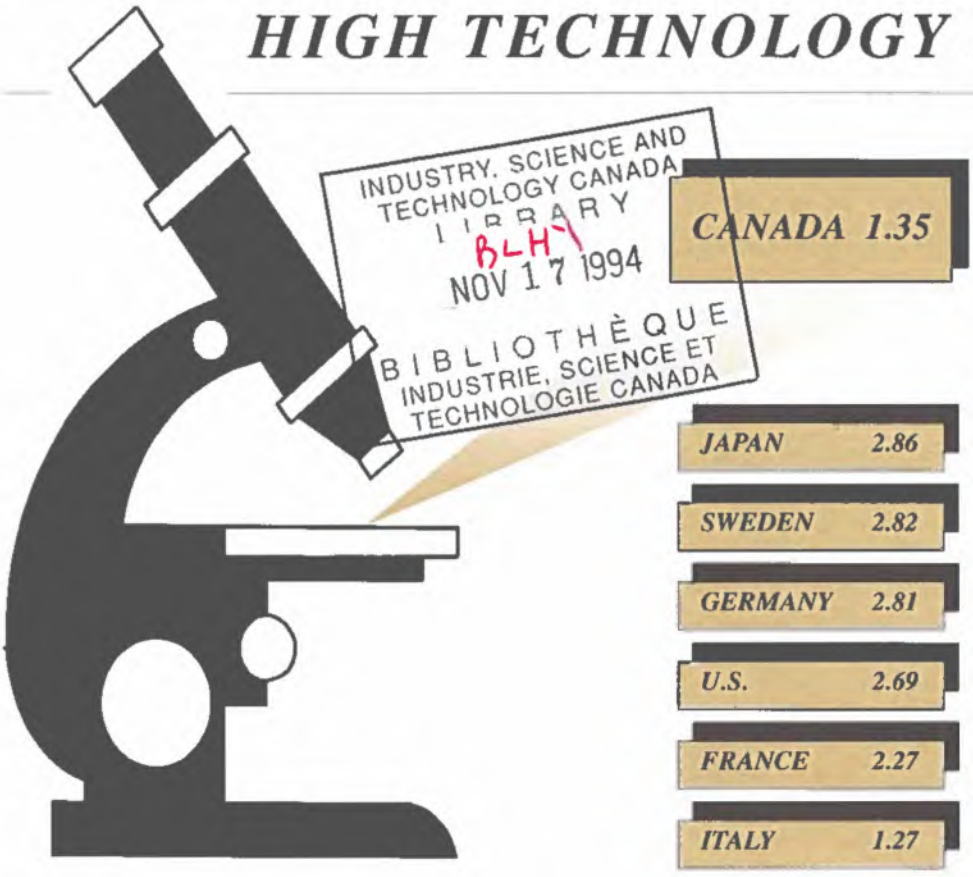
INVESTING IN CANADA

A NEWSLETTER ON CANADA'S INVESTMENT CLIMATE

Vol. 4, No.1 — Summer 1990

HIGH TECHNOLOGY IN CANADA



In today's world, a nation's high technology capabilities are central to its economic strength. With international competition intensifying, we look at Canada's high-tech status on the world scene. Are we putting enough resources into research and development to keep pace with our competitors? Is Canada's high-tech industry able to control its own destiny? Our feature article "High Technology in Canada" examines these questions and offers some valuable insights into the complex issues surrounding this debate.

Research and Development Spending 1987 - 88

(Per cent of 1987 Gross Domestic Product – Source: Statistics Canada)

Few economists would disagree that increased industrial research and development (R&D) and a stronger presence in high-technology industries are good for Canada. These objectives seem clear enough, but the means to achieving them are contentious and subject to differing schools of economic thought. The following are excerpts from a paper, prepared by Investment Canada, which examines the current state of high-technology industries in Canada, reviews the economic evidence and theories relating to R&D, and discusses the underlying factors that appear to inhibit fuller Canadian participation in these vital sectors.

Canada's participation in high-tech industries is relatively weak. Most of our major competitors have a greater degree of specialization in high-tech products for export. According to the Economic Council of Canada, high-tech products account for only 15% of Canada's total manufacturing exports. In the U.S. and Japan, they account for 38% and 28%, respectively. *(p.2)*

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Canadian companies spent 1.3% of the GDP on R&D in 1987, while the U.S. spent twice as much, 2.7%, and Japan, 2.9%. Canada's low level of expenditure on industrial R&D is frequently cited as limiting the growth of our knowledge-intensive industries. According to the Science Council of Canada this is partly explained "by structural differences such as the relative smallness of Canadian firms, our resource-oriented industries, a high level of foreign ownership, limited access to major markets and relatively low level of government support".

Some economists argue that the level of R&D spending is not the major issue. For example, as pointed out by the Macdonald Commission, in terms of non-defence spending, Canada compares much more closely with other OECD countries. Instead, it stresses the importance for a small country like Canada, of promoting rapid diffusion and adoption of techniques developed abroad. There is some evidence that Canada lags badly, and that foreign-controlled companies in Canada play a positive role in this regard.

Foreign Control

The number of foreign takeovers of Canadian high-tech firms has generated a great deal of commentary. Perhaps the most fundamental concern is that Canadian firms which are foreign-controlled are 'truncated' – critics fear that Canadian subsidiaries will become cogs in a very large wheel and lose their autonomy, impairing their ability to undertake R&D in Canada. In short, critics foresee the loss of high-tech jobs to foreign locations.

However, economic studies suggest that the negative consequences of foreign takeovers have been overstated, particularly with respect to technology. Enterprise scale appears to be a major factor inhibiting the performance of Canadian firms, and this factor is related to market access, rather than to foreign ownership per se. It is argued that the inability of Canadian firms to achieve economies of scale has prompted the mergers of Canadian-owned firms with foreign firms.

TOP 20 SELF-FINANCED R&D SPENDERS IN CANADA IN 1989* ($MILLION)

BCE Inc. (CDN)**	813.0
Pratt & Whitney (U.S.)	247.0
IBM Canada (U.S.)	181.0
Atomic Energy Canada Ltd. (CDN)***	166.0
Ontario Hydro (CDN)***	150.0
Hydro Quebec (CDN)***	135.6
Alcan Aluminium Ltd. (CDN)**	110.8
Canadair Ltd. (CDN)**	106.3
Boeing of Canada (U.S.)	91.0
CAE Industries (CDN)**	75.0
Imperial Oil Ltd. (U.S.)	70.0
Allied Signal Canada (U.S.)	37.9
Inco Ltd.(CDN)**	37.0
BC Telephone (U.S.)	36.5
Digital Equipment (U.S.)	36.3
Shell Canada (U.K., NETHERLANDS)	33.0
Mitel (U.K.)	29.0
C-I-L (U.K.)	29.0
MacMillan Bloedel (CDN)**	25.0
Du Pont Canada (U.S.)	21.1

*Estimate **Private ***Public

Source: *The Financial Post*, Annual Survey, Dec. 4, 1989

The Economic Council stresses the benefits that foreign-owned firms bring to Canada in terms of technology transfer and diffusion of that technology[1]. In its view, subsidiaries speed up the process of technology adoption. The parents transfer best practices internally to their affiliates. Compared with domestic development of technology, or its outside acquisition (e.g. through licences or acquisition of patents), the time involved in technology adoption is thereby reduced, and Canadians benefit directly.

Enterprise Scale

Recent work at Statistics Canada elaborates on the view that enterprise scale is a major factor in support of high-technology activity in Canada. According to an analysis of a 1987 Statistics Canada survey of manufacturers[2], the most important influence on the adoption of technology is enterprise size. The larger the market share, the higher the probability of technology adoption. This puts Canadian firms at a disadvantage as they generally operate at a significantly smaller scale than those in other major industrialized countries.

Enterprise scale is, of course, influenced by the trade regime. Tariffs and other trade barriers have made it more costly to undertake R&D and to adopt high technology in Canada, thereby damaging export opportunities. Moreover, the lack of competition has reduced the incentives to either undertake R&D or to adopt high technology.

Strategic Alliances

Globalization, or the integration of world markets, is bringing with it pressures on high-tech firms. There is evidence today that high-tech firms are engaging in strategic alliances to an extraordinary degree. The reasons for this include:

[1] Economic Council of Canada, *The Bottom Line: Technology, Trade and Income Growth*, Supply and Services Canada, Ottawa, 1983.

[2] Statistics Canada, *Survey of Manufacturing Technologies*, S.C. 88-001, Vol. #13, No. 9 and 10, October 1989.

HIGH TECH IN CANADA *(Cont'd from p. 2)*

- sharp rise in the cost of R&D;
- speed of technological change;
- "critical mass" and concentration in high-tech industries;
- industrial restructuring taking place globally which, in recent years, has favoured vertical rather than horizontal or conglomerate economies of scale;
- global marketing requirements.

Threshold Firms

A major related issue concerns the ability of threshold firms (small and medium-sized firms that have reached barriers limiting their growth) to become large scale, while remaining Canadian controlled[3]. In the absence of a Canadian alternative, small and medium-sized high-tech firms frequently turn to large foreign firms to provide the means for expansion.

Confronted by globalization, we may well see Canadian-based high-tech industries increasingly dominated in the 1990s by foreign investors, while at the same time witnessing Canadian investors as major players abroad. However, other countries of similar size or even smaller, like Sweden, have firms that have successfully made the transition and yet remained domestically controlled. Strategic alliances play a key role in addressing the problems of threshold firms.

The Challenges

Increasingly, global rationalization of R&D and high-technology industries is forcing alliances that have little to do with nationality. More study is needed about the interrelationship between Canada's high-technology performance and the level of foreign control. The evidence with respect to foreign control is much more positive than some critics would have us believe.

Another factor attracting debate is the appropriate goverment role respecting strategic high-tech sectors. The Canadian Institute for Advanced Research has initiated a research program to help determine how science and technology affect the economic performance of a country. The program is addressing the inability of conventional economics to explain the success of countries like Japan, Sweden or Finland in dealing with globalization and rapid technological change.

More analysis is needed to determine the extent to which foreign control of Canada's high-tech firms blocks or detracts from participation in knowledge-based employment opportunities. If, as has been suggested, foreign control explains little about the low level of industrial R&D or high technology in Canada, then other explanations should be sought.

A good deal of study is also needed on the extent and nature of the high technology and R&D "shortfall" in Canada. As previously mentioned, various studies have indicated that the most important factor is the limited scale of enterprise in Canada. With trade liberalization and globalization, this problem is gradually being addressed, although greater foreign participation may accompany the restructuring of the Canadian economy.

To address these issues, Investment Canada is undertaking a major research study on the relationships among foreign investment, technology and economic growth. The findings are to be presented at an Investment Canada conference in the fall, and are to be the subject of a report for release in early 1991.

[3] Guy Steed, *Threshold Firms - Backing Canada's Winners*, Science Council of Canada, Supply and Services Canada, Ottawa, 1982.

JAPAN'S MISSION TO CANADA

"*T*he time has come for Japan to forge an even more diverse and profound relationship with Canada...". So wrote Mr. Shinroku Morohashi, in his report entitled, Canada: A Partner Challenging the World. The paper, released this spring, gave Canada a good report card as a destination for Japanese investment. Morohashi, leader of the Japanese Investment Study Mission which visited Canada last October, is Acting Chairman of the Japan-Canada Economic Committee of the Keidanren, and President of the Mitsubishi Corporation.

The main purpose of the Mission was to assess the investment climate in Canada, including industrial policy, foreign investment policy, industrial infrastructure, the effects of the Canada-U.S. Free Trade Agreement (FTA), and to find ways to promote harmonious investment and technology exchanges.

The Canadian investment environment is superior, according to the Japanese, because of its political stability, availability of raw materials, low cost energy, superior education and labour, the high quality of Canadian life, and cultural diversity. The FTA was considered to be a plus, although final judgement is reserved pending its complete implementation. The Japanese Mission noted there was very limited investment friction in Canada as compared with the U.S., another indication that Canada is a welcoming destination for Japanese investment.

"In our evaluation, it is clear that Canada extends a warm welcome to foreign investment," said Morohashi, "leading us to the conclusion that the potential for increased Japanese investment in Canada over the long term is high."

GLOBALIZATION: LESSONS FOR CANADA

Alan Nymark, Executive Vice-President

The following are excerpts from a speech delivered by Alan Nymark, Executive Vice-President of Investment Canada, at a conference organized by the Institute for Research on Public Policy at Mont-Gabriel in March 1990.

Today, few conversations about the international economy take place without reference to globalization. Canada's trade and investment strategies must fully recognize the scope and nature of this globalization.

Defined as the "integration of markets on a global scale", globalization is bringing new pressures to bear on Canada's investment policy framework. Today, corporations both plan and operate on a global scale. They manufacture, provide services, conduct research, raise capital and buy supplies wherever these activities can best be done, regardless of nationality. More than ever before, direct and portfolio investments are moving freely across borders, both in and out of Canada.

The factors driving globalization include: growth in world trade and foreign direct investment; increased openness of major economies; worldwide industrial rationalization; international networking and other forms of strategic alliances; and the growing importance of European and Asian markets.

Mergers and acquisitions (M&A) are visible evidence of globalization. Of the major OECD countries, Canada, the U.S. and the U.K. have experienced the most substantial amount of M&A activity. Foreign acquisitions accounted for almost half of the $30 billion M&A activity in Canada this year, although many involved takeovers of Canadian-based but foreign-owned firms.

M&A activity is not the only illustration of globalization. International networking is another major element. In this decade, competitive advantage will be based more than ever on a firm's arrangements with other companies.

The drive to form strategic alliances is fuelled by a wide range of pressures. These include the high cost of technology development and commercialization, coupled with the recognition that products costing hundreds of millions of dollars to develop may have life spans of less than two years. Only a global product that can be quickly transmitted to the world's major markets could justify this type of risk.

What Are the Lessons?

1. International investment is challenging trade as the principal vehicle for international commercial transactions. In the face of global markets, Canadian firms are subject to more and more competitive pressures to forge international linkages. Globalization is bringing increasingly into question the conceptual distinction between 'domestic' and 'foreign' firms. For Canadians and their governments, ownership and control are less important than performance and value added.

2. Canada has no choice but to meet the global challenges of industrial restructuring in a wide range of policy areas, i.e. industrial R&D and technological development; education and training; competition policy; the cost of capital; transportation and communication services; industrial/regional development policies; and interprovincial barriers to trade.

3. Investment policy has a central role to play in addressing this restructuring. Our goal must be to attract value-added investment with a view to increasing capital/technology flows, productivity growth, competitiveness and Canadian employment. Moreover, our emphasis should be on greenfield investments and strategic alliances to build our human and capital infrastructure.

4. Canadian direct investment abroad plays an integral part in the investment framework. Investment is a two-way street, and Canadian business must be in a strong position to compete with foreign business both in Canada and abroad.

5. There are new geographical dimensions of trade and investment — a much more balanced participation has emerged among industrialized countries. In global markets, we have witnessed the relative decline of the U.S., the emergence of the Pacific Rim and Western Europe, as well as the liberalization of Eastern Europe, and the challenges of Mexico. Investment strategies in this context must support the broadening of these international exchanges, taking into account Canada's different interests in each region.

6. Federal and provincial governments have no choice but to look outward. In a global, interdependent world, the programs and policies of governments can no longer be made in isolation. 'Open for business' means international and domestic policies relating to trade and investment will be more blurred. This is why federal and provincial governments must work together to share views on globalism and investment and the complex relationship between them. In particular, real progress must be made in the elimination of interprovincial trade barriers and provincial competitive subsidy practices. We must establish effective domestic rules that promote a Canadian common market.

TESTIMONIAL: "WE INVESTED IN CANADA"

MASTERCAM TECHNOLOGY INC.

Joint Venture

MasterCam was created in June 1989 through the partnership of Zepf Technologies Inc. of Canada, and Eurosat Inc., the Canadian subsidiary of Satec Gmb of West Germany.

Activity of MasterCam

Design and manufacture of cams and other complex three-dimensional machined components, using state-of-the-art software.

Products

All varieties of cams and special motion components including barrel, groove, peripheral and conjugate cams, with or without swinging motion.

Size

Sharing facilities of 30,000 square feet with Zepf, MasterCam has five employees with annual sales expected to reach $300,000.

Markets

Original equipment manufacturers, machine builders, and the automotive, printing, packaging and food industries.

Future

To supply value-engineered cam designs for customers, and to sell software for the design and post-processing of cams.

"When I decided to expand outside of Europe, Canada stood out as my choice. It has stable conditions, it is close to the United States market, and it has a European-style environment."
Ulrich Saborowski, MasterCam Director

Mr. Larry Zepf receiving the 1989 gold trophy for the Small Business Category of the Canada Awards for Business Excellence, in Ottawa, November 1989. Left to right: Mr. Harvie Andre, then Minister of Industry, Science and Technology Canada; Mr. Larry Zepf, CEO of Zepf Technologies Inc., and General Manager of MasterCam; and Mr. Tom Hockin, Minister of State for Small Businesses and Tourism. (Courtesy of Zepf)

Recognizing the limited market size in Canada, Zepf Technologies Inc. (ZTI) has opened doors to the European market for complete cams and specialty machinery. For the West German investor, the benefits involve gaining a foothold in the North American market with a Canadian partner to pave the way for financing arrangements with banks, and acquiring government permits and suppliers.

ZTI's expertise in the packaging industry and Eurosat's expertise in the automotive industry combined to place MasterCam at the leading edge of cam design and manufacture in the international marketplace.

The joint venture was an opportunity for ZTI to develop a new product line using advanced technology previously unavailable in Canada. The process uses computer numerical control (CNC) machines driven by state-of-the-art software. Developed in West Germany, the software streamlines the cam design and manufacturing process, resulting in efficient production of highly accurate cams.

ZTI received the 1989 gold trophy for the Small Business Category of the Canada Awards for Business Excellence. Innovative software, calculated risks and commitment have characterized the transformation of ZTI from a family-owned machine shop into a technological competitor in the international packaging industry. In 1986, working with control specialists from West Germany, ZTI developed a multi-axis, bi-directional cutting lathe, affectionately named RAMBO, the only one of its kind in the world.

In selecting ZTI for the award, Industry, Science and Technology Canada applauded the company's innovation in developing both RAMBO and a custom software feedscrew design system. The software enables ZTI to design extremely sophisticated and durable feedscrews which have resulted in superior packaging lines with faster output of products. ZTI stresses innovation and today maintains research and development which represents 14% to 19% of annual sales.

Good management skills have also been important in ZTI's growth. Today, the company spends between $20,000 and $30,000 a year on employee training programs, which ZTI officials say is key to adapting to new technology and growth. ZTI doubled its sales from $1.8 million in 1984 to $3.8 million in 1988.

INVESTMENT BAROMETER

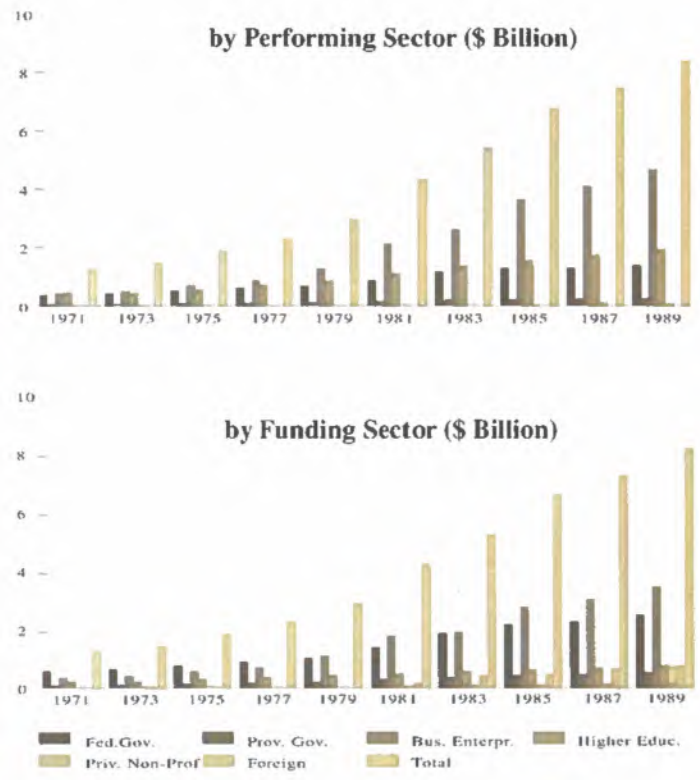
Research and development (R&D) has become a key component of our global economy. There are two broad aspects to R&D - the actual process of innovation that leads to product development and process improvement, and the adoption and diffusion of new production techniques. Both are vital to the progress of economies, as they not only introduce new products and services to the marketplace, but they offer the opportunity to increase industrial productivity, and therefore competitiveness, across the board.

Statistics Canada, in its October 1989 issue of *Indicators of Science and Technology 1989*, compared the levels of R&D in Canada to those in other OECD countries. At 1.3% of Gross Domestic Product (GDP) for 1987, Canada's relative R&D effort ranks low in comparison with the more industrialized OECD countries. For the same year, the U.S. spent 2.7% of its GDP on R&D; Sweden and Germany, 2.8%; and Japan, 2.9%. While the comparatively lower levels of defence R&D spending in Canada can partially explain the difference between the Canadian and U.S. levels, it does not explain the difference between Canada's R&D spending compared to that of Japan.

This does not mean that Canada's spending on R&D is not increasing. In the 10-year period between 1978 and 1987, it increased from $2.6 billion to $7.4 billion, with expenditures for 1989 estimated to reach a new high of $8.3 billion.

Federal government expenditures on R&D will account for $2.5 billion of the $8.3 billion. This represents a twofold increase in federal expenditures on R&D in the last 10 years. Estimated expenditures in 1989 for R&D performed by the business sector are $4.6 billion. Of that, 72% will be financed by Canadian firms, 12% by governments (11% federal and 1.0% provincial) and 16% by foreign sources.

TOTAL EXPENDITURES ON R&D



Source: Statistics Canada - Science, Technology and Capital Stock Division

Within the business sector, the manufacturers of telecommunication equipment were found to be the major performers of R&D. The second and third ranking industry groups were aircraft and parts, and engineering and scientific services. These three groups accounted for nearly 37% of the total R&D expenditures for the business sector.

Although total expenditures on R&D performed within the business sector is increasing, on the whole, R&D is an activity that is performed by a very small percentage of companies in Canada. In 1987, only 10 companies accounted for 37% of total business R&D, and 25 companies accounted for 50% of the R&D expenditures in the sector.

The regional breakdown in R&D spending is heavily weighted in favour of central Canada. About 54% of total R&D spending was in Ontario, 23% in Quebec, and 18% in the West. Much of Ontario's dominance is due to its high concentration of research establishments and the importance of the manufacturing sector.

With scientific and technological development so important for Canada's economic competitiveness, it is interesting to study the human resources devoted to R&D. Between 1978 and 1987, total R&D personnel increased 46%, from 71,680 to 104,620. Close to half of R&D personnel were employed by business, compared with 34% in higher education establishments, and 14% in the federal government. Fifty-five per cent of those engaged in R&D were scientists and engineers, 25% were technicians, and 20% were other support staff.

The number of scientists and engineers also had the highest growth rate over a 10-year span, 61% compared to 41% for the technicians category and 16% for the support staff. In addition, over 80% of all scientists, engineers, and support staff were concentrated in the natural sciences and engineering fields.

—Geoff Nimmo, Investment Canada

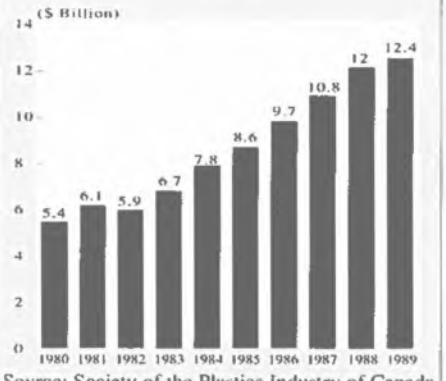
THE PLASTICS INDUSTRY: A PROMISING FUTURE

When the first North American injection-molding machine started its production of caps for toothpaste tubes in Toronto in 1931, it paved the way for an industry that had every reason to believe in a bright future. Some 60 years later, with the Canadian plastics processors making every type of plastic product imaginable one can assert that expectations have not been disappointed.

Over the past two decades the growth of the plastics industry has been so phenomenal that in 1989, this sector ranked fourth among the Canadian industrial sectors, behind pulp and paper, motor vehicles and printing and publishing. According to Mr. Faris Shammas, Director of Economic Affairs for the Society of the Plastics Industry of Canada: "By the turn of the century, the plastics industry will be the largest manufacturing industry in Canada."

As early as 1987, the value of the Canadian plastics market had reached nearly C$15 billion, growing 2.2 times faster than the country's Gross Domestic Product. The value of the industry's shipments has more than doubled between 1980 and 1989 (see graph), and the level of employment within the industry has also been growing at an impressive rate. It increased by more than 70% since 1975 so that in 1990, there are over 100,000 industry workers in about 3,000 companies across Canada. And since plastic is regarded to be the product that will increasingly replace traditional materials such as glass, metal, wood and paper, this trend is most likely to continue.

Value of Shipments of the Plastics Industry
(1980-1989)



Source: Society of the Plastics Industry of Canada

The plastics industry's dynamism has paid off in more than one respect, as a growing number of companies have set their minds on globalization. One can think of: the Husky Injection Molding Systems Ltd. of Bolton, Ontario, the first Canadian company to become an international force in plastics; the ABC Group of Toronto, Ontario, whose strategic alliances have enabled it to establish overseas links in Japan and Germany; the *Groupe Plastique Moderne Inc.* of Boucherville, Quebec, which carries on its tremendous expansion in Europe through its subsidiary called Frig-O-Seal; or Royal Plastics Ltd. of Toronto, Ontario, which has transformed itself during the past 20 years, from a small factory producing vinyl window frames, into a group of 75 companies with 3,000 employees and estimated sales of $800 million. Although these are only some examples, they indicate the enthusiasm that one has been feeling within the industry.

The emergence of plastic as a standard material is urging scientists to innovate in terms of new applications. Canadian researcher, Professor Ray Woodhams, from the University of Toronto, has developed a process of rolling plastic at high temperatures and pressures to produce a material stronger than steel, aluminum or fibreglass. "It's the most significant development in plastics in 50 years," says Professor Woodhams.

Considering the ease with which plastic can be molded, the variety of shapes and applications is limitless. Once painted and welded, plastic could represent the only material found in auto bodies (from one end to the other), electrical housings, food containers, furniture, pipes, electronic equipment, suitcases, buildings — even bullet-proof vests!

A HELPING HAND

In an era of globalization, manufacturing industries have no choice but to direct their activities towards world markets to ensure expansion. In this regard, the federal government expends much effort to increase Canada's competitiveness through the acquisition of new technologies.

Investment Canada, a federal government agency, acts as an investment promoter and prospector. In the plastics sector, for example, Investment Canada actively supports businesses seeking new technologies, either domestic or imported, through joint ventures, technology transfers, or other forms of strategic alliances.

The Agency offers a wide range of services, from performing studies which focus on potential investments, to planning matchmaking missions, to preparing company profiles for one-on-one meetings between Canadian and foreign firms.

The federal government has a myriad of programs aimed at the manufacturing industries to facilitate their task of developing and/or acquiring new technologies.

Among these is the Technology Outreach Program (from which the Canadian Plastics Institute received $1.9 million to operate a five-year program to spur technological development among Canadian plastics companies); the Industrial Research Assistance Program (IRAP), with its many components including the Technology Inflow Program (TIP); and numerous programs sponsored by Industry, Science and Technology Canada such as the Strategic Technologies Program (STP), principally directed at high-tech industrial materials, including plastic.

INVESTMENT CANADA: AT YOUR SERVICE

QUESTION:

We are a Canadian controlled private company which has been contracted by a U.S. firm to undertake an R&D project in Canada. We expect the R&D effort will require about 10 person-years and involve $100,000 in capital. We have heard there is a special refundable tax credit to Canadian companies for research and development undertaken in Canada. Would you please tell us how it works?

ANSWER:

Canadian controlled private corporations (CCPCs)[1] can claim a refundable tax credit at 35% of eligible R&D expenditures under $2 million, and at 20% for that portion over $2 million. The credit is first applied against taxes owing; the difference can be refunded to the company in most cases. Therefore, assuming eligible current expenditures of $100,000 and 10 person-years with salaries of approximately $300,000, your company could be eligible for an investment tax credit (ITC) of 35% of $400,000 which is $140,000[2].

To qualify for the tax credit, the research or experimental development undertaken must meet the criteria for eligible scientific R&D. In general, allowable expenditures are those which are directly attributable to the performance of the eligible R&D, such as direct salaries and other operating costs, as well as the cost of specialized structures and equipment used for R&D. Companies claim annually when submitting their tax returns.

For more information please refer to these Revenue Canada Taxation publications:

- Scientific Research and Experimental Development: An Information Guide to the Tax Incentive Program.
- Tax Incentives for Scientific Research and Experimental Development.
- Interpretation Bulletin No. IT-151R3, Re: Income Tax Act.

If you have a question in mind regarding an investment opportunity or a business proposal, contact :

Investor Services,
Investment Canada,
P.O. Box 2800, Station D,
Ottawa, Ontario. K1P 6A5
Tel: (613) 996-7874
Fax: (613) 996-2515

[1] Small start up or emerging Canadian owned companies with less than $200,000 in taxable income in the previous year may receive a refundable investment tax credit (ITC).

[2] The credit is calculated at 35% of these expenses. However, the program can refund the company up to 100% of the ITC attributable to capital expenditures to a maximum of $700,000.

ABC CONFERENCE

For the first time in its history, the Association of Biotechnology Companies (ABC) held its annual meeting outside of the United States. The conference, held in Toronto on May 23-25, 1990, hosted industry leaders from Australia, Asia, South America, the Middle East, Europe, and North America, who discussed issues of common interest and concern, and shared information about critical issues facing the biotechnology industry.

Networking at the ABC conference.

In six years the ABC has established itself as an effective force for promoting globally the commercialization of biotechnology.

Investment Canada took advantage of the forum to organize its Strategic Partnering Event, which was developed with Industry, Science and Technology Canada, External Affairs and International Trade Canada, and the National Research Council.

The Strategic Partnering Event was designed to bring together Canadian and foreign biotechnology firms interested in co-operative activities. A total of 37 Canadian and 16 foreign businesses responded to Investment Canada's invitation, and 90 company-to-company meetings were arranged.

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; to carry out research and provide policy advice on investment matters; and to review major foreign investments to ensure they are of net benefit to Canada.

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