



- ▲ Consistent with the government's goal of building a knowledge-based economy, sector strategies including a foreign investment component are being developed for technology sectors such as informatics, life sciences, agri-food, and biotechnology.

- ▲ Regional investment plans are being prepared for key markets: the USA, Europe, and Asia-Pacific.

International Partnering Opportunities for SMEs

- ▲ Recognizing the unique investment-related needs of SMEs, a program has been developed to assist Canadian SMEs locate foreign business partners. This program, using an extensive network of industry contacts, identifies small and medium sized companies in growing high technology sectors and helps them find foreign partners with whom to share technology, establish a market presence or make an investment.

- ▲ We will compile sector capability kits and stage events in foreign markets to inform others of Canadian capabilities and specific opportunities in the identified key technology sectors.

- ▲ Outgoing missions will be organized around trade shows where the potential for successful matching has clearly been identified. The program will also respond to requests from abroad to match Canadian partners with interested foreign companies.

- ▲ The programme will involve more Team Canada partners.

Partnerships among Team Canada Players

- ▲ While virtually all provinces are actively involved in investment promotion, some operate more independently than others. Since our common objective should be to get Canada as a country on the short-list of prospective investors, we are working to strengthen collaboration in this area.

- ▲ We are also working with the Economic Developers Association of Canada to help individual municipalities better service actual and potential foreign investors.

- ▲ Work remains to be done to build our capacity to pull together all relevant federal programs and policies, as well as provincial and municipal partners, to meet investors' needs.

Canadian Direct Investment Abroad

Canada has a small, but growing, base of domestically-owned transnational corporations. Canadian direct investment abroad (CDIA) is growing rapidly, to over \$130 billion in 1996, reflecting today's reality of an increasingly integrated world market and the participation of Canadian business in that integration. These firms have recognized that investment abroad can be an essential element of their strategy to access new markets, especially in resource and high-growth markets that often demand local presence.

Given the interrelationship that has been shown to exist between trade and investment, a trading nation like Canada has much at stake in the expansion of international investment undertaken by Canadian-based firms. Currently, the federal government does not overtly promote CDIA, even though the resulting benefits (trade, profits, dividends, technology transfer to Canada) may be substantial. The benefits are demonstrated by the success abroad of Canada's chartered banks.

Some of our competitors (notably the UK and the USA) have recognized the significant benefits related to outward investment and have made its promotion an important element of economic policy. Promotion activities include direct programming, priority in international investment negotiations, or political support.

In many circumstances, CDIA helps expand trade and generates net benefit and employment in Canada. However, some Canadians see CDIA as exporting jobs and growth.

The government already supports CDIA to some extent in investment protection negotiations and in capital project advocacy but, as a matter of stated policy, does not seek to assist firms to locate facilities abroad. This issue will be considered further.

3.5.2 Performance Measurement

The performance measurement strategy for strengthening investments is presented in Annex 1.