

Inward Foreign Direct Investment (FDI) Flows Exceed Outward FDI Flows

Flows of Canadian Direct Foreign Investment Abroad (CDIA) were \$4.7 billion in the first quarter of 2004 - equivalent to the outflows recorded in the first quarter in 2003. From an industrial sector perspective, outflows increased in the machinery & transport and services & retail sectors over year-earlier flows. However, these increases were offset by a substantial drop in the finance & insurance sector. Regionally, CDIA flows declined to the EU (down

\$2.4 billion) and the US (down \$0.5 billion), whereas they increased to Other OECD countries (up \$2.0 billion), non-OECD countries (up \$0.7 billion), and to Japan (up \$0.3 billion).

Foreign Direct Investment (FDI) into Canada remained flat at \$5.3 billion in the first quarter of 2004, roughly comparable to the \$5.2 billion the same quarter the previous year. Although FDI flows declined in machinery & transport (down 2.2 billion), energy (down \$2.0 billion), and finance & insurance (down \$1.7 billion), a \$5.8 billion increase in FDI flows to Other (unspecified) sectors largely offset

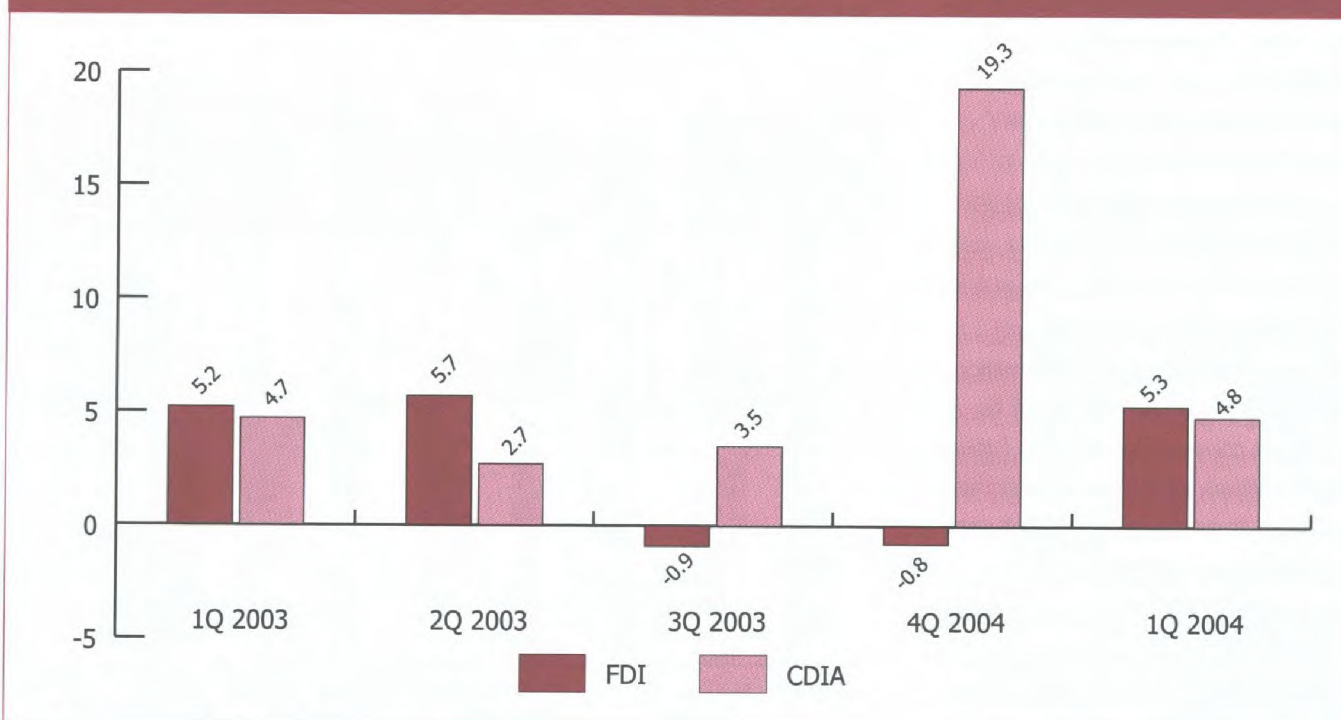
these declines. The remaining sectors (services & retailing plus wood & paper) managed to record small increases.

Regionally, declining FDI flows from the US (down \$0.8 billion) and Japan (down \$0.2 billion) were offset by increased FDI flows from the EU (up \$1.1 billion).

Canada Adds to Its Official International Reserves

Canada added \$236 million to its official reserves holdings in the first quarter of 2004, compared with a \$2.7 billion reduction in the same quarter in 2003.

Figure 4: Foreign Direct Investment in Canada (FDI) and Canadian Direct Investment Abroad (CDIA)
(Quartely Flows, Billions of Dollars)



Source: Statistics Canada

Canada: The Innovation Nation at CeBIT 2004

Information and communications technology (ICT) is the sector most frequently associated with Canada's impressive industrial performance and economic success. Affecting virtually all activities of modern society, this "universal" sector provides an excellent example of Canada's success as an innovation nation, one that competes with the best in technology commercialization.

This year, Canada's strength in this area was the focus of the Canadian pavilion at Future Parc, the special exhibit at CeBIT dedicated to science and technology and to the commercialization of research and development. CeBIT 2004, held in Hannover, Germany, this past March, is the largest such event in the world. Welcoming more than 6,000 exhibitors and over half a million visitors, it is also the largest trade show of all.

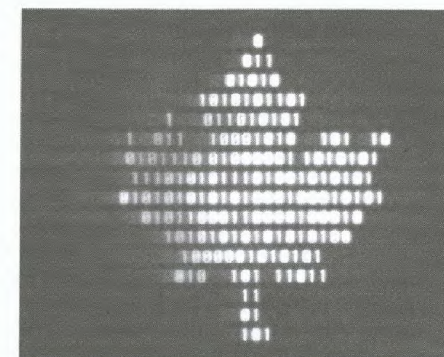
As well as providing a platform for commercial activities, CeBIT dedicates large amounts of space and special support to the display of research results and innovative technologies. The Canadian presence at CeBIT was organized by the International Business Development Program of International Trade Canada as part of its work to promote Canadian exports and foreign direct investment.

Future Parc's Canadian pavilion
The Canadian pavilion at Future Parc featured five exhibitors and live technology demonstrations.

They included two particularly eye-catching displays of visualization technology: a new hologram technology by Montreal's **XYZ Imaging Inc.** (xyzimaging.com) and the virtual theatre developed at the National Research Council's Institute for Information Technology. The virtual theatre is a fully scalable, portable, high-resolution

3D system that visualizes the Byzantine crypt of Santa Cristina in Lecce, Italy.

A demonstration by **Diatem Networks** of Ottawa provided a live broadband feed to demonstrate software for managing metropolitan ethernet networks. And Ottawa's **Peeta Consultants** demonstrated high-



performance interactive architectural design software. With this superb selection of leading-edge technologies, the Canadian presence in Future Parc matched or even bettered that of larger national pavilions.

Selected Canadian exhibitors were also invited to present in e-Europe Meets e-Canada (an initiative under the Information Society Technologies EU-Canada Program) and in a Canadian block presentation series entitled "Canada: The Innovation Nation."

Future Parc was not the only Canadian pavilion at CeBIT. Altogether, Canada was represented by 54 Canadian exhibiting companies and organizations. Roughly one third of these exhibitors were located in either the Canadian software pavilion, the Canadian pavilion in Future Parc or the Alberta wireless telecommunications pavilion. The remainder of the Canadian firms exhibited independently and ranged from well-known industry names such as **Nortel Networks**, **Research in Motion**, **ATI**, **Cognos** and **OpenText** to small and medium-sized enterprises.

Other activities and events putting Canada on the CeBIT screen included a well-attended opening reception hosted by Marie Bernard-Meunier, Canada's Ambassador to Germany, an advertising and media support campaign, a Canadian exhibitor catalogue, dedicated Canada@CeBIT Web pages, and a partnering event with selected national delegations. Canadian exhibitor satisfaction was widespread, and the survey of visitors to the pavilions produced very positive responses.

Planning has begun on Canada's participation at **CeBIT 2005**, to be held from March 10 to 16, 2005.

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will build in checks and balances at all stages of the process.

The program was originally launched in 1998 by Investment Partnerships Canada, then an arm of Industry Canada, as PEMD-I. Since the program's inception, 285 communities across Canada have received support for 872 projects, valued at over \$20 million.

For more information, contact Jacqueline LaRocque, Director of Communications, Office of the Minister of International Trade, tel.: (613) 992-7332, or Andrew Holland, Office of the Minister of State (Infrastructure) and Minister responsible for Canada Mortgage and Housing Corporation, tel.: (506) 452-3516. ✪