

As with inward investment, the composition of Canadian direct investment abroad has also shifted toward finance and insurance industries which accounted for 33 percent of total Canadian direct investment abroad in 1999, up from 15 percent in 1983. During the same period, the share of Canadian direct investment abroad directed to energy and metallic mineral industries dropped significantly to 15 percent by 1999 from 33 percent in 1983 (See Table 3).

In addition to direct investment, the more interest sensitive foreign portfolio investment remains important. By the end of the 20th century, portfolio investment, mostly in Canadian bonds, rose to \$495 billion, while portfolio investment in foreign bonds and stocks was valued at \$164 billion. In particular, Canadian bonds grew dramatically from \$5 billion in 1960 to \$393 billion by 1999.

Table 3 Top Industry Destination of Canadian Direct Investment Abroad

| CDIA to: | 1983 | '84 | '85 | '86 | '87 | '88 | '89 | '90 | '91 | '92 | '93 | '94 | '95 | '96 | '97 | '98 | '99 |
|--------------------------------|------------------------------|-----|-----|-----|-----|-----|-----------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| U.S. | Energy and Metallic Minerals | | | | | | Finance and Insurance | | | | | | | | | | |
| U.K. | Energy and Metallic Minerals | | | | | | Finance and Insurance | | | | | | | | | | |
| EU | Energy and Metallic Minerals | | | | | | Finance and Insurance | | | | | | | | | | |
| Japan and other OECD countries | Energy and Metallic Minerals | | | | | | Finance and Insurance | | | | | | | | | | |
| All Countries | Energy and Metallic Minerals | | | | | | Finance and Insurance | | | | | | | | | | |

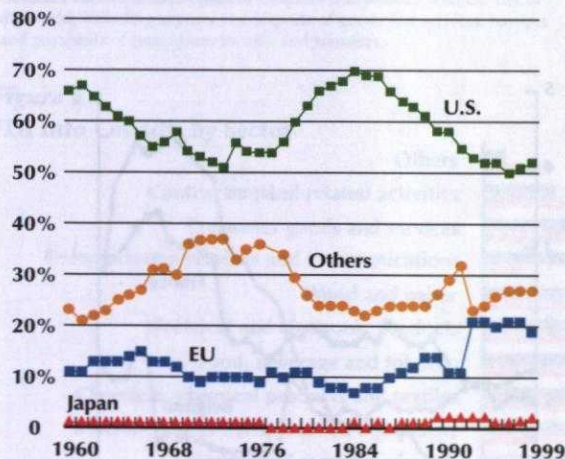
Sources: DFAIT, Statistics Canada

Canadian direct investment abroad by geographic area is more diversified than foreign direct investment. The United States accounted for just over half of total Canadian direct investment abroad in 1999, although its share has declined steadily since 1985 (See Figure 6). Meanwhile, the shift toward the European Union was apparent in the 1990s.

Expanding Global Opportunities

Clearly, the past has set the foundation for Canada to take even bigger advantage of expanding global opportunities. The 21st century begins on a strong note, as total two-way trade grew by \$103 billion in 2000 compared to 1999, to \$899.9 billion. Investment flows were \$15.5 billion during 2000, an increase of \$91 from the previous year. The direction points toward an expanding new economy spurred by exports, increasingly in value-added and high technology products.

Figure 6 Share to Total CDIA



Sources: DFAIT, Statistics Canada

FOCUS ON THE BIOTECHNOLOGY SECTOR

"Biotechnology" is the general term for a host of technologies involving biological organisms. Over the past few decades, advances in science have resulted in explosive growth in biotechnological applications and discoveries are now being made that were never thought possible before. Not only is biotechnology allowing for new research, but older techniques are being used with increasing precision. Biotechnology is an ever-expanding field, and it has been said that the impact of biotechnology on future generations may be as great as that of the information and communications technologies in the last century. Biotechnology represents the development and application of knowledge and techniques in biological