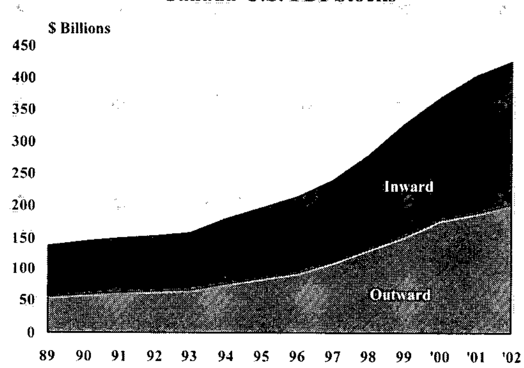
Due to the high volatility of FDI flow data, FDI position (stock) data is more useful for analyzing trends. Canadian inward and outward FDI stocks have also seen a dramatic increase, rising from $56.6 billion in 1989 to $201.8 billion in 2002 for outward investment – a nearly four-fold increase. Inward FDI increased at a slightly slower pace, rising from $80.4 billion to $224.3 billion over the same period. The most rapid growth for both inward and outward FDI stocks has taken place since 1994. On a global basis, Canada became a net exporter of FDI with its outward stock surpassing its inward stock in 1997. We remain, however, a net importer of FDI from the U.S., but the gap has been declining. In 1989, the U.S. had $23.8 billion more direct investments in Canada than Canadian firms had in the U.S., 17.4 percent of total investments in both directions. In 2002, the absolute difference had declined only slightly to $22.5 billion; however, as a share of total investments it had fallen to 5.3 percent.

Figure 2.4.3

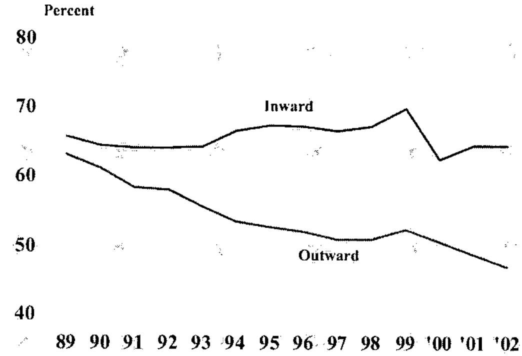
Canada-U.S. FDI Stocks



Source: Trade and Economic Analysis Division (EET), DFAIT
Data: Statistics Canada

Figure 2.4.4

U.S. Share of Canadian FDI Stock



Source: Trade and Economic Analysis Division (EET), DFAIT
Data: Statistics Canada, Balance of Payments

The share of FDI in Canada coming from the U.S. has remained relatively stable at around two-thirds. There was a sudden drop in the U.S. share of Canadian inward FDI in 1999 and 2000 resulting from a small number of large acquisitions of Canadian assets by French companies, but it has since rebounded somewhat. The share of Canadian investment in the U.S. has declined drastically and in 2002 stood at just 46.7 percent.

Table 2.4.2

Canada's Direct Investment Position (Stock) with the U.S.

	Millions of current dollars			CAGR*, %			Share of World, %		
	1989	1994	2002	1989-94	1994-02	1989-02	1989	1994	2002
Outward	56,578	77,987	201,792	6.63	12.62	10.28	62.97	53.30	46.73
Inward	80,427	102,629	224,330	5.00	10.27	8.21	65.57	66.39	64.21
Balance	-23,849	-24,642	-22,538	N/A	N/A	N/A	72.68	297.64	-27.34

* Compound annual growth rate
Source: Statistics Canada, Balance of Payments