

The pattern of foreign direct investment also corresponds to the structural shifts taking place within the economy of the source countries. For instance, the United States has been directing much of its investment in Canada toward finance and insurance and away from the energy and metallic minerals industry. Also, Japan which is our third largest investor, used to invest heavily on energy and metallic minerals industries in the early 1980s but has focussed more on machinery and transportation equipment industries since 1987 (See Table 2).

investment, about the same level it was in 1986. Recent trends suggest that among Canada's top sources of foreign direct investment, only the United States has increased its share of inward investment. The role of the United Kingdom, the second largest source of investment into Canada, diminished from 13.1 percent share to total inward foreign direct investment in 1990 to 5.9 percent by 1999. The 1999 share of the remaining top eight countries ranged between 0.8 percent and 2.7 percent, up from 0.1 percent to 1.4 percent in the 1960s (See Figure 5).

Table 2 Top Industry Destination of Foreign Direct Investment in Canada

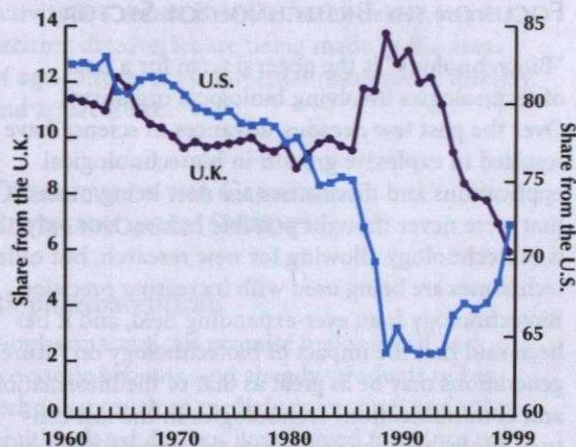
FDI from	1983	'84	'85	'86	'87	'88	'89	'90	'91	'92	'93	'94	'95	'96	'97	'98	'99
U.S.	Energy and Metallic Minerals											Machinery and Transportation Equipment			Finance and Insurance		
U.K.	Finance & Insurance																
EU	Energy and Metallic Minerals													Finance and Insurance			
Japan	Energy and Metallic Minerals				Machinery and Transportation Equipment												
All Countries	Energy and Metallic Minerals													Finance and Insurance			

Sources: DFAIT, Statistics Canada

In 1999, 95 percent of Canada's total foreign direct investment was sourced from the top ten countries, among them are the United States, the United Kingdom, Netherlands, France, Switzerland and Japan. As indicated in the figure below, the United States remains the most dominant foreign investor, although it has become somewhat less important since the 1980s. By 1999, however, Canada's total foreign direct investment from the United States was 72.2 percent of overall inward foreign direct

A key development in the past four decades is the rapid expansion of Canadian direct investment abroad (CDIA). As a result, Canada now stands as a net exporter of investment, as the stock of Canadian direct investment abroad surpassed that of inward foreign direct investment in 1996. Much of the recent growth can be attributed in part to mergers and acquisitions of foreign companies by Canadian-based corporations.

Figure 5
Share in Canada's Total FDI



Sources: DFAIT, Statistics Canada

