

FIGURE 5-5

Distribution of Inward FDI Flows to North America



Sources: UNCTAD for Mexico and U.S.; Statistics Canada for Canada.

is faster than the average growth rate for Canadian investment in other regions.

Canadian direct investment abroad has been shifting away from the goods sector towards the services sector, which now represents over one-half of Canadian investment abroad. The largest sector for Canadian direct investment is the finance and insurance industries, accounting for 37.4 percent in 2007 at \$192.6 billion (Table 5-5). This is a 17.1 percent jump over 2006, despite the appreciation of the Canadian dollar which impacts the valuation of investments abroad. Within services, the next largest destination for Canadian investment is management of companies and enterprises at \$61.3 billion (11.9 percent of Canada's total outward stock), which is a steep \$30.8 billion decline over 2006 levels.

The stock of Canadian direct investment in the manufacturing sector continued to decline in 2007, falling 6.7 percent to \$100.5 billion. This continues a trend of both absolute and relative declines since 2000: the total stock abroad in manufacturing declined by \$13 billion over the last seven years, and manufacturing's share of outward investment dropped from around one-third to just 19.5 percent

of Canada's total direct investment stock in 2007.

Within the manufacturing sector, the computer and electronic manufacturing sector declined the most, from an 11.5 percent share in 2000 to just 2.6 percent in 2007.

Growth in the stock of Canadian investment in the oil and gas (extraction and support) sector was flat in 2007 at \$56.4 billion. Investment in the oil and gas sector accounts for 11.0 percent of Canada's total stock abroad, and is up by \$36.7 billion from 2000 levels.

Canada's performance in the North American context

Canada's share of total FDI inflows into North America (including flows within North America) has improved in recent years (Figure 5-5). Canada's share dropped off in 1982 from the high levels of the 1960s and 1970s, where in some years Canada's share was greater than 60 percent of total North American FDI. Following this drop, Canada's share stabilized at around 10 percent for the remainder of the 1980s, 1990s and early 2000s. Over the last three years Canada's performance as a destination for investment has improved significantly, with Canada's inflow share averaging 26 percent. In