Notes for the Reader

1. Direct Investment (Canada)

Direct Investment (asset and liability) represents the investment which allows the investor, on a continuing basis, to influence or to have a voice in the management of an enterprise. For operational purposes direct investment is usually identified by ownership of at least 10% of the equity in an enterprise, and covers claims intended to remain outstanding for more than one year. Differences between the flows and the changes in the book value of direct investments arise from exchange rate fluctuations, undistributed earnings, variations in the time periods, corporate reorganizations, the migration of principal owners and shift between direct and non-direct investment arising from changing ownership.

2. Direct Investment (United States)

Foreign Direct Investment measures the extent to which foreign firms or individuals gain control over U.S. production. This element of control distinguishes direct investment from portfolio investment. According to the Department of Commerce's definition, FDI occurs when a single foreign resident (usually a firm) acquires 10% or more of the equity in a U.S. firm. The idea is that a 10% stake is a large enough block of shares to provide the investor an effective say in the operation of the firm. It turns out that on average, foreign parent firms hold equity stakes of nearly 80% in U.S. affiliates; that is, FDI in the U.S. typically involves majority rather than fractional ownership by the foreign investor.

3. Canada's International Investment Position

Canada's International Investment Position is the balance sheet of Canada's external assets and external liabilities. These data reveal the extent to which Canada has been both a receiver from and a supplier to the rest of the world of real and financial resources.

Series from 1983 onwards may not be directly comparable with prior years. Modifications have been made to the CDIA data. The direct investment of the Canadian chartered banks (Schedule A) is now shown under direct investment for the 1983-1987 period. Previously, this investment was classified under other international activities of the Canadian chartered banks on a net asset/liability basis. In the modified version, the activities of the banks as intermediaries is still shown on a net asset/liability basis. With this reclassification, the treatment of Schedule A banks is similar to that for Schedule B banks, which is shown under foreign direct investment in Canada.

The series on foreign direct investment and on foreign ownership of Canadian stocks represents foreign investment **in Canadian enterprises**, and no longer **in Canada.**