direct investment abroad in Canadian dollars decreases the recorded value. The opposite is true when the dollar depreciates.[3]

The Canadian dollar appreciated against most foreign currencies in 2010, in particular, the U.S. dollar, the euro, and the pound sterling. Thus, despite the net acquisitions and the strong investment in existing affiliates over 2010, the valuation effect on foreign currency-denominated holdings lowered the value of direct investment holdings abroad by $35.5 billion, contributing to the overall decrease in the value of CDIA.

Canadian direct investment abroad declined in value for a second consecutive year in 2010, nudging down 0.7 percent to $616.7 billion, a decline of $4.5 billion from 2009 (Table 6-6). Losses were concentrated in Europe (down $19.1 billion). Partially offsetting those losses were gains in Asia and Oceania (up $11.8 billion), South and Central America and the Caribbean (up $2.8 billion) and Africa (up $0.4 billion). A small decline ($0.4 billion) was also posted for North America.

At 59.7 percent of the total, North America was the most important destination for CDIA, with assets valued at $386.0 billion. Notwithstanding the 5.7-percent appreciation of the Canadian dollar against the U.S. dollar, the value of CDIA to the region fell by only 0.1 percent ($377 million). Declines were led by the United States, where holdings were down by $2.5 billion (1.0 percent). Smaller losses were also registered for Bermuda and the Bahamas, two countries whose currency is pegged one-to-one against the U.S. dollar, and Mexico, whose currency also depreciated against the Canadian dollar in 2010. Partially offsetting the losses were gains to the Cayman Islands, the British Virgin Islands, and Barbados of $1.0 billion, $0.7 billion, and $0.5 billion, respectively.

The bulk of the losses in CDIA originated from Europe. Similar to the North American situation, the appreciation of the Canadian dollar against the principal currency of the region—the euro—led to widespread declines in the reported value of CDIA. There are no data for 5 of the 17 euro zone countries, and only 3 of the remaining 12 (Luxembourg, Italy and Spain) registered increases in their CDIA values in 2010. Losses were notable for France (down $6.9 billion), the Netherlands (down $5.1 billion), Ireland (down $1.5 billion) and Germany (down $1.0 billion). Elsewhere across the continent, CDIA was down by $3.2 billion in the United Kingdom and by $1.2 billion in Hungary. Overall, CDIA in Europe fell 10.9 percent to $157.1 billion last year.

Fast-growing Asia is a region of keen interest to Canadian investors. The value of CDIA in Asia and Oceania jumped 27.1 percent to $55.2 billion in 2010. About two thirds of the increase was with Australia, where holdings increased by 57.9 percent ($7.7 billion) to $21.0 billion. Other important gains were registered for China (up $1.3 billion), Japan (up $0.7 billion), Mongolia (up $0.6 billion), Singapore (up $0.5 billion) and Indonesia (up $0.4 billion). Korea posted the largest decline, at $0.4 billion.

CDIA in South and Central America and the Caribbean increased 9.3 percent, to $33.2 billion in 2010. Most of the gains were concentrated in Brazil (up $1.2 billion), Chile (up $1.1 billion) and Argentina (up $0.5 billion), with smaller gains in Peru and Colombia. At the same time, Canadian investment in Venezuela was reduced by 60.6 percent ($0.6 billion) during the year.

3 Note: this currency effect only applies to foreign direct investment held abroad since foreign direct investment in Canada is directly recorded in Canadian dollars and the fluctuation of the Canadian dollar has no impact on the recorded value.