

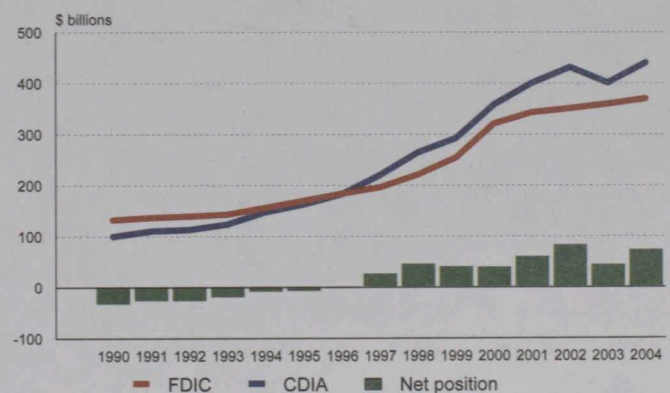
V. DIRECT INVESTMENT (STOCKS)

At the time of the writing, complete 2004 data on the stocks of outward and inward foreign direct investment had not been released by Statistics Canada. Only data for the United States and for total stocks of investment is available. A brief report on this data is included below, along with two special feature boxes. Please check the electronic version of this Report at << <http://www.dfait-maeci.gc.ca/eet/trade/state-of-trade-en.asp> >> later this year for an update to this section, when the complete direct investment data by country will be released.

In 2004, Canadian direct investment abroad¹, or CDIA, reached \$438.4 billion, up 9.8 per cent, or \$39.3 billion, from the \$399.1 billion level registered one year earlier. On the other hand, the growth of foreign direct investment (FDI) in Canada edged up only 2.9 per cent, from \$357.5 billion to \$367.9 billion. With the stock of outward investment exceeding that of inward investment, Canada is now a net exporter of direct investment capital. Canada has been in this position since 1997, when the stock of CDIA exceeded that of FDI in Canada for the first time since records of this data were kept (Figure 5-1).

The largest portion of CDIA is placed in United States. The U.S. accounted for some 43.6 per cent of total Canadian outward investment in 2004, or \$191.2 billion. This was a 15.9 per cent, or \$26.3 billion, increase in holdings in that country. With holdings in the United States up faster than total outward investment, the share of the U.S. in total CDIA rose 2.3 percentage points from 41.3 per cent a year earlier.

Figure 5-1
CDIA, FDI in Canada, and net direct investment position, 1990-2004



Similarly, about two-thirds of the total inward direct investment is held by American investors, or \$239.4 billion. Between 2003 and 2004, U.S. investors added \$11.1 billion to their total FDI in Canada, which was an amount that was greater than the total net increase in FDI in Canada. As a consequence, the U.S. share of total stock of FDI in Canada increased 1.2 percentage points to 65.1 per cent.

¹Direct investments made by Canadians abroad, or outward investment, is called Canadian direct investment abroad, or CDIA, while direct investment made by foreigners in Canadian enterprises is referred to as foreign direct investment in Canada, or FDI in Canada.

Foreign direct investment (FDI) is an investment by an investor in one country involving a long-term relationship, reflecting a lasting interest and a significant influence on the management of an enterprise residing in another country. It usually requires a holding of 10 per cent or more of voting equity, but does not have to imply control of the foreign firm.