

Table 5.1
Canada-EU FDI Flows

Year	Canadian FDI in the EU	EU FDI in Canada	Net Canada-EU FDI Flow	Balance on Canadian Capital Account
1980	-624	238	-386	-148
1981	-2479	-1005	-3484	-4489
1982	-868	374	-494	-120
1983	-450	1258	808	2066
1984	-1100	1936	836	2772
1985	-1730	1143	-587	556
1986	483	3578	4061	7639
1987	-1724	2502	778	3280
1988	-1014	3140	2126	5266
1989	-892	1822	930	2752
1990	-1760	4035	2275	6310
1991	-1997	-127	-2124	-2251
1992	-1090	1170	80	1250
1993	-3130	536	-2594	-2058
1994	-1730	-1205	-2935	-4140
1995	-1287	3354	2067	5421
1996	-1224	2547	1323	3870

Note: Capital account data are net flows - for example a minus sign in a figure in the Canadian FDI in the EU column represents a decrease in liabilities to non-residents or an increase in the claims on non-residents. Reinvested earnings are excluded. Official reserves are excluded from 1996 data for the Capital account balance.

Source: CANSIM matrices 2335 and 233

5.2 Canada-EU FDI Stocks

As FDI flows are somewhat erratic, as table 5.1 demonstrates, it is perhaps more instructive to look at FDI stocks, which then equate to the ownership patterns of Canadian enterprises in Europe and vice-versa. Table 5.2 shows outward FDI stock of Canada into Europe over the period 1985 to 1995 in terms of the percentage of total Canadian FDI stocks. Table 5.3 shows inward FDI stock from Europe over the same period. Both tables are adapted from Buckley and Clegg (1996). The most striking thing about both the tables is that the UK dominates in both inward and outward FDI stocks. This is perhaps to be expected, as the cultural and linguistic ties between the Canada and the UK would suggest that Canadian companies would tend to establish subsidiaries in the UK, as they can access the single market from any base within the EU, and similarly for UK companies to establish subsidiaries in Canada as a means to accessing the NAFTA markets.

In summary, FDI flows appear to take advantage of emerging situations in nations and regions, whether it be deregulation, trade liberalisation initiatives or inexpensive labour. There does not appear to be any pattern to Canada-EU FDI flows, although these net flow amounts do seem to have increased in magnitude over the last decade.