

Canadian Direct Investment Abroad

Canadian direct investment abroad (CDIA) grew at only one-third the pace of inward FDI, increasing at a moderate 3 per cent to \$465.1 billion, up from \$451.4 billion the year before. The primary reason for this development was the appreciation of the Canadian dollar which lowered the value of CDIA denominated in foreign currencies by \$30.0 billion.

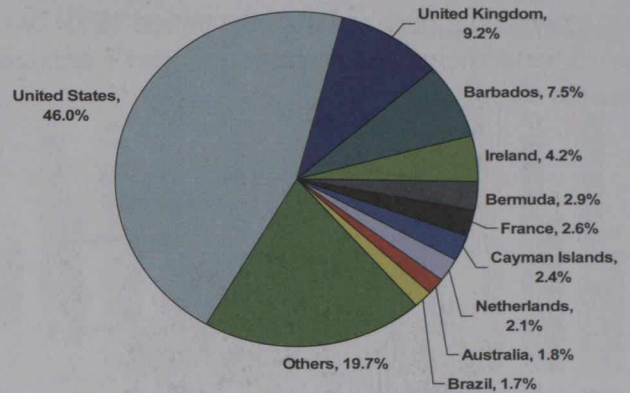
From 1997 onwards, the stock of CDIA has exceeded that of FDI in Canada, thus positioning Canada as a net exporter of investment since that year. However, because of increasing FDI into Canada last year, the net direct investment position decreased to \$49.5 billion at the end of 2005, down from \$70.4 billion a year earlier.

While CDIA to North America (8.8 per cent) and to South and Central America (7 per cent) increased, all other regions saw a decrease in CDIA.

Direct investment assets in the United States increased by 8.9 per cent to \$213.7 billion in 2005, mostly as a result of capital outflows to existing

operations located south of the border. As can be seen in Figure 5-4, the U.S. accounted for 46 per cent of total Canadian direct investment abroad at the end of 2005, well below 52.6 per cent attained in 1995.

Figure 5-4
CDIA Stock by Country (2005)



Data: Statistics Canada

The appreciation of the Canadian dollar against the euro and the British pound had a negative impact on CDIA in European countries. CDIA in the U.K. fell 3.7 per cent to \$42.7 billion, although the U.K. remained the second

Table 5-3: Canadian Foreign Direct Investment Abroad by Region and by Top 10 Destinations (\$ in billion)

Region	1995	2004	2005	Share in 1995	Share in 2005	Percentage Change 2005/2004	Compound average annual growth 1995-2005
World	161.2	451.4	465.1	100.0	100.0	3.0	11.2
North America	98.8	263.4	286.7	61.3	61.6	8.8	11.2
South and Central America	7.9	21.2	22.7	4.9	4.9	7.0	11.2
Europe	37.2	129.9	118.9	23.1	25.6	-8.5	12.3
EU	34.5	118.5	42.7	21.4	9.2	-63.9	2.2
Africa	0.6	3.3	3.0	0.4	0.7	-6.7	16.9
Asia/Oceania	16.8	33.7	33.8	10.4	7.3	0.3	7.2
World	161.2	451.4	465.1	100.0	100.0	3.0	11.2
United States	84.6	196.3	213.7	52.5	46.0	8.9	9.7
United Kingdom	16.4	44.4	42.7	10.2	9.2	-3.7	10.0
Barbados	5.8	30.8	34.7	3.6	7.5	12.8	19.6
Ireland	5.9	19.6	19.5	3.7	4.2	-0.6	12.6
Bermuda	3.0	12.6	13.6	1.9	2.9	7.3	16.3
France	2.5	14.3	12.3	1.6	2.6	-14.5	17.2
Cayman Islands	0.7	11.2	11.0	0.4	2.4	-1.5	31.5
Netherlands	2.3	12.2	9.9	1.4	2.1	-18.6	16.0
Australia	3.1	8.3	8.2	1.9	1.8	-1.0	10.3
Brazil	2.5	7.0	8.0	1.5	1.7	14.8	12.6

Source: Statistics Canada