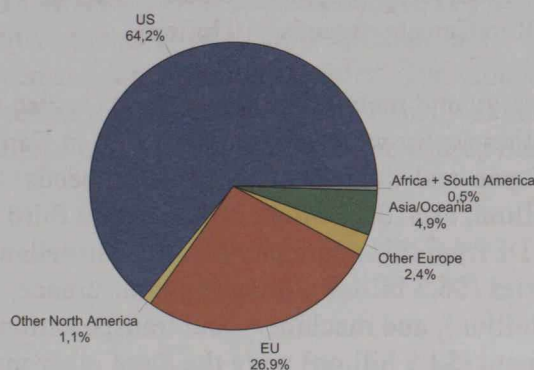


Inward direct investment

Investment by region

Almost two of every three dollars of direct investment in Canada comes from other North American countries. And with over 98 per cent of that investment originating from the United States, for all intents and purposes two-thirds of all foreign direct investment in Canada comes from the U.S. That is, \$224.3 billion of the \$228.1 billion total North American FDI in Canada originates from the United States.

Figure 5-4
Distribution of FDI in Canada by region, 2002



Europeans are the second largest investors in Canada. Some 29.3 per cent of FDI in Canada holdings in 2002 were placed by European investors. Over 90 per cent of the stock of European direct investment in Canada originates from EU investors. Within the EU, France is the largest investor at 34.3 per cent of total EU FDI in Canada (\$32.2 billion), followed by the U.K. at 28.0 per cent (\$26.3 billion). The Netherlands is in third place at about half the British levels — 14.7 per cent of the EU total, or \$13.8 billion. Germany (7.2 per cent, or \$6.7 billion) and Belgium (4.1 per cent, or \$3.8 billion) round out the top 5 inward European investors in Canada over time. In total, these five countries accounted for 88.3 per cent of the total stock of EU direct investment in Canada in 2002.

Jointly, North America and Europe accounted for 94.6 per cent of the total stock of FDI in Canada last year. Asian/Oceanic investors accounted for some 90 per cent of the remaining 5.4 per cent. Asian/Oceanic investors held \$17.2 billion in FDI assets in Canada last year, up almost \$2.0 billion from 2001 levels. At \$8.6 billion, Japan is the largest investor in Canada,

followed by Hong Kong (\$5.0 billion) and Australia (\$2.0 billion). These three countries accounted for over 90 per cent of the stock of FDI from this region last year. Hong Kong investment was especially noteworthy last year, rising \$1.1 billion from its 2001 level of \$3.9 billion — nearly a 30 per cent increase.

South and Central Americans had \$1.4 billion in FDI holdings in Canada in 2002, or 0.4 per cent of total FDI in Canada. Brazil, at \$1.3 billion, and Panama, at a little less than \$0.1 billion, account for virtually all of the stock of FDI in Canada from this region.

Holdings of African FDI in Canada fell 17.2 per cent in 2002, from \$291 million to \$241 million on reduced holdings by South African investors. The stock of South African FDI in Canada fell from \$289 million to \$238 million last year. African FDI in Canada was one-tenth of one per cent of the stock of total foreign direct investment in this country in 2002.

Investment by sector

At the aggregate or overall level, miscellaneous industries, such as food, apparel, and various consumer goods industries, have attracted the largest amount of direct investment from abroad — \$109.5 billion or 31.4 per cent of the total; however, the stock of FDI in this industrial grouping has fallen over the past two years, having declined by 0.4 per cent last year and by 4.2 per cent the year before.

Figure 5-5
Distribution of FDI in Canada by sector, 2002

