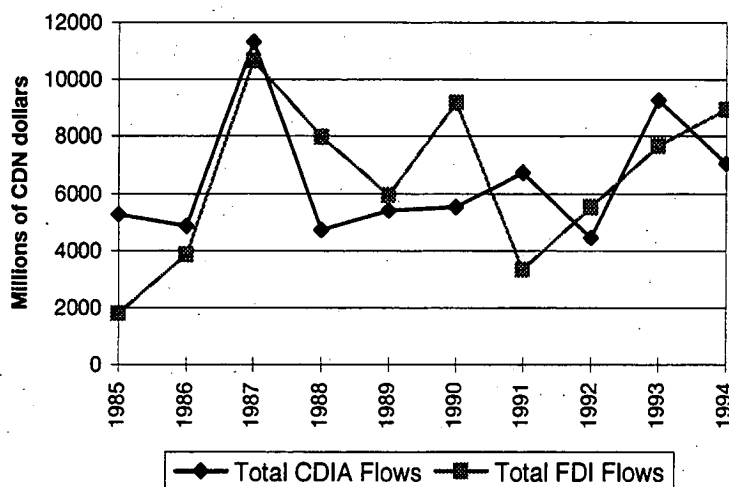


U.K. direct investment flows to Canada varied considerably over the study period. In particular, there was a 60 per cent drop in FDI from the United Kingdom to Canada between 1990 and 1991. FDI inflows to Canada from the United Kingdom recovered somewhat in 1992 and 1993 to more than \$2 billion, only to decline again by more than 50 per cent in 1994, that is, to \$868 million. The declining investment levels from the United Kingdom to Canada mirror global trends for investments from the United Kingdom in all years, except in 1994. In 1994, the global investment outflows from the United Kingdom increased by 10 per cent, while declining by more than 50 per cent in Canada.

**Figure 3 Total Investment flows
FDI in Canada and CDIA**

Source: CANSIM



The reason for the continuing decline in British investment flows to Canada in 1994 is not known. The United Kingdom is already an important investor in Canada and one possibility is that, like the United States, it is targeting additional investments in Europe as part of the implementation of the European economic union. Another possibility is that U.K. companies now invest in the United States to access the North American market. Both possibilities are