

TABLE 6-2

FDI flows into Canada by Region
(\$ millions and %)

	2009	2010	CHANGE	GROWTH (%)
World	21,327	22,477	1,150	5.4
US	10,574	16,078	5,504	52.1
EU	3,176	1,320	-1,856	-58.5
Japan	442	1,891	1,449	327.6
Oth OECD	2,894	-3,352	-6,246	-215.9
ROW	4,242	6,542	2,300	54.3

Source: Statistics Canada.

foreign firms, as only some 31 percent of the inflows were directed to net purchases of existing interests in Canada.

The advance was due to a sharp rise in investment levels from the United States, the non-OECD rest of the world (ROW), and Japan. At the same time, EU levels tumbled and there was a divestment of funds by other OECD investors. Inflows from the United States, at \$16.1 billion, accounted for 71.5 percent of the total inflows. Next in terms of investor importance was the ROW, at \$6.5 billion (29.1 percent of the total), followed by Japan, at \$1.9 billion (8.4 percent of the total). Investment from the EU into Canada fell to \$1.3 billion last year, or 5.9 percent of the total. The overall EU performance can be explained by a \$3.8-billion investment from other EU investors accompanied by a \$2.5-billion divestment by U.K. investors. It was the second consecutive year that U.K. outward investors have redirected funds homeward, although last year's amount was somewhat less than the \$4.1-billion divestment registered in 2009.

By sector, 44.9 percent of the inflows were directed to energy and metallic minerals, followed by finance and insurance (20.0 percent), services and retailing (12.7 percent), machinery and transportation equipment (4.1 percent), and wood and paper (3.0 percent). The remaining 15.2 percent went to all other industries.

Inward FDI Stock

With the increase in the flow of investment into Canada in 2010, the stock, or cumulative holdings, of direct investment also rose for the year. Foreign direct investment in Canada reached \$561.6 billion in 2010, up \$14.0 billion (2.6 percent) over 2009 levels (Table 6-3). This represented 34.6 percent of GDP. The gains came mostly from North American investors, as investment from this region was up by \$14.5 billion. Investors from Asia and Oceania increased their holdings by \$1.7 billion while those from South and Central America and the Caribbean were up by \$0.1 billion. Holdings by European and African investors dipped by \$1.8 billion and \$0.5 billion, respectively.

Investment from North America is dominated by the United States, which increased its FDI holdings in Canada by 5.1 percent to \$306.1 billion in 2010, up \$14.8 billion over 2009. Partially offsetting the advance were declines from Bermuda and Barbados. With the United States accounting for all of the gains in FDI in Canada, the U.S. share rose to 54.5 percent of all FDI in Canada. This was the first time the United States increased its share since 2004. Notwithstanding the increase, the U.S. share has been trending down since 1999 when the United States accounted for 69.7 percent of all FDI in Canada.