

This country report highlights data on the investment relationship between Canada and the United States, including investment outflows and stocks held by the United States abroad, and inflows and stocks of foreign direct investment targeted at the United States. It provides a more detailed basis for the description of U.S. investment trends found in the compendium report associated with this country report.

The United States is, of course, the largest economy in the world. In 1993, the GDP of the United States was more than U.S. \$6.3 trillion, or almost twelve times larger than Canada by this measure. The United States is also Canada's largest trading and investment partner, as well as being a very significant global investor. The United States accounts for the largest volume of investments, in terms of both inflows, outflows and stocks. In fact, U.S. investment stocks abroad stood at more than U.S. \$720 billion in 1993, a level that was approximately eight times larger than the corresponding Canadian DIA figure. Stocks of foreign direct investment in the United States is similarly very large at U.S. \$516 billion in 1993.

The global recession of 1990 did not spare the United States, resulting in sluggish growth and a sharp drop in U.S. foreign direct investment inflows for the first two years of the new decade. Foreign direct investment inflows to the United States fell from U.S. \$67 billion in 1989 to U.S. \$9.8 billion in 1992. By 1993, inflows of foreign direct investment were again increasing, reaching U.S. \$21.3 billion for 1993.

By comparison, U.S. direct investment abroad (US DIA) grew throughout much of the 1980s and early 1990s. In 1986, outflows of US DIA stood at U.S. \$17 billion, rising to almost U.S. \$58 billion by 1993. The 1990 global recession resulted in US DIA outflows dropping by approximately U.S. \$7 billion, from U.S. \$36 billion in 1989 to U.S. \$29 billion. However, by 1991, US DIA had recovered to over U.S. \$31 billion, and the increasing trend continued in subsequent years.

The relationship between U.S. trade and U.S. investment levels was significant for both total direct investment in the United States and total U.S. direct investment abroad until the 1990 recession, and