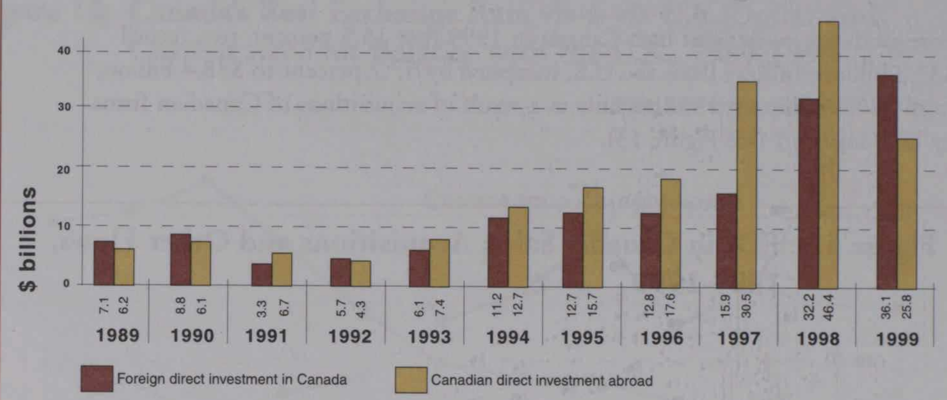
Over the period 1993-1998, CDIA consistently exceeded FDI. In 1999, however, FDI exceeded CDIA by $10.8 billion (Figure 14). The high level of two-way flows suggests that the main driving forces have been shifts in the underlying structure of industry and trade in response to global market forces, rather than transient factors such as exchange rate movements or cyclical fluctuations.

Figure 14: Flows of FDI and CDIA, 1989-1999



Source: Statistics Canada, *Canada's Balance of International Payments*, Catalogue no. 67-001-XPB, 1st Quarter 2000.

With these developments, the stock of FDI rose to $240 billion at year-end 1999, while CDIA reached $257 billion. As shown in Table 16, finance and insurance had the highest sectoral shares in both CDIA and FDI stocks in 1999.

Table 16: Stocks of CDIA and FDI by Sector, Year End 1999

	CDIA		FDI	
Industry Group	$ billions	% of total	$ billions	% of total
Wood & paper	7.1	2.8	18.4	7.7
Energy & metallic minerals	54.1	21.0	39.2	16.3
Machinery & transportation equipment	12.2	4.8	27.2	11.3
Finance & insurance	85.3	33.2	50.1	20.9
Services & retailing	34.0	13.2	19.4	8.1
Other industries	64.7	25.2	85.7	35.7
Total	257.4	100.0	240.0	100.0

Source: Statistics Canada, *Canada's International Investment Position*, Catalogue no. 67-202-XIB, 1999.

With respect to the country of source, the U.S. accounted for 72.2 percent of the total FDI stock in Canada in 1999, followed by the U.K. at about 6 percent. As for the stock of CDIA, the U.S. accounted for 52.2 percent while the EU accounted for 20.4 percent.

Portfolio Investment

Portfolio investment inflows, which include investments in Canadian bonds, stocks and money market instruments, fell sharply in 1999 to a record low of $5.3 billion from $25.4 billion in 1998. This was largely due to a net withdrawal of $13.4 billion of foreign investment from Canadian money markets in 1999.