

Chart VIII also gives a comparative look into the FDI inflow pattern of the three NAFTA partners, and illustrates that Canada has the most variability over the study period.

V. Conclusion

The objective of this study has been to provide a non-technical descriptive interpretation of inward FDI data in respect to Canada, the US, and Mexico over the past decade. In regard to the linkage between FDI and the Canadian economy, a number of observations can be made. Importantly, the data confirms that the share of FDI stock in Canada's GDP, and its gross fixed capital formation, is significant. The complementarity between trade and FDI is also strong in the Canadian case. Foreign companies' share of the total revenues generated by all businesses in Canada has been increasing, and foreign affiliates' share in Canadian trade is high. The export and import propensities of the Canadian subsidiaries or affiliates of foreign investors is also high.

A comparison of FDI data reveals no significant increase in the share of FDI in Canada's GDP since 1989. Throughout the study period, the role of FDI in gross capital formation is significant for Canada, the US, and Mexico. For Canada, in both areas (FDI's share in GDP and in gross capital formation), a comparison of the figures in the mid-1980's and 1990's does not suggest significant differences.

The data on FDI trends in the North American region during the study period is the second issue addressed in the paper. The total quantity of FDI increased in Canada, the US, and Mexico over the study period. The Canadian share of annual global FDI inflow during the latter period was lower than the earlier period. In terms of the US FDI to Canada, the US share has declined since 1985, but has begun to increase during the 1990s.

The data further indicate that the share of Canadian FDI stocks in the US appears to have increased slightly since 1989. Moreover, 1995 data on FDI flows indicates that Canada's share in the US increased significantly. What is clear from the data presented is that despite the increase in the total volume of FDI in Canada, its share of global FDI has declined in recent years.