

### • Foreign Direct Investment (FDI) in Canada

The stock of foreign direct investment (FDI) in Canada had increased from \$137.9 billion in 1992 to \$180.4 billion in 1996. In 1997, the stock of FDI grew by \$11.4 billion, a significant increase compared to the inflow of \$8.7 billion in 1996, and of \$5.7 billion in 1992 (see Figure 10).

- A surge in foreign investment in Canada in 1997 was driven by foreign investors finding Canada a profitable place to invest in. Foreign investment, especially that invested in plant, equipment and production facilities, contributes to the expansion of production capacity and to jobs in Canada.

In 1997, wood, paper, energy, metallic minerals, machinery and transportation equipment industries experienced higher net inflows of FDI compared to those in 1996. By contrast, finance, insurance, services and retailing industries received lower levels of net inflows of FDI in 1997.

The U.S. remained the largest investor of FDI in Canada contributing to 81% of total FDI inflows in 1997. FDI inflows from the U.S. in 1997 totalled \$9.3 billion, an increase of about \$4 billion over the 1996 level. FDI inflows from the United Kingdom, other EU countries and Japan were lower in comparison to the 1996 level.

**Table 4. Annual Increase in Foreign Direct Investment (FDI) in Canada by Industry**

Industry Group	FDI stock in 1996 (Millions)	Net FDI increase in 1997 (Millions)	Industry share in total 1997 FDI
Wood and paper	\$10,422	\$1,429	13%
Energy and metallic minerals	\$30,107	\$1,567	14%
Machinery and transportation equipment	\$27,716	\$1,591	14%
Finance and insurance	\$32,861	\$726	6%
Services and retailing	\$17,948	\$1,350	12%
Other industries	\$61,340	\$4,759	42%