

Canada - European Union Investment Relations

Canada, traditionally, has relied on foreign investment for economic prosperity. The total stock of foreign direct investment (FDI) in Canada amounted to \$148 billion in 1994.¹

While the United States remains by far the most important investment partner for Canada, the position of the European Union has steadily increased.

In fact, the EU share of FDI in Canada increased from 16 per cent in 1976 to 22.6 per cent in 1994 compared to United States FDI in Canada, which declined from 79 per cent to 64.9 per cent.

The most important European source of FDI in Canada remains the United Kingdom, accounting for 55 per cent of the total EU FDI.

Germany ranks second with 15 per cent of the total or \$5.2 billion, followed by France with 13 per cent accounting for \$4.5 billion.

The majority of EU direct investment in Canada is concentrated in the finance and insurance sector, embracing over 35 per cent of the total.

Energy and chemical products rank second, accounting for about 12 per cent each of total EU FDI in Canada.

Canada has been a significant exporter of capital to the EU as well. The EU is the second most important destination for Canadian direct investment abroad (CDIA).

The United Kingdom is by far the largest recipient of CDIA, with 47.8 per cent of Canadian investment in the Union.

Most CDIA in Europe is directed toward the financial services and insurance sectors, accounting for 24.7 per cent of the total stock of investment in 1994. Food, beverages and tobacco rank second with 13.1 per cent, followed by the communication's industry with 12.8 per cent.

Despite the predominance of large multinational corporations in foreign investment activity, a new generation of Canadian enterprises has established a presence in the EU.

Today, Canadian firms of all sizes can be found conducting business successfully from European branches and subsidiaries.

1. Statistics in this section are from Statistics Canada, Canada's International Investment Position, Catalogue 67-202, 1994.

