

Direct Investment Stocks

Outward and inward FDI flow data represent the bulk of the additions to Canada's external assets and liabilities, respectively. The accumulated stock of FDI flows over the years reveals the extent to which Canada has been both a supplier and a receiver of direct investment funds. According to the UNCTAD World Investment Report, the U.S. dollar stock of global FDI into Canada was up by 47.4 percent between 1990 and 1999. However, this growth compares poorly with the 175 percent increase of FDI into the United States over the corresponding period. As a result, the distribution of investment share dropped sharply for Canada, from 21.3 percent in 1990 to 12.5 percent in 1999, while the U.S. share rose steadily from 74.5 percent in 1990 to 82 percent in 1999. This development occurred as investors worldwide shifted their funds to the United States, whose economic expansion in the 1990s was the strongest and most prolonged among the G-7 countries. As well, the financial/exchange rate crises in Asia, Russia and Brazil from mid-1997 through early 1999 contributed to a substantial inflow of foreign investment into U.S. markets in search of a "safe haven."

Table D3: World FDI Inward Stocks in US\$ millions

	1985	1990	1993	1994	1995	1996	1997	1998	1999
World	763,357	1,761,198	2,079,538	2,342,182	2,743,391	3,065,299	3,436,651	4,015,258	4,771,981
NAFTA	251,233	530,207	593,137	664,345	699,864	833,647	869,854	1,015,773	1,325,571
Canada	64,634	112,872	105,957	105,606	123,181	128,867	137,658	143,234	166,266
United States	184,615	394,911	445,268	504,401	535,553	630,045	681,651	811,756	1,087,289
Mexico	1,984	22,424	41,912	54,338	41,130	74,735	50,545	60,783	72,016
Distribution of NAFTA FDI Inward Stocks (percent)									
NAFTA	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Canada	25.7	21.3	17.9	15.9	17.6	15.5	15.8	14.1	12.5
United States	73.5	74.5	75.1	75.9	76.5	75.6	78.4	79.9	82.0
Mexico	0.8	4.2	7.1	8.2	5.9	9.0	5.8	6.0	5.4

Source: UNCTAD World Investment Report, Annex Table B.3

Table D4: World FDI Outward Stocks in US\$ millions

	1985	1990	1993	1994	1995	1996	1997	1998	1999
World	707,133	1,716,364	2,134,619	2,412,249	2,870,624	3,115,870	3,423,433	4,065,798	4,759,333
NAFTA	294,694	515,925	646,020	717,751	821,252	919,946	1,009,949	1,147,326	1,316,438
Canada	43,127	84,829	86,310	105,606	118,105	124,741	143,948	160,936	178,347
United States	251,034	430,521	559,688	610,061	699,015	792,960	860,723	980,565	1,131,466
Mexico	533	575	22	2,084	4,132	2,245	5,278	5,825	6,625
Distribution of NAFTA FDI Outward Stocks (percent)									
NAFTA	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Canada	14.6	16.4	13.4	14.7	14.4	13.6	14.3	14.0	13.5
United States	85.2	83.4	86.6	85.0	85.1	86.2	85.2	85.5	85.9
Mexico	0.2	0.1	0.0	0.3	0.5	0.2	0.5	0.5	0.5

Source: UNCTAD World Investment Report, Annex Table B.4

While inward FDI grew rapidly in Mexico during the 1990s, its overall U.S. dollar value was still less than half of what Canada received in 1999. Mexico's share in 1999 was 5.4 percent, up from 4.2 percent in 1990, reflecting in part the impact of the relaxation of FDI controls and restrictions.

For NAFTA countries as a whole, the increase in the stock of inward FDI in the 1990s occurred at a time when the stock of outward FDI also increased rapidly as a result of globalization forces. Over the 1990s, Canada's share of NAFTA stock of outward FDI was rather stable at around 15 percent. The United States accounted for the remainder, since Mexico's FDI outflow is marginal.

