

5.2 Canada-EU FDI Stocks

As FDI flows are somewhat erratic, as table 5.1 demonstrates, it is perhaps more instructive to look at FDI stocks, which then equate to the ownership patterns of Canadian enterprises in Europe and vice-versa. Table 5.2 shows outward FDI stock of Canada into Europe over the period 1985 to 1995 in terms of the percentage of total Canadian FDI stocks. Table 5.3 shows inward FDI stock from Europe over the same period. Both tables are adapted from Buckley and Clegg (1996). The most striking thing about both the tables is that the UK dominates in both inward and outward FDI stocks. This is perhaps to be expected, as the cultural and linguistic ties between the Canada and the UK would suggest that Canadian companies would tend to establish subsidiaries in the UK, as they can access the single market from any base within the EU, and similarly for UK companies to establish subsidiaries in Canada as a means to accessing the NAFTA markets.

In summary, FDI flows appear to take advantage of emerging situations in nations and regions, whether it be deregulation, trade liberalisation initiatives or inexpensive labour. There does not appear to be any pattern to Canada-EU FDI flows, although these net flow amounts do seem to have increased in magnitude over the last decade.

Table 5.2
Outward FDI Stock of Canada
(as a percentage of total FDI stock)

Destination	1985	1990	1995
EU	13.21	20.10	19.46
Bleu	0.24	0.61	1.72
Denmark	0.08	0.05	0.02
France	0.34	1.91	1.35
Germany	1.12	0.96	1.66
Greece	0.50	0.10	0.07
Ireland	1.47	1.09	3.11
Italy	0.34	0.42	0.59
Netherlands	0.93	1.46	1.07
Portugal	0.01	0.13	0.05
Spain	0.49	0.59	0.13
United Kingdom	7.69	12.80	9.67

Source: Statistics Canada (1995)