

Foreign direct investment, 2023

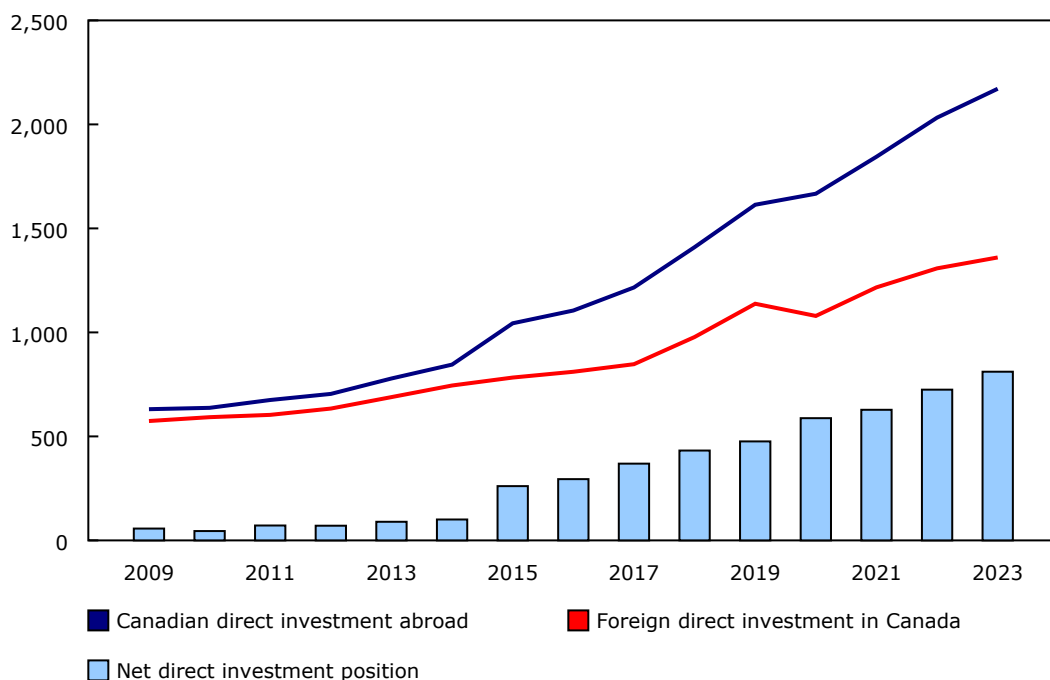
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The stock of Canadian direct investment abroad rose by \$138.8 billion (+6.8%) to reach \$2,171.3 billion at the end of 2023. Meanwhile, the stock of foreign direct investment in Canada increased by \$52.4 billion (+4.0%) to \$1,360.3 billion. As a result, Canada's net direct investment position with the rest of the world grew by \$86.4 billion in 2023 to \$811.0 billion.

Canada's net direct investment position has significantly expanded over the last decade. This rise has been fuelled by higher growth in the stock of Canadian direct investment abroad compared with the variation in the stock of foreign direct investment in Canada in all years during that period.

Chart 1 Canada's foreign direct investment position

billions of dollars



Source(s): Table 36-10-0008-01.

The increase in Canadian direct investment abroad concentrated in the United States

The stock of Canadian direct investment abroad increased by \$138.8 billion in 2023. Equity investments, through acquisitions of foreign enterprises and reinvested earnings by Canadian direct investors in their existing foreign affiliates, led the increase. The growth was largely concentrated in foreign affiliates operating in the finance and insurance (+\$62.3 billion), management of companies and enterprises (+\$26.9 billion) and mining and oil and gas extraction (+\$12.8 billion) sectors. Some sectors—such as construction, as well as real estate and rental and leasing—saw slower growth rates, or declines, compared with 2022.



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On a geographical basis, most of the increase in 2023 was driven by investments in the United States. The stock of Canadian direct investment in the United States reached \$1,078.1 billion, up \$63.7 billion from 2022. This growth was somewhat moderated by the downward revaluation effect (-\$26.3 billion) caused by the appreciation of the Canadian dollar against the US dollar in 2023. The United States remains the main destination for Canadian direct investment abroad, accounting for 49.7% of all holdings at the end of 2023.

Canadian direct investment in Europe represented 21.2% of all holdings at the end of 2023, led by the United Kingdom (\$121.4 billion), Luxembourg (\$92.6 billion), the Netherlands (\$82.1 billion) and Hungary (\$31.0 billion). While being relatively modest in value compared with the United States and Europe, the percentage increase of Canadian direct investment in Asia/Oceania (+12.6%) was the highest, with the finance and insurance sector contributing the most. Canadian direct investment in this region reached \$167.4 billion and represented 7.7% of all holdings at the end of 2023.

Table 1
Foreign direct investment positions at year end

	2021	2022	2023
	billions of dollars		
Canadian direct investment abroad	1,844.4	2,032.5	2,171.3
United States	896.8	1,014.4	1,078.1
Bermuda	114.0	131.6	135.8
United Kingdom	99.7	106.3	121.4
Luxembourg	95.5	92.9	92.6
Barbados	86.8	85.1	86.1
Netherlands	58.6	75.9	82.1
Cayman Islands	54.9	58.6	60.2
Australia	53.0	55.1	58.3
Mexico	29.3	32.3	40.4
Hong Kong	26.7	26.8	39.7
Hungary	27.9	29.2	31.0
Jersey	29.0	27.0	28.2
Brazil	18.8	21.1	25.3
Chile	14.9	21.6	24.0
Bahamas	19.8	20.5	21.0
All other countries	218.9	234.0	247.0
Foreign direct investment in Canada	1,216.5	1,307.9	1,360.3
United States	544.4	582.7	618.2
Netherlands	157.2	167.3	172.9
United Kingdom	93.3	101.0	106.6
Luxembourg	65.2	69.4	70.9
Japan	34.4	33.2	36.7
Switzerland	29.7	35.8	35.8
Hong Kong	29.5	32.5	32.8
Australia	18.8	25.6	27.2
China	25.7	25.5	24.9
Germany	24.5	21.9	24.3
Bermuda	16.8	17.4	16.9
South Korea	6.0	7.9	8.2
Singapore	2.7	3.7	7.9
Sweden	5.2	6.7	7.7
United Arab Emirates	5.8	6.9	7.4
All other countries	157.4	170.3	161.8

Source(s): Table 36-10-0008-01.

Foreign direct investment in Canada in the manufacturing sector increases

The stock of foreign direct investment in Canada increased by \$52.4 billion in 2023. The United States continued to be the primary investor of foreign direct investment in Canada (45.7%), with holdings up \$35.5 billion from the previous year to \$618.2 billion in 2023. Holdings from Europe, which represented 34.3% of the total investment, were up by \$4.6 billion to \$466.6 billion in 2023. Meanwhile, foreign direct investment from Asia/Oceania reached \$160.9 billion, led by Japan (\$36.7 billion), Hong Kong (\$32.8 billion) and China (\$24.9 billion).

The stock of foreign direct investment in the manufacturing sector was up by \$25.9 billion to \$236.9 billion in 2023, the highest increase in value for the year. The primary subsectors that contributed to this growth were food manufacturing (+\$5.5 billion), paper manufacturing (+\$4.2 billion) and transportation equipment manufacturing (+\$3.8 billion). The mining and oil and gas extraction sector saw a small reduction (-\$0.6 billion) following increases in 2021 (+\$27.3 billion) and 2022 (+\$15.1 billion). Meanwhile, the professional, scientific, and technical services sector reached \$54.1 billion worth of foreign direct investments in 2023, up \$6.3 billion from the end of 2022.

The management of companies and enterprises sector—often large corporate groups that are recipients of foreign direct investments and involved in a variety of activities in the country—amounted to \$448.8 billion at the end of 2023, representing the largest share (32.9%) of the stock of foreign direct investment in Canada. The finance and insurance sector increased by \$5.2 billion to \$153.7 billion by the end of 2023 and continued to be an important contributor to foreign direct investment in Canada.

Foreign direct investment in Canada on an ultimate investor country basis

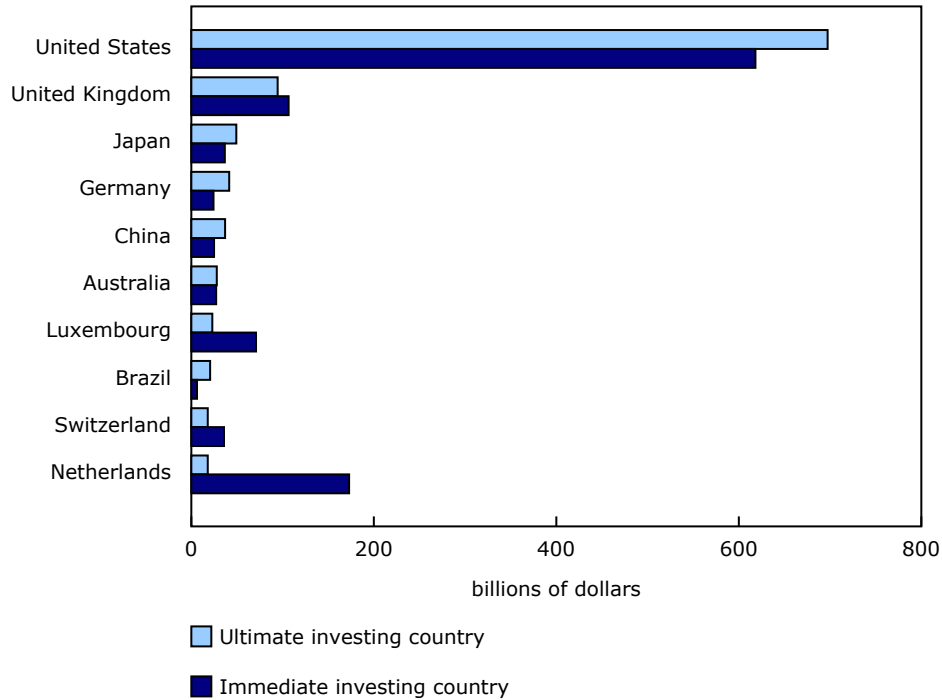
While the standard presentation of foreign direct investment is on an immediate investor country basis, foreign direct investment can also be measured on an ultimate investor country basis, by looking beyond the immediate investing country to show the country that ultimately controls an investment. Some countries, notably the Netherlands and Luxembourg, often act as intermediaries through which investors channel their investment to other countries.

On an ultimate investor country basis, foreign direct investment in Canada from Europe represented 20.7% of the total foreign direct investment at the end of 2023, while it accounted for 34.3% of the total on an immediate investor country basis. Other countries—such as the United States, Japan, China, Australia and Brazil—held more foreign direct investment in Canada on an ultimate investor country basis than on an immediate investor country basis.

Measuring Canadian direct investment abroad on an ultimate investor country basis identifies the country that ultimately controls Canadian investments abroad. In 2023, 93.8% of Canada's direct investment abroad was ultimately controlled by Canadian investors. Investors from over 30 countries ultimately controlled the remaining 6.2%; among these, the United States was the most important contributor with 4.1%.

Chart 2

Foreign direct investment in Canada by select ultimate and immediate investing country, 2023

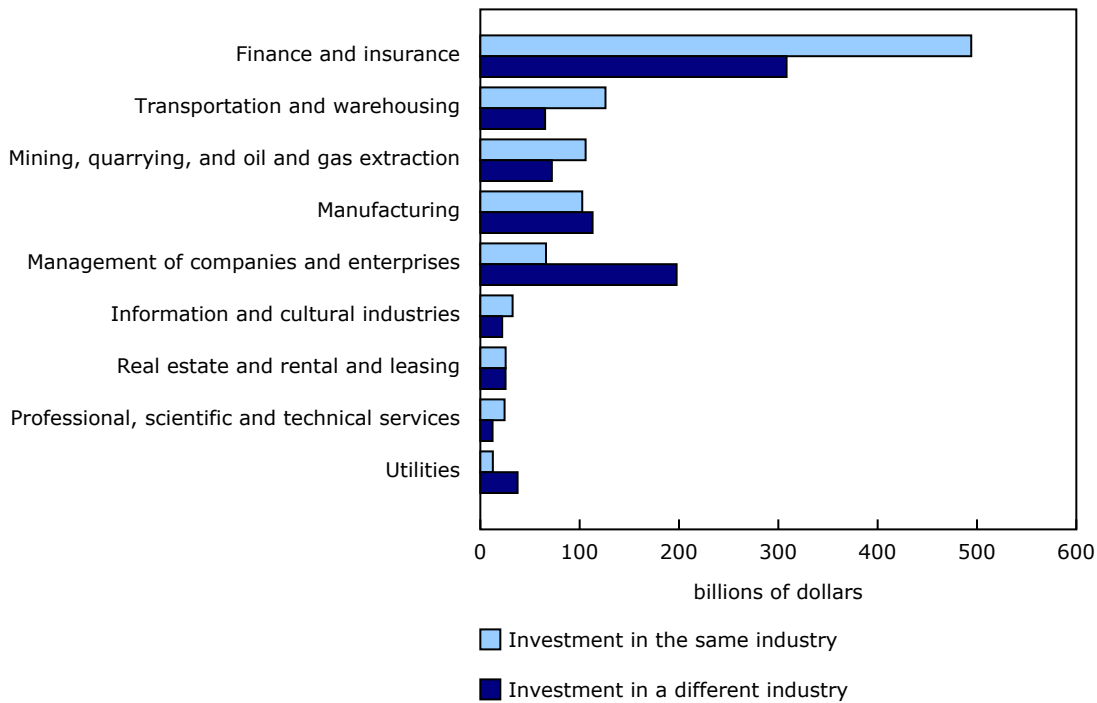


Source(s): Tables 36-10-0008-01 and 36-10-0433-01.

Canadian direct investors mainly invest in a different industry than their own when investing abroad

At the end of 2023, a little more than half (53.9%) of Canadian direct investors' holdings abroad were in foreign affiliates operating in a different industry than their own. Canadian investors from the management of companies and enterprises sector, the wholesale trade sector and the utilities sector all contributed to this trend. In comparison, Canadian investors from the finance and insurance, transportation and warehousing, and mining, quarrying, and oil and gas extraction sectors, held most of their direct investments abroad in their own industry.

Chart 3
Canadian direct investment abroad, by select industries of the Canadian direct investor, 2023



Source(s): Table 36-10-0657-01.

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Note to readers

This is the annual release of detailed foreign direct investment position data at book value. This release contains country and industry details that are drawn from annual surveys and administrative sources. This detailed information is not available at the time of quarterly international investment position releases. However, aggregates of direct investment positions, both at book and market values, are available as part of the quarterly international investment position release.

Year-end position data for 2023 are projected using the latest benchmark survey data of 2022 and flows collected from the 2023 quarterly surveys. In addition, outstanding positions denominated in foreign currencies are re-evaluated to account for changes in exchange rates. These estimates will be revised next year with the integration of benchmark survey and administrative data for the reference year 2023 and will fully reflect the change in the stock of foreign direct investment from one year to the next, including volume changes such as debt or equity write-offs.

Direct investment is a component of the international investment position that refers to the investment of an entity in one country (the direct investor) obtaining a lasting interest in an entity in another country (the direct investment enterprise). The lasting interest implies the existence of a long-term relationship between the direct investor and the direct investment enterprise and a significant degree of influence by the direct investor on the management of the direct investment enterprise.

In practice, direct investment is deemed to occur when a direct investor owns at least 10% of the voting equity in a direct investment enterprise. This report presents the cumulative year-end positions for direct investment, measured as the total value of equity and the net value of debt instruments between direct investors and their direct investment enterprises.

Foreign direct investment by country and by industry

Following international standards, the main measure of direct investment is based on the country of residence of the direct investor (immediate parent company) for foreign direct investment in Canada and on the country of residence of the direct investment enterprise (the immediate subsidiary) for Canadian direct investment abroad. This implies that direct investment is largely attributed to the first investor or investee country, rather than the ultimate investor or investee country. Direct investment data on an immediate investor basis are available in tables 36-10-0008-01, 36-10-0009-01, 36-10-0657-01 and 36-10-0659-01.

Foreign direct investment by ultimate investor

A supplementary series on foreign direct investment by ultimate investor is available in table 36-10-0433-01. This series differs from the standard presentation of foreign direct investment, which is based on the country of residence of the immediate direct investor, by showing the country of the investor that ultimately controls the investment. Because foreign direct investment may be channelled through holding companies or other legal entities in intermediate countries, the measurement of foreign direct investment on an ultimate investor basis can result in substantial changes in the distribution of positions by country when compared with foreign direct investment measured on an immediate investor basis.

Available tables: [36-10-0008-01](#), [36-10-0009-01](#), [36-10-0433-01](#), [36-10-0657-01](#) and [36-10-0659-01](#).

Definitions, data sources and methods: survey number [1537](#).

The product [Canada and the World Statistics Hub \(13-609-X\)](#) is available online. This product illustrates the nature and extent of Canada's economic and financial relationship with the world using interactive graphs and tables. This product provides easy access to information on trade, investment, employment and travel between Canada and a number of countries, including the United States, the United Kingdom, Mexico, China, and Japan.

The [Economic accounts statistics](#) portal, accessible from the *Subjects* module of the Statistics Canada website, features an up-to-date portrait of national and provincial economies and their structure.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; infostats@statcan.gc.ca) or Media Relations (statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca).