



The Daily

Statistics Canada

Tuesday, March 30, 1999

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- **Canada's international investment position, 1998** 3
Canada's net liability to foreign residents edged down to \$324 billion at the end of 1998, the third drop in the last four years.

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Catalogue no. 67-202-XPB

**Canada's
international
investment
position**
1998

NF 61-622-XPB au 2000px

**Bilan des
investissements
internationaux
du Canada**
1998



Produit en partenariat
Canada

Canada

Canada's international investment position 1998

International investment, both in Canada and abroad, forms one of the cornerstones of Canada's economy. *Canada's international investment position* gives a detailed account of Canada's assets and liabilities abroad. This publication will help you understand today's economy and how it has evolved. Useful geographical comparisons, such as Canada's position in relation to European Union countries, are also featured.

Canada's international investment position, 1998 (67-202-XPB, \$52; Internet version: 67-202-XIB, \$39) is now available.

For more information, contact Christian Lajule (613-951-2062), Balance of Payments and Financial Flows Division.



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REGIONAL REFERENCE CENTRES

8

Dimensions series

1996 Census

The *Dimensions series* demonstrates the analytical potential of census information. Released today are the fifth and sixth in a series of seven CD-ROMs.

Ethnocultural and social characteristics of the Canadian population (94F0004XCB, \$60) contains profiles of visible minorities, immigrants, and ethnic groups. As well, data are given for the labour market experience of graduates, the diversity of households, and families.

Portrait of the Aboriginal population in Canada (94F0011XCB, \$60) presents data on selected demographic, cultural, social and economic characteristics of the Aboriginal population in Canada.

These CD-ROMs are packaged with the software Beyond 20/20™. With many powerful features, the browser allows the user to quickly and easily search and sort data, and to copy tables and charts to other Windows applications.

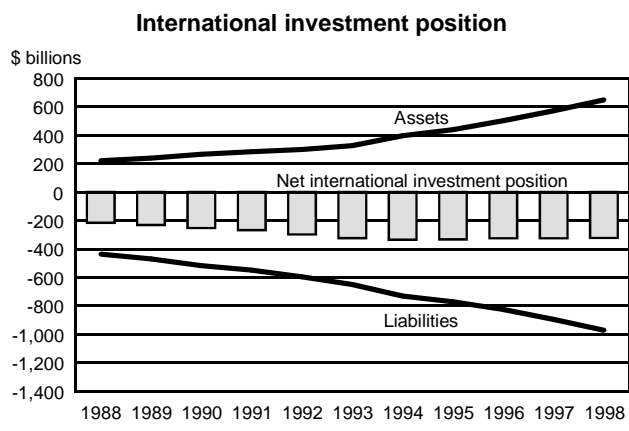
For further information, contact your nearest Statistics Canada Regional Reference Centre.

MAJOR RELEASES

Canada's international investment position 1998

Canada's net liability to foreign residents edged down to \$324 billion at the end of 1998, the third drop in the last four years. Net foreign liability declined to 36% of gross domestic product (GDP), down from 44% in 1994. The net foreign liability was made up of external assets of \$647 billion and external liabilities of \$971 billion.

Canada's external assets increased faster than liabilities for the sixth consecutive year. For each dollar of external assets, Canada now has \$1.50 of external liabilities, down from \$2 in 1992.



Both Canadian direct and portfolio investors were very active in foreign markets in 1998, accounting for the bulk of the \$78 billion increase in external assets. More than half of the increase was financed from additional Canadian capital, while part of the balance came from valuation gains due to the appreciation of foreign currencies in terms of the Canadian dollar. Direct investment abroad still accounts for the largest share of external assets (37%), with portfolio investment in foreign securities accounting for 22% of the total.

Canadian direct investment abroad outpaces foreign direct investment in Canada

Canadian firms increased their direct investment abroad by 17% to \$240 billion in 1998. This rate of increase was the largest since 1994 and mainly resulted from major acquisitions. For foreign firms

investing in Canada, a 10% increase brought foreign direct investment in Canada to \$217 billion. Canadian direct investment abroad has surpassed foreign direct investment in Canada for the last three years and was 10% higher at the end of 1998.

Slightly more than half of Canadian direct investment abroad is in the United States with the remainder well diversified geographically. More than two-thirds of direct investment in Canada originates from the United States and one-fifth from countries of the European Union (EU).

The increase in value of Canadian portfolio investment abroad highest in twenty years

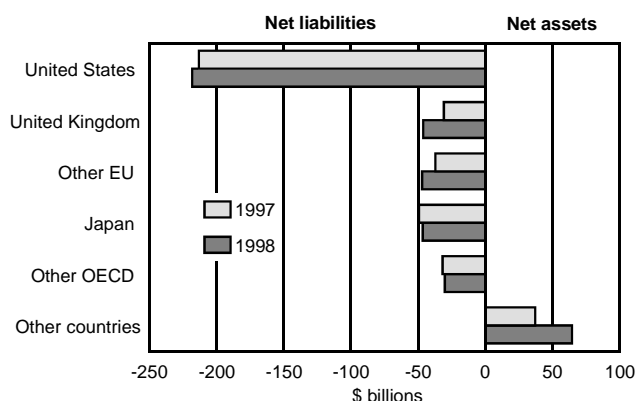
The value of portfolio investment abroad by Canadian residents, largely through pension and mutual funds, increased 27% to \$144 billion at the end of 1998. This growth, the largest since 1979, was due to the combination of large capital flows and the depreciation of the Canadian dollar. These portfolio investments now represent 22% of Canada's external assets, up from 15% ten years ago.

American share of Canada's net external liabilities increases

United States investors continued to be Canada's largest net creditors, with \$218 billion, or just over two-thirds of Canada's net debt to non-residents at the end of 1998. The U.S. share has steadily increased from a record low of 34% at the end of 1991.

While Japan remained Canada's second largest net creditor in 1998, it is now followed very closely by the United Kingdom. Other EU countries also count for a larger part of Canada's net debt to non-residents, at 15%. Canada's net asset position with non-OECD countries increased substantially in 1998, led by gains in deposits and direct investment assets

International investment position, by geographical area



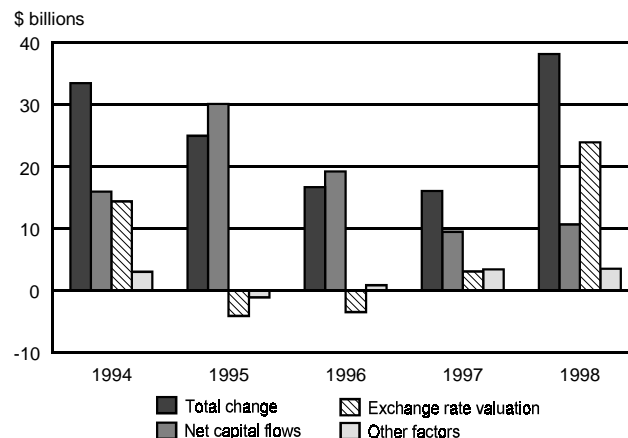
Sharp increase in the value of foreign holdings of Canadian bonds

Half of the \$76 billion increase in foreign liabilities was due to Canadian bonds, which represent 42% of foreign investment in Canada. The value of foreign holdings of Canadian bonds (\$410 billion at the end of 1998) increased more than 10%, twice the growth rate of the previous two years. The increase in 1998 amounted to \$38 billion and came predominantly (\$24 billion) from the depreciation of the Canadian dollar, as more than two-thirds of the Canadian bonds held abroad are denominated in foreign currencies.

In 1998, non-residents again increased their holdings of Canadian corporate bonds to reach 34% of the total, as the share of foreign-held bonds

from Canadian governments and their enterprises decreased for the fourth consecutive year. However, at \$269 billion, public sector bonds still accounted for two-thirds of all foreign-held Canadian bonds.

Factors explaining the change in Canadian bonds



Available on CANSIM: matrix 4180-4190, 4194 and 4195.

Canada's international investment position, 1998 (67-202-XPB, \$52) is now available. See *How to order publications*.

For more information, or to enquire about the concepts, methods, and data quality of this release, contact Christian Lajule (613-951-2062), Balance of Payments and Financial Flows Division. □

Canada's international investment position at year-end

	1993	1994	1995	1996	1997	1998
	billions of dollars					
Assets						
Canadian direct investment abroad	122.4	146.3	164.2	181.4	205.7	239.8
Portfolio investment						
Foreign bonds	17.5	18.3	18.8	21.3	27.5	35.0
Foreign stocks	52.9	62.2	65.4	79.1	85.8	108.9
Other investment						
Loans	30.2	30.8	43.2	49.1	71.3	60.4
Allowances	-12.2	-12.0	-11.8	-11.4	-10.3	-10.0
Deposits	49.1	73.1	78.4	97.0	99.5	113.8
Official international reserves	16.9	17.5	20.8	28.2	25.7	35.9
Other assets	49.4	58.0	58.9	55.0	64.2	63.5
Total assets	326.3	394.3	438.0	499.7	569.4	647.2
Liabilities						
Foreign direct investment in Canada	141.5	154.6	168.4	179.5	196.7	217.1
Portfolio investment						
Canadian bonds	284.1	316.9	341.7	357.4	371.4	409.6
Canadian stocks	23.4	30.9	36.4	45.2	48.1	51.6
Canadian money market	45.9	47.5	46.5	40.6	42.6	45.1
Other investment						
Loans	47.6	44.7	49.8	57.6	51.7	55.2
Deposits	91.4	117.9	109.3	126.8	165.4	173.0
Other liabilities	16.1	17.6	18.2	17.4	18.6	19.3
Total liabilities	650.0	730.0	770.2	824.5	894.4	970.8
Net international investment position	-323.7	-335.6	-332.3	-324.8	-325.0	-323.6

■

OTHER RELEASES

Cement

January 1999

Manufacturers shipped 409 669 tonnes of cement in January, down 4.3% from 428 118 tonnes (revised) in January 1998, and down 51.0% from 836 474 tonnes (revised) in December 1998.

Available on CANSIM: matrices 92 and 122 (series 35).

The January 1999 issue of *Cement* (44-001-XIB, \$5/\$47) will be available shortly. See *How to order publications*.

For more information, or to enquire about the concepts, methods, and data quality of this release, contact Étienne Saint-Pierre (613-951-9837; sainteti@statcan.ca), Manufacturing, Construction and Energy Division. ■

PUBLICATIONS RELEASED

Cereals and oilseeds review, January 1999
Catalogue number 22-007-XPB
(Canada: \$15/\$149; outside Canada: US\$15/US\$149).

Canada's international investment position, 1998
Catalogue number 67-202-XIB
(Canada: \$39; outside Canada: US\$39).

Canada's international investment position, 1998
Catalogue number 67-202-XPB
(Canada: \$52; outside Canada: US\$52).

All prices exclude sales tax.

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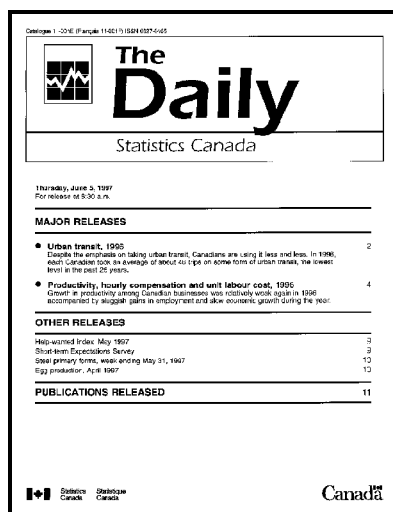
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Editor: Dan Smythe (613-951-1103, smytdan@statcan.ca)

Head of Official Release: Chantal Prévost (613-951-1088, prevcha@statcan.ca)

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