

Focal Point WORLD

Foreign Direct Investment in Canada - Capital Expenditure Projects

2015

This economic brief draws a portrait of direct investments in Canada by foreign companies for the 2005-2014 period. The analysis is based on announcements of foreign investments in capital expenditure projects, including reinvestments by foreign companies already present in Canada.

\$41 BILLION PER YEAR

Average annual value of foreign capital expenditure projects in Canada (2005-2014)

Significant increase in investment activity

Despite a decline since the peak of 2011, FDI for capital investment projects in Canada remains near record levels.



Focus on natural resources and energy

Natural resources and energy capture more than \$36B worth of projects per year, mostly in Alberta and British Columbia (65% of total invested value).

While United States still dominates, Asia-Pacific¹ now surpasses Europe

US investors remain the top foreign investor in Canada (40% of total value). Investors from the Asia-Pacific region now outperform investors from the European Union for the 2010-2014 period with 29% of the total value, against 22% for European Union investors.

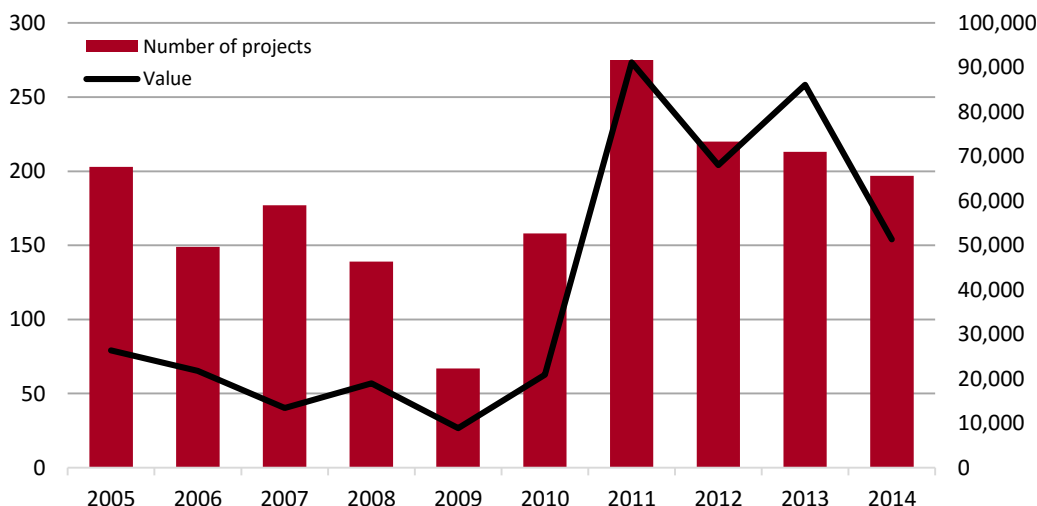
FDI Inflows in Canada
Top Countries – 2005-2014

Rank (in value)	Country	Rank (in number)
1	United States	1
2	China	7
3	United Kingdom	4
4	Australia	9
5	Netherlands	8
6	France	2
7	Malaysia	29
8	Brazil	16
9	Norway	15
10	South Africa	25
11	Germany	3
12	Switzerland	6
13	Japan	5

Number and Value of Projects

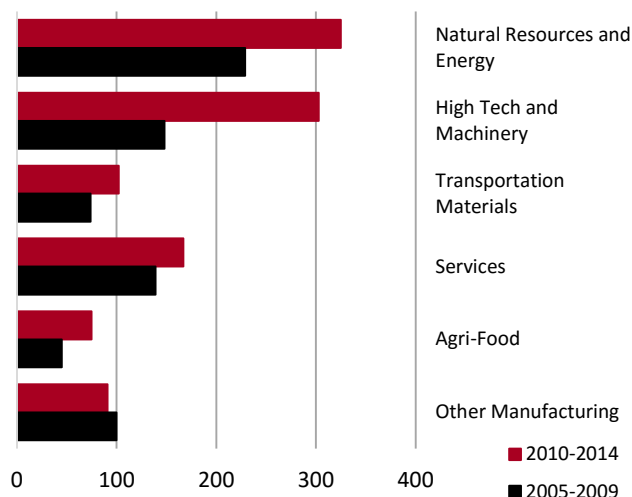
From 2005 to 2014, more than 1,300 foreign companies have invested in capital expenditure projects in Canada, totalling close to 1,800 projects for a total invested value of \$407B. Of the total, 72% are greenfield projects. Regarding the progression of projects from 2005-2009 to 2010-2014, both the number and average value of projects increased notably after the recession. Thus, the average annual number rose from 147 to 213 projects, while their average value increased from \$122 to \$299M. Including acquisitions, Statistics Canada estimates that \$5,725B² were invested from abroad from 2005 to 2014.

Projects in Canada (in number and in \$ million) - 2005-2014

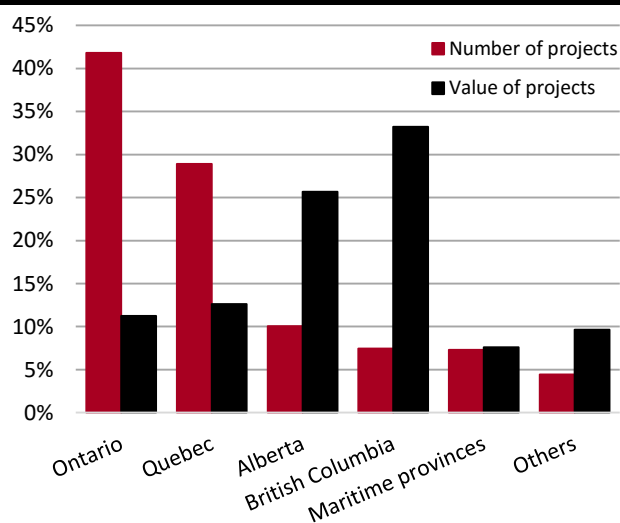


² Statistics Canada, Cansim, Table 376-0051.

Number of Projects by Industrial Cluster – 2005-2014
Comparison by Period



Projects by Province – 2005-2014



Serial Investors³ by Number of Projects – 2005-2014

Company	Number of projects
Wal-Mart Canada	36
Rio Tinto	25
Glencore/Xstrata	22
Lowe's Companies Canada	14
General Motors of Canada	13
Shell Canada	13
Husky Energy	10
Total	133
% of total number of projects	7%
% of total value of projects	11%

³ Serial investors are those that have made several investments during the period. Includes the investment projects of subsidiaries.

SECTORS OF ACTIVITY

Foreign investors active in Canada focus mainly in the Natural resources and energy cluster, with 88% of the total value invested during the 2005-2014 period. These include major investments in Oil&Gas (**Shell, Husky Energy**), Mining/metals and minerals processing (**Rio Tinto, Glencore/Xstrata**) and Energy (**WPD Canada, Acciona Wind Energy**) industries.

The High-tech and machinery cluster (25% of the number of projects) is expanding rapidly since 2011, with nearly two thirds of the investment projects in the IT and telecommunications industry (Software and Video games publishers, Data hosting, Computer systems design and related services).

Next comes the Services cluster (17%), including the Wholesale/Retail industry (**Wal-Mart**).

PROVINCES OF DESTINATION

Ontario and Quebec remain the privileged provinces by foreign investors in Canada, with 42% and 29% of the number of investment projects respectively. However, it is in Western Canada that the largest investments take place in terms of capital expenditures. British Columbia accounts for 33% of the total amount invested in Canada and Alberta, 26%, although these provinces account for only 17% of projects, in number. This is explained by the projects' capital intensity - often exceeding \$1B - in the region. Over the entire period, three quarters of Oil & Gas projects announced took place in these two provinces. These projects include gas terminals (**Imperial Oil, Nexen Energy, LNG Canada, Woodside Petroleum, Bg Group, Petronas**) and oil extraction projects (**Shell, Imperial Oil, Devon, BP, Husky Energy**).

SERIAL INVESTORS

The more active investors in Canada are US retail companies (**Wal-Mart, Lowe's**). In terms of industrial investment, it is in the Natural resources and energy cluster that the largest number of serial investors are found (**Shell, Rio Tinto, Husky Energy, Union Gas, WPD Canada**). Next come the serial investors in the High technology and machinery cluster (**Ubisoft, Teletext, GlaxoSmithKline, Huawei**), followed by the Transportation materials cluster (**General Motors**).

COUNTRY OF ORIGIN

Almost half (44%) of investment projects come from the United States and these account for 40% of the total value (\$161B). The other most active investor countries are France (13% of projects; \$12B), Germany (8%; \$7.6B) and the UK (7%; \$40B), but all of these countries combined represent only 15% of the total project value. The most intensive capital projects come from China (mainly in the Oil & Gas industry, particularly **Husky Energy, Gascana AB Energy** and **Nexen Energy**), the Netherlands (**Shell**) and Australia (mainly in the Mining/metals and minerals processing industry (**BHP Billiton**)).

*The United States continue to dominate foreign investment in Canada with 40% of the value invested for the entire 2005-2014 period. The Asian-Pacific countries have increased their share of foreign investment from 15% to 29% between 2005-2009 and 2010-2014, at the expense of the European Union (35% to 22%). In addition, European projects seem currently more fragile with several projects on hold (e.g. the Joslyn oil sands mine by **Total**), or even abandoned (e.g.: **Glencore/Xstrata's** Donkin mine project, **Rio Tinto Iron & Titanium's** titanium pigment plant). Falling commodity prices seem indeed to have less effects on Asian-Pacific investors for now.*

TABLES AND METHODOLOGICAL NOTES

Direct Investments by Industrial Cluster – 2005-2014

Cluster	Number		Value	
	Projects	Breakdown	\$M	Breakdown
Natural Resources and Energy	554	31%	359,688	88%
High Tech and Machinery	451	25%	12,068	3%
Services	306	17%	8,535	2%
Transportation Materials	176	10%	17,240	4%
Agri-Food	120	7%	4,477	1%
Other Manufacturing	191	11%	4,973	1%
Total	1798	100%	406,980	100%

Direct Investments by Province of Destination – 2005-2014

Provinces	Number		Value	
	Projects	Breakdown	\$M	Breakdown
Ontario	752	42%	45,727	11%
Quebec	520	29%	51,429	13%
Alberta	181	10%	104,418	26%
British Columbia	134	7%	135,257	33%
Maritime provinces	131	7%	30,858	8%
Others	80	4%	39,292	10%
Total	1,798	100%	406,980	100%

Direct Investments by Province of Destination – Projects by Period (Nb)

Provinces	2005-2009		2010-2014	
	Projects	Breakdown	Projects	Breakdown
Ontario	281	38%	471	44%
Quebec	242	33%	278	26%
British Columbia	39	5%	95	9%
Alberta	89	12%	92	9%
Maritime provinces	51	7%	80	8%
Others	33	4%	47	4%
Total	735	100%	1,063	100%

Direct Investments by Province of Destination – Value by Periods

Provinces	2005-2009		2010-2014	
	M\$	Breakdown	M\$	Breakdown
British Columbia	12,005	13%	123,252	39%
Alberta	29,372	33%	75,046	24%
Quebec	15,798	18%	35,632	11%
Ontario	16,411	18%	29,316	9%
Maritime provinces	9,509	11%	21,348	7%
Others	6,323	7%	32,969	10%
Total	89,418	100%	317,563	100%

Direct Investments by Industrial Cluster – Projects by Period (Nb)

Cluster	2005-2009		2010-2014	
	Projects	Breakdown	Projects	Breakdown
Natural Resources and Energy	229	31%	325	31%
High Tech and Machinery	148	20%	303	29%
Services	139	19%	167	16%
Transportation Materials	74	10%	102	10%
Agri-Food	45	6%	75	7%
Other Manufacturing	100	14%	91	9%
Total	735	100%	1063	100%

Direct Investments by Industrial Cluster – Value by Period

Cluster	2005-2009		2010-2014	
	M\$	Breakdown	M\$	Breakdown
Natural Resources and Energy	70,410	79%	289,278	91%
Transportation Materials	7,539	8%	9,701	3%
High Tech and Machinery	3,517	4%	8,551	3%
Services	4,273	5%	4,262	1%
Agri-Food	1,381	2%	3,096	1%
Other Manufacturing	2,298	3%	2,675	1%
Total	89,418	100%	317,563	100%

Direct Investments by Industry – Top Industrial Clusters – 2005-2014

Industries	Number		Value	
	Projects	Breakdown	\$M	Breakdown
Energy	172	31%	31,956	9%
Oil and Gas and Derived Chemicals	151	27%	233,587	65%
Mining / Metal and Mineral Processing	150	27%	88,987	25%
Forest Products	46	8%	2,646	1%
Metal Products	35	6%	2,511	1%
Natural Resources and Energy	554	100%	359,688	100%
Rolling Stock	106	60%	14,102	82%
Aerospace	70	40%	3,138	18%
Transportation Materials	176	100%	17,240	100%
IT and Telecommunications	290	64%	7,018	58%
Biopharmaceuticals	75	17%	2,599	22%
Machinery Manufacturing	54	12%	1,794	15%
Medical Equipment	32	7%	657	5%
High Tech and Machinery	451	100%	12,068	100%
Other industrial clusters	617	100%	17,985	100%
Total	1798	100%	406,980	100%

DATA SOURCE

Capex-online database. Operational since 2000 and monitored on a daily basis, CAPEX-online is based on more than 1,000 sources of information. For more information on how to access Capex-online, visit en.ebdata.com/products/capex-online/.

QUALIFICATION OF PROJECTS

Projects must be publicly announced and have a credible timetable for completion. These capital expenditure projects involve new production units, expansions and modernizations. Only projects worth \$1M or more are considered. Projects that only involve salary expenditures (e.g. some R&D projects) are not taken into account.

PROJECT VALUE

Investment amounts include expenditures incurred for construction, machinery and equipment. The value of investments is not always available (the value of some projects is confidential or cannot be confirmed). In this case, E&B DATA estimates the value of the investment based on comparable past projects.

COUNTRY OF ORIGIN

The country of origin is that of the parent company (with the exception of a financial institution or holding company), i.e. the ultimate ownership at the time of the investment announcement.

COMPARISONS WITH OTHER DATA SOURCES

Comparisons with data from Statistics Canada are possible and complementary. Companies have an obligation to respond to Statistics Canada surveys. However, Statistics Canada must withhold confidential information and cannot disclose the identity of companies. E&B DATA also considers the announcements of foreign companies not yet established in Canada (and who therefore have no obligation to respond to Statistics Canada surveys), as well as projects of subsidiaries already active in Canada (reinvestment). Finally, E&B DATA attributes the value of announced projects as of the announcement date and not on the disbursement schedule.

OWNERSHIP

This economic brief covers privately held projects, with the exception of projects announced in Canada by non-Canadian state-owned enterprises.

INDUSTRIES

Industry and industrial cluster classifications as per E&B DATA's classification system.

APPENDIX – CANADA-WORLD TRADE – OPPORTUNITIES

To be selected, the product category (HS Code) or industry (NAICS code) has to meet at least two of the following three criteria: 1) The exchange value exceeds \$15B in 2014; 2) the compound annual growth rate (CAGR) for 2010-2014 is positive; 3) CAGR during 2010-2014 is higher than during 2005-2009.

Source: E&B DATA from Industry Canada data.

APPENDIX – International Trade in Canada – Opportunities

1. Canadian Exports – Canada - World – Top Chapters (HS code) – Value in Millions of Canadian Dollars – 2005-2014

Products	Annual Average		CAGR		
	2005-2009	2010-2014	2005-2009	2010-2014	2005-2014
27 - Mineral Fuels, Mineral Oils, Bituminous Substances and Mineral Waxes	96,971	118,397	-2%	11%	5%
87 - Motor Vehicles, Trailers, Bicycles, Motorcycles and Other Similar Vehicles	62,537	58,168	-16%	7%	-2%
84 - Nuclear Reactors, Boilers, Machinery and Mechanical Appliances	33,937	32,141	-3%	6%	1%
71 - Pearls, Precious Stones or Metals, Coins and Jewellery	10,711	23,669	15%	4%	14%
85 - Electrical or Electronic Machinery and Equipment	19,452	14,962	-6%	0%	-3%
39 - Plastics and Articles Thereof	13,173	12,561	-8%	7%	0%
44 - Wood and Articles of Wood (Incl. Wood Charcoal)	13,695	10,905	-22%	12%	-4%
88 - Aircrafts and Spacecrafts	10,301	10,857	3%	9%	4%
76 - Aluminum and Articles Thereof	10,631	9,224	-6%	2%	0%
26 - Ores, Slag and Ash	5,320	8,426	11%	11%	11%
72 - Iron and Steel	6,537	7,369	-3%	3%	3%
47 - Pulp of Wood and The Like; Waste and Scrap of Paper or Paperboard	6,589	7,220	-5%	1%	2%
90 - Optical, Medical, Photographic, Scientific and Technical Instrumentation	5,477	6,005	2%	6%	3%
02 - Meat and Edible Meat Offal	4,189	4,854	-4%	7%	2%
73 - Articles of Iron or Steel	6,068	5,107	-8%	5%	-1%
29 - Organic Chemicals (Including Vitamins, Alkaloids and Antibiotics)	5,073	5,010	-7%	6%	1%
94 - Furniture, and Stuffed Furnishings; Lamps and Illuminated Signs; Prefabricated Buildings	6,414	4,771	-15%	6%	-4%
75 - Nickel and Articles Thereof	6,309	5,386	-5%	1%	2%
28 - Inorganic Chemicals and Compounds of Precious Metals and Radioactive Elements	4,906	5,015	-1%	1%	1%

2. Canadian Imports – Canada - World – Top Chapters (HS code) – Value in Millions of Canadian Dollars – 2005-2014

Products	Annual Average		CAGR		
	2005-2009	2010-2014	2005-2009	2010-2014	2005-2014
87 - Motor Vehicles, Trailers, Bicycles, Motorcycles and Other Similar Vehicles	63,005	69,283	-7%	7%	2%
84 - Nuclear Reactors, Boilers, Machinery and Mechanical Appliances	61,001	66,124	-4%	7%	2%
27 - Mineral Fuels, Mineral Oils, Bituminous Substances and Mineral Waxes	39,477	49,861	0%	6%	5%
85 - Electrical or Electronic Machinery and Equipment	39,572	45,730	1%	3%	3%
39 - Plastics and Articles Thereof	13,448	15,304	-3%	7%	3%
90 - Optical, Medical, Photographic, Scientific and Technical Instrumentation	11,329	13,067	0%	5%	2%
73 - Articles of Iron or Steel	9,222	11,499	-1%	8%	5%
94 - Furniture, and Stuffed Furnishings; Lamps and Illuminated Signs; Prefabricated Buildings	7,558	8,877	1%	7%	4%
72 - Iron and Steel	8,126	8,383	-11%	5%	1%
88 - Aircrafts and Spacecrafts	6,705	6,449	-1%	11%	3%
40 - Rubber and Articles Thereof	5,553	6,972	0%	6%	3%
29 - Organic Chemicals (Including Vitamins, Alkaloids and Antibiotics)	7,306	6,548	-3%	3%	0%
48 - Paper, Paperboard and Articles Made From These Materials	6,160	5,826	0%	1%	0%
38 - Miscellaneous Chemical Products	3,834	5,174	4%	10%	6%
61 - Knitted or Crocheted Clothing and Articles of Apparel	3,549	4,535	7%	7%	7%
08 - Edible Fruits and Nuts	3,188	4,318	6%	9%	7%
62 - Woven Clothing and Articles of Apparel	3,769	4,319	2%	7%	4%
76 - Aluminum and Articles Thereof	3,863	3,842	-6%	7%	2%
28 - Inorganic Chemicals and Compounds of Precious Metals and Radioactive Elements	3,801	4,219	1%	2%	2%
26 - Ores, Slag and Ash	2,653	3,536	-2%	4%	6%
44 - Wood and Articles of Wood (Incl. Wood Charcoal)	3,357	3,200	-5%	3%	0%

3. Canadian Exports – Canada - World – Top Industries (NAICS code) – Value in Millions of Canadian Dollars – 2005-2014

Industries	Annual Average		CAGR		
	2005-2009	2010-2014	2005-2009	2010-2014	2005-2014
21111 - Oil and Gas Extraction	72,734	88,315	-3%	14%	0%
33611 - Automobile and Light-Duty Motor Vehicle Manufacturing	42,965	43,350	-16%	7%	4%
32411 - Petroleum Refineries	16,706	21,015	0%	3%	-2%
21222 - Gold and Silver Ore Mining	6,395	15,722	19%	5%	-13%
33641 - Aerospace Product and Parts Manufacturing	11,728	12,221	3%	8%	0%
33141 - Non-Ferrous Metal (except Aluminum) Smelting and Refining	11,452	11,372	0%	1%	-4%
32111 - Sawmills and Wood Preservation	7,935	7,001	-21%	13%	8%
33131 - Alumina and Aluminum Production and Processing	9,176	7,793	-6%	1%	1%
32521 - Resin and Synthetic Rubber Manufacturing	6,552	6,673	-9%	9%	2%
32211 - Pulp Mills	6,403	6,923	-5%	1%	-1%
31161 - Animal Slaughtering and Processing	4,930	5,736	-4%	7%	1%
33361 - Engine, Turbine and Power Transmission Equipment Manufacturing	4,871	5,118	0%	6%	0%
33111 - Iron and Steel Mills and Ferro-Alloy Manufacturing	4,924	5,304	-4%	2%	-2%
33451 - Navigational, Measuring, Medical and Control Instruments Manufacturing	4,115	4,313	1%	6%	0%
32619 - Other Plastic Product Manufacturing	4,660	3,957	-13%	6%	5%
32519 - Other Basic Organic Chemical Manufacturing	3,111	3,608	-7%	9%	1%
21223 - Copper, Nickel, Lead and Zinc Ore Mining	1,983	3,348	6%	16%	-6%

4. Canadian Imports – Canada - World – Top Industries (NAICS code) – Value in Millions of Canadian Dollars – 2005-2014

Industries	Annual Average		CAGR		
	2005-2009	2010-2014	2005-2009	2010-2014	2005-2014
33611 - Automobile and Light-Duty Motor Vehicle Manufacturing	29,740	33,648	-4%	7%	0%
21111 - Oil and Gas Extraction	28,331	30,991	-1%	2%	-1%
32411 - Petroleum Refineries	7,754	16,154	5%	19%	-5%
32541 - Pharmaceutical and Medicine Manufacturing	12,192	13,910	10%	4%	-3%
33641 - Aerospace Product and Parts Manufacturing	9,925	10,027	2%	10%	1%
33411 - Computer and Peripheral Equipment Manufacturing	13,030	12,429	-5%	1%	1%
33639 - Other Motor Vehicle Parts Manufacturing	10,462	10,769	-10%	7%	3%
33111 - Iron and Steel Mills and Ferro-Alloy Manufacturing	6,744	8,776	-11%	15%	1%
33451 - Navigational, Measuring, Medical and Control Instruments Manufacturing	7,805	8,828	0%	5%	0%
33361 - Engine, Turbine and Power Transmission Equipment Manufacturing	5,685	6,585	-4%	11%	1%
32521 - Resin and Synthetic Rubber Manufacturing	6,163	6,890	-7%	7%	1%
33631 - Motor Vehicle Gasoline Engine and Engine Parts Manufacturing	7,732	7,052	-11%	1%	2%
33531 - Electrical Equipment Manufacturing	4,700	5,761	1%	10%	-1%
33422 - Radio and Television Broadcasting and Wireless Communications Equipment Manufacturing	3,774	5,879	1%	9%	-3%
33312 - Construction Machinery Manufacturing	5,242	6,367	-5%	8%	0%
32519 - Other Basic Organic Chemical Manufacturing	6,192	5,878	-4%	4%	1%
33612 - Heavy-Duty Truck Manufacturing	4,266	5,438	-14%	10%	2%
33911 - Medical Equipment and Supplies Manufacturing	3,975	5,165	7%	7%	-3%
33341 - Ventilation, Heating, Air-Conditioning and Commercial Refrigeration Equipment Manufacturing	4,129	4,706	-2%	8%	0%
33329 - Other Industrial Machinery Manufacturing	3,989	4,862	4%	7%	-2%
33635 - Motor Vehicle Transmission and Power Train Parts Manufacturing	5,913	5,561	-13%	0%	3%
32619 - Other Plastic Product Manufacturing	3,405	4,233	2%	8%	-2%
33311 - Agricultural Implement Manufacturing	2,916	4,369	8%	9%	-3%

Source: E&B DATA from Industry Canada data