I. ECONOMIC ENVIRONMENT

(1) MAIN FEATURES OF THE ECONOMY

1. Canada is rich in natural resources, including timber, oil, gas, minerals, and ores. Economic activity is relatively diversified, with the GDP share of services on an upward trend and that of manufacturing on a downward path (Table I.1). Despite their comparatively modest contributions to GDP, agriculture and mining remain important drivers of Canadian exports. Canada's economy is outward oriented, with aggregate two-way commercial flows representing about 60% of GDP even amid the recent global recession. The United States accounts for a considerable share of Canada's trade in goods and services.

Table I.1
Selected macroeconomic indicators, 2005-10

	2005	2006	2007	2008	2009	2010
Miscellaneous						
Population growth (%)	0.95	1.03	1.09	1.17	1.21	1.15
GDP at market prices (Can$ billion, current prices)[a]	1,373.8	1,450.4	1,529.6	1,599.6	1,527.3	1,621.5
GDP per capita (Can$, current prices)	42,606	44,524	46,450	48,013	45,292	47,540
Real GDP (% change)	3.0	2.8	2.2	0.5	-2.5	3.1
Employment (% change)	1.3	1.8	2.4	1.7	-1.6	1.4
Unemployment rate (% of labour force)	6.8	6.3	6.0	6.2	8.3	8.0
Business sector labour productivity (% change)	2.4	1.2	0.0	-0.9	0.3	..
Sectoral distribution of GDP[b]			**(%)**			
Agriculture, forestry, fishing, and hunting	2.5	2.3	2.3	2.3	2.2	..
Mining, oil and gas extraction	4.8	4.8	4.7	4.6	4.3	..
of which: oil and gas extraction	3.5	3.5	3.5	3.3	3.3	..
Manufacturing sector	16.2	15.6	14.9	13.9	12.7	..
Services	74.0	74.8	75.5	76.7	78.4	..
Construction industries	5.8	5.8	5.9	6.2	5.8	..
Wholesale and retail trade	11.1	11.4	11.6	11.7	11.7	..
Transport and warehousing	4.8	4.8	4.7	4.7	4.7	..
Finance and insurance	6.1	6.4	6.5	6.6	6.8	..
Real estate and business services	13.1	13.1	13.3	13.4	14.2	..
Other services	33.1	33.3	33.5	34.1	35.3	..
Government finance			**(% of GDP)**			
Revenue[c]	16.2	16.3	15.8	14.6	14.3	..
Tax revenue[c]	13.5	13.7	13.3	12.0	11.8	..
Expenditure[c]	12.8	13.0	13.0	13.0	16.0	..
Federal fiscal balance[c]	1.0	0.9	0.6	-0.4	-3.6	..
Provincial fiscal balance (aggregate)[c]	1.0	1.1	0.7	-0.1	-1.8	..
Federal debt (Can$ billion)	481.5	467.3	457.6	463.7	519.1	564.5
General government gross external debt (Can$ billion)	161.2	167.9	145.3	172.7	215.5	266.9
National accounts			**(% change)**			
Personal expenditure on consumer goods and services	3.8	4.5	4.9	3.2	0.4	..
Government expenditure on goods and services	1.5	3.1	2.8	4.0	3.5	..
Government gross fixed capital formation	11.8	7.3	7.0	5.8	13.0	..
Government investment in inventories	20.0	-237.5	142.4	78.6	-108.0	..
Business gross fixed capital formation	9.7	8.0	3.5	0.9	-16.4	..

Table I.1 (cont'd)

	2005	2006	2007	2008	2009	2010
Business investment in inventories	92.0	-21.5	-12.5	-80.3	-762.0	..
Exports of goods and services	2.1	0.6	1.3	-6.7	-15.3	..
Imports of goods and services	7.4	5.6	6.2	0.7	-15.1	..
Monetary aggregates[d]			**(% change)**			
M1+	6.9	8.2	9.0	9.0	13.2	11.8
M1++	7.6	7.6	9.1	9.8	17.6	13.0
Prices and interest rates			**(end of period)**			
CPI (% change)	2.2	2	2.2	2.3	0.3	1.8
Core CPI[e] (% change)	1.6	1.9	2.1	1.7	1.8	1.7
Overnight rate (policy instrument) (%)	2.7	4.0	4.3	3.0	0.4	0.6
90-day commercial paper (%)	2.8	4.2	4.6	3.2	0.6	0.8
Exchange rate			**(Annual average)**			
Canadian dollar effective exchange rate index (CERI)[f]	101.0	107.9	113.2	112.5	106.1	116.9
Real effective exchange rate (consumer prices, 2005=100)	100.0	105.3	105.8	100.7	96.8	..
Real effective exchange rate (unit labour cost, 2005=100)	100.0	107.9	114.4	116.0	109.2	..
Can$ per US$	1.21	1.13	1.07	1.07	1.14	..
Memorandum						
Current account balance (% of GDP)	1.9	1.4	0.8	0.4	-2.8	-3.1
Federal debt (% of GDP)	35.0	32.2	29.9	29.0	34.0	34.0
General government external debt/XGS (%)	31.9	31.3	28.9	28.5	46.7	56.2
Gross official reserves (Can$ billion)	38.0	41.0	40.6	51.4	56.0	..
Gross official reserves (months of imports)	1.0	1.0	1.0	1.1	1.4	..
Trade in goods and services (% of GDP)	71.9	69.8	68.0	69.0	59.1	60.7
Terms of trade (Laspeyres price index)	113.4	113.9	117.4	119.6	109.4	114.4

.. Not available.

a Seasonally adjusted, annual average GDP values.
b North American Industry Classification System (NAICS), 2002; shares are based on GDP in chained 2002 dollars.
c Fiscal year ends on 31 March.
d M1+ is currency outside banks plus personal cheque accounts plus current accounts plus some adjustments to M1; M1++ is M1+ plus non-chequable notice deposits held at chartered banks, trust and mortgage loan companies, and credit unions/caisses populaires less interbank non-chequable notice deposits plus continuity adjustments.
e Excluding eight most volatile items and indirect taxes.
f The Canadian-dollar effective exchange rate index (CERI) is a weighted average of bilateral exchange rates for the Canadian dollar against the U.S. dollar, the euro, the Japanese yen, the U.K. pound, the Chinese yuan, and the Mexican peso. The CERI replaced the C-6 index in October 2006.

Source: Statistics Canada; IMF, *World Economic Outlook*, October 2010; Bank of Canada, "Banking and Financial Statistics", December 2010, and other online information. Viewed at: http://www.bankofcanada.ca/en/graphs/a1-table.htm, and http://www.bank-banque-canada.ca/pdf/wfs.pdf; Department of Finance (2006), Fiscal Reference Tables. Viewed at: http://www.fin.gc.ca/frt-trf/2010/frt-trf-10-eng.asp.

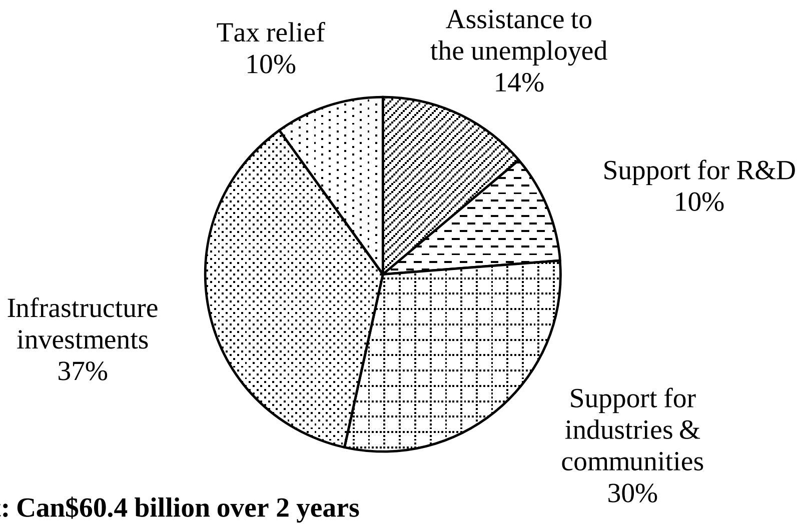
2. Despite the progress made by Canada since its last review, internal barriers to the establishment of a single domestic market remain (Chapter II(1)). Canada has yet to streamline certain federal and sub-federal regulatory regimes, including those governing environmental assessments and securities markets, and to complete the harmonization of consumption and corporate taxes. Moreover, a number of industries remain sheltered from Canadian competition law (Chapter III(4)(iv)).

3. Canada still lags behind other advanced economies in terms of productivity, mainly due to its insufficient capital deepening and lacklustre innovation performance.[1] The Canadian authorities are aware of this issue and have been implementing a range of measures aimed at creating a more dynamic business environment.

(2) ECONOMIC DEVELOPMENTS

4. The Canadian economy expanded through 2007, but succumbed to the impact of the global crisis and contracted between the 4th quarter of 2008 and mid-2009, as external demand waned. Nevertheless, Canada's strong macroeconomic fundamentals, coupled with a large stimulus package[2] under the Economic Action Plan (Chart I.1), have enabled it to weather the global recession relatively well, outperforming its G-7 peers on the path to recovery. It has refrained from enhancing the level of protection of its domestic production.

Chart I.1
Canada's Economic Action Plan, 2009-11



Total commitment: Can$60.4 billion over 2 years
(excluding Can$200 billion to Canada’s financial system)

Source: WTO Secretariat, based on information provided by the Canadian authorities.

5. By June 2010, Canada had virtually recovered the losses in real output and employment experienced during the recession (Table I.1). Real output and employment have continued to expand since then, however the recovery remains fragile. Although the unemployment rate has declined somewhat, it has not returned to pre-crisis levels. The Government extended, to 31 October 2011, the

[1] Canadian expenditure on research and development has not kept apace with economic growth; its share of GDP declined from 2.1% in 2004 to 1.8% in 2008, falling short of the G-7 level (2.2%) for that year. Canada's track record was particularly poor with respect to patent filings and incentives for private-sector investment in innovative activities (OECD, 2009).

[2] According to IMF estimates, at about 4% of Canada's 2009 GDP, combined federal and provincial stimulus funding for the years 2009 and 2010 is one of the largest among advanced economies. The assessment takes into account phased-in measures announced in the 2007 Economic Statement and commitments under the 2009 Economic Action Plan, but excludes support to the automobile industry of around 0.9% of GDP (IMF, 2010).

completion deadline of four infrastructure programmes (under the Economic Action Plan) that were at risk of not being completed on 31 March 2011. This also extends construction activity and the associated economic benefits through to the autumn of 2011. While Canada's targeted response to the crisis has prevented a sharp contraction in household spending, public expenditure was the only component of aggregate demand that grew steadily throughout the review period (Table I.1).

6. The latest Bank of Canada and IMF estimates converge on 3% GDP growth in 2010, which would slow to around 2.3% in 2011; no major inflationary pressures are expected in the near term. External demand, particularly in the United States, is likely to be the key determinant of Canada's short-term growth prospects, as domestic growth in consumption spending weakens with the imminent phasing out of temporary stimulus measures. In response to its competitiveness challenges, Canada stays the course of its long-term economic plan, Advantage Canada, including its international component aimed at increasing Canadian participation in global value chains (Chapter II(1)).

7. Canada posted a deficit in the current account of the balance of payments in 2009, contrasting with the surpluses recorded in 2006-08, but in line with their steady narrowing (Table I.2). The surplus decreased from some 1.4% of GDP in 2006 to 0.4% in 2008; continued deterioration resulted in a deficit of 2.8% in 2009 and 3.1% in 2010. While the trade-in-goods balance mirrored that trend, showing a deficit only in 2009 and 2010, the services balance was in deficit throughout the review period. The financial account balance improved steadily and even crossed into surplus in 2009 and 2010, as growing confidence in Canada's stable financial system triggered a surge in portfolio investment inflows. The capital account continued to post a surplus in 2006-09.

8. Canada maintains a freely floating exchange rate system with no restrictions on currency conversion and transfers for current international transactions. Save for a brief depreciation during the crisis, the Canadian dollar remained strong throughout the review period, both against the U.S. dollar and in real effective terms (Table I.1). Although recent IMF estimates do not point to a significant overvaluation[3], the national currency's persistent strength has restrained growth, exposing Canada's poor productivity performance. The Bank of Canada has not sought to influence the exchange rate; under its statute, an intervention may only occur for security reasons, or to maintain orderly conditions in the exchange market. During the review period, it has continued to conduct monetary policy, primarily by adjusting the overnight interest rate, with a view to stabilizing inflation at around 2%, with expectations well within the 1-3% control range.

Table I.2
Canada's balance of international payments, 2005-10
(Can$ million)

	2005	2006	2007	2008	2009	2010
Current account balance	25,902	20,491	12,772	6,918	-43,524	-49,976
Balance on goods, services and income	27,400	21,951	14,779	7,503	-41,376	-47,538
Balance on goods and services	50,317	35,472	28,648	23,924	-27,231	-31,875
Merchandise trade balance	62,372	49,607	47,437	46,243	-4,568	-8,567
Exports	450,210	453,952	463,120	489,995	369,529	404,543
Imports	387,838	404,345	415,683	443,752	374,097	413,110
Balance on services	-12,055	-14,135	-18,789	-22,319	-22,663	-23,308
Credit	67,599	68,386	69,804	72,113	67,144	70,090
Debit	79,654	82,521	88,593	94,432	89,807	93,398
Transportation (net)	-5,760	-6,647	-7,957	-10,085	-9,537	-10,128
Travel (net)	-5,191	-6,858	-9,933	-12,085	-12,172	-14,119
Other services (net)	-1,104	-629	-901	-149	-954	938

Table I.2 (cont'd)

[3] IMF (2010).

	2005	2006	2007	2008	2009	2010
Balance on investment income	-22,917	-13,521	-13,869	-16,421	-14,145	-15,663
Credit	49,768	66,528	76,931	71,881	57,378	61,430
Debit	72,685	80,049	90,800	88,302	71,523	77,093
Balance on current transfers	-1,498	-1,460	-2,007	-585	-2,148	-2,438
Credit	8,035	9,563	9,497	10,574	8,622	8,715
Debit	9,533	11,023	11,504	11,159	10,770	11,153
Balance on capital account	5,905	4,201	4,233	4,650	3,968	4,752
Credit	6,612	4,903	4,996	5,397	5,249	5,452
Debit	-707	-702	-763	-747	-1,281	-700
Balance on financial account[a]	-29,255	-26,970	-18,907	-7,073	39,960	50,795
Direct investment abroad	-33,370	-52,423	-62,003	-86,214	-44,389	-38,016
Direct investment in Canada	31,132	68,395	123,148	58,975	21,327	22,477
Portfolio investment abroad	-53,455	-78,668	-48,426	13,653	-8,667	-12,783
Portfolio investment in Canada	13,136	31,089	-31,096	29,797	110,865	116,239
Other investment (net)	13,302	4,637	-530	-23,284	-39,176	-37,122
Net errors and omissions	-2,552	2,278	1,902	-4,495	-404	-5,571

a A minus sign denotes an outflow of capital resulting from an increase in claims on non-residents or a decrease in liabilities to non-residents.

Source: Statistics Canada online information. Viewed at: http://www40.statcan.gc.ca/l01/cst01/econ01a-eng.htm; and http://www40.statcan.gc.ca/l01/cst01/econ01b-eng.htm?sdi=capital%20account.

9. Canada's prudent fiscal policy continued to translate into federal budget surpluses through FY2007/08; by and large, fiscal discipline was also maintained at the provincial level, with a combined surplus (after debt repayments) following closely the federal trend (Table I.1). The economic downturn, coupled with Canada's substantial stimulus response, triggered deficits in both the federal and the overall sub-federal fiscal balances in the following fiscal year.[4] Federal debt has been on the rise since 2008; nevertheless, at about 34% of GDP in 2009/10, it remains low by international comparison.

10. Canada has made progress in reforming its tax base with a view to easing the burden on individuals, families, and businesses (Table I.3). Tax relief measures implemented at the federal level since 2006, including those under the Economic Action Plan, are valued at Can$220 billion over 2008/09-2013/14; approximately 70% would benefit Canadian families and individuals, while the remaining 30% would ease the financial pressure on businesses.[5] Business tax reductions since 2000 have not eliminated the preferential treatment of Canadian-controlled private corporations (Chapter III(4)(1)).

11. According to the authorities, the implementation of federal and provincial tax reform commitments made since 2006 would nearly halve Canada's marginal effective tax rate (from 33% to 16.8%) on new business investment by 2012; significant variations would remain across provinces (Chart I.2). The provinces of Manitoba, Saskatchewan, and Prince Edward Island continue to levy retail sales taxes that are not harmonized with the federal Goods and Services Tax.

[4] The federal deficit is projected to narrow significantly (to Can$17.5 billion) in 2012/13, as temporary measures under the Economic Action Plan expire.

[5] Government of Canada (2010).

Table I.3
Major measures affecting Canada's tax base, 2006-10

Action	Entry into force	Expiry
Individuals and families		
Lowered the Goods and Services Tax (GST) rate by 2 percentage points, while keeping the GST Credit unchanged	July 2006	n.a.
Introduced a general-purpose Tax-Free Savings Account	2008	n.a.
Increased the tax credit for low-income seniors by Can$1,000	2009	..
Introduced a temporary Home Renovation Tax Credit; about 4.6 million Canadian families benefited from up to Can$1,350 in tax relief	2009	.
Reduced the lowest personal income tax rate from 16% to 15%	..	n.a.
Raised the minimum threshold for federal income tax and the upper bounds of the two lowest income tax brackets	..	..
Doubled the Working Income Tax Benefit (originally introduced in 2007)	..	..
Raised maximum income thresholds under the National Child Benefit supplement for low-income families and the Canada Child Tax Benefit	..	..
Introduced a tax credit of up to Can$750 and greater flexibility in drawing upon savings under a Registered Retirement Savings Plan for first-time home buyers	..	..
Businesses		
Eliminated the federal capital tax	2006	n.a.
Renew the temporary Mineral Exploration Tax Credit (2006, 2007, 2008, 2009, 2010)	May 2006	March 2011
Expanded eligible assets for accelerated capital cost allowance for clean energy generation equipment (Class 43.2) (2006, 2007, 2008, 2010)	Various	December 2019
Introduced and extend a 50% straight-line, accelerated capital cost allowance rate for investments in manufacturing or processing machinery and equipment (2007, 2008 and 2009)	2007	2012
Increased the amount of income eligible for the lower tax rate applied to Canadian-controlled private corporations (from Can$300,000 to Can$400,000 in 2007 and Can$500,000 in 2009)	2007	n.a.
Provided a temporary financial incentive to provinces to eliminate their general capital taxes and to eliminate or replace their capital taxes on financial institutions with a minimum tax. All provincial general capital taxes will be eliminated by 2012.	2007	2010
Phased out accelerated capital cost allowance for oil sands projects	2007	n.a.
Adjust capital cost allowance rates for a number of assets to better reflect their useful life	2007, 2008	n.a.
Gradually lower the federal general corporate income tax rate from 21% in 2006 to 15% in 2012	2008	n.a.
Reduce the small business tax rate applied to Canadian-controlled private corporations from 12% to 11%	2008	n.a.
Eliminate the corporate surtax for all corporations	2008	n.a.
Introduce a 100% capital cost allowance rate for purchased computers	February 2009	February 2010

.. Not available.
n.a. Not applicable.

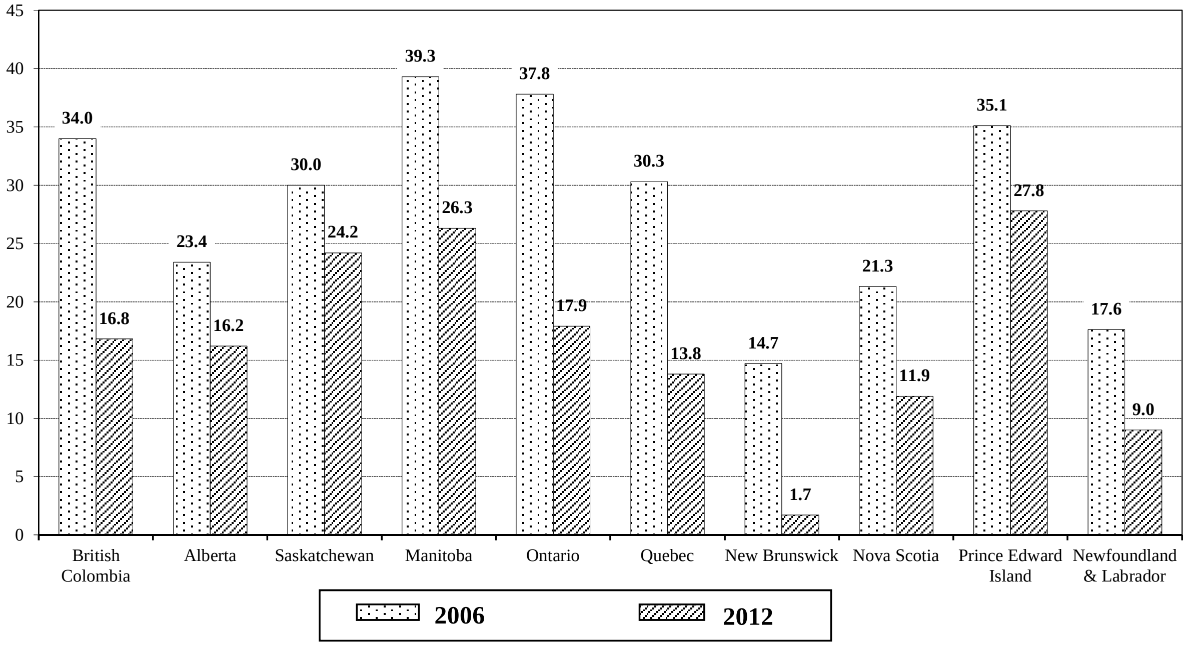
Source: WTO Secretariat, based on information provided by the Canadian authorities.

12. Overall, the Canadian Government remains determined to balance the federal budget by FY2015/16 with a view to reducing Canada's (still moderate) debt-to-GDP ratio. Measures to curb spending growth focus on, *inter alia*, containing national defence outlays, capping international assistance, and freezing operational budgets in the public administration. A return to balanced budgets over the medium term, albeit at different paces, is also planned at the sub-federal level. Canada's modest imbalances, coupled with a strong track record in ensuring fiscal prudence, should enable it to prepare for the long-run budgetary impact of population ageing and escalating health-care outlays.

13. Recently initiated tax reforms and infrastructure upgrades are expected to improve the business environment. Nevertheless, economic performance would continue to be undermined by domestic market fragmentation. For example, although its financial system has demonstrated

remarkable stability amid the global crisis, Canada is the only OECD country that still lacks a nation-wide approach to securities regulation Chapter IV(6)(vii)).

Chart I.2
Canadian provinces' tax rates on new business investment, 2006-12[a]



a Change in the marginal effective tax rate upon implementation of federal and provincial commitments made between 2006 and January 2011 (excludes resources and financial sectors and tax provisions related to research and development).

Source: WTO Secretariat, based on information provided by the Canadian authorities.

(3) TRADE AND INVESTMENT PATTERNS

14. Between 2006 and 2010 the ratio of total trade in goods and services to GDP decreased from 69.8% to 60.7%; a significant portion of the decline can be attributed to the global economic slowdown. Canada's total merchandise trade grew at a nominal average annual rate of 3.7% between 2006 and 2008, contracted by 20.4% in 2009 as the global recession deepened, and rebounded by 10% in 2010. Total services trade mirrored that trend, although its contraction (5.8%) in 2009 and rebound (4.2%) in 2010 were more modest. Merchandise exports grew at an average annual rate of 2.9% in 2006-08, shrunk by 24.6% (year-on-year) in 2009, and expanded by 9.5% (year-on-year) in 2010. At the same time, merchandise imports expanded faster (4.6%) through 2008, contracted less (15.7%) in 2009 and had a stronger rebound (10.4%) in the following year. The corresponding average annual growth, and year-on-year contraction and recovery figures for services were respectively 2.2%, -6.9% and 4.4% (for exports), and 5.8%, -4.9% and 4.0% (for imports).

15. In 2010, Canadian merchandise exports were short of their 2006 value by 9.5%, having fallen by some 18.3% of that amount in the preceding year; all major product groups were affected. The composition of exports has not changed significantly since Canada's last Review, as the global economic downturn triggered a reversal of several emerging trends. Fuels accounted for some 28% of total exports in 2008, up from 20% in 2006. However, by 2009 their share was closer to the 2006

level (Table AI.1). By and large, the value of fuel exports mirrored world price developments, although volumes, particularly of coal, also registered a slight decline before rebounding sharply in 2010. Mining products accounted for 35% of total exports in 2008, before declining, driven by drops in both export prices and volumes; nevertheless, they remained the most important export category, followed by machinery and transport equipment. The share of manufactures declined from 53% to 47% of Canada's exports between 2006 and 2008, but rose in 2010; the improvement was largely driven by machinery and equipment exports, notwithstanding their decline in absolute terms. The share of agricultural products, which was around 13.5% of total exports in 2010, up from 10.5% in 2006.

16. In 2010, the value of merchandise imports exceeded its 2006 level (Table AI.2) by 1.4%, fully recovering the 8% drop experienced in 2009 relative to the beginning of the review period. Although the share of manufactures has fluctuated somewhat, it still accounted for some 75% of Canada's total imports in 2010. Likewise, notwithstanding some ebb and flow in 2006-10, at 41.1% of total imports, machinery and transport equipment remained the most important category. The share of agricultural imports expanded gradually during that period, reaching 8.2%. The shares of fuel and mining imports were driven by the same price fluctuations as the respective shares of total exports, and followed a similar pattern.

17. Bilateral merchandise flows between Canada and most of its major trading partners increased in nominal terms during 2006-08, but dropped sharply in 2009 and, in most cases, did not fully recover in 2010. Commercial exchanges with the United States registered the largest contractions, in both directions, whereas those with China expanded the most. Exports to India, Turkey, and the United Arab Emirates remained well above their 2006 levels. The value of imports from the Commonwealth of Independent States, Peru, and Switzerland also rose between 2006 and 2010.

18. The United States remained Canada's main destination and supplier of merchandise throughout 2006-10 (Tables AI.3 and AI.4). However, its relative weight in aggregate Canadian exports decreased by 6.5 percentage points and its share of total imports by 4.5 percentage points. During the same period, shipments to China and the EU continued to intensify, expanding their shares of total exports by 1.5 and 2 percentage points respectively. While the comparative importance of the EU as a supplier remained stable at around 12%, China's relative weight in Canadian imports increased from 8.7% to 11%.

19. As at the time of its previous TPR, Canada remains a net importer of services; the overall deficit widened by some 65% over 2006-10, to Can$23.3 billion. The main contribution to the negative balance was personal travel (Table AI.5). Having registered deficits in management services from 2004 through 2006, Canada posted comparatively modest surpluses in the four subsequent years. It continued to be a net exporter of land transport, research and development, communication, information technology, architectural, engineering and other technical services.

20. Canada's services trade has continued to diversify away from the United States, albeit at a very modest pace. In 2009, the United States accounted for 52.7% of Canadian services exports and 55.6% of imports (Tables AI.6 and AI.7). The EU has maintained a fairly stable share in both aggregate exports and imports and while the relative weight of Central and East Asia in Canadian services imports remained unchanged, its share of total exports declined somewhat in 2006-08.

21. Canadian investment abroad outpaced inward foreign investment in 2006-08; this trend was reversed in 2009, largely as a result of Canada's remarkable stability amid the turbulence in financial markets worldwide. Accordingly, inflows of foreign capital have shifted from direct to portfolio investment and have been predominantly in government and corporate securities. Despite certain

steps towards liberalizing inward foreign direct investment (FDI), the latter remains subject to notification and review requirements, including for national security reasons (Chapter II); Canada's lower productivity performance relative to the United States may also explain the decline in FDI.

22. The stock of FDI in Canada totalled some Can$549.4 billion in 2009.[6] As at the time of Canada's previous review, the largest shares of FDI stock were concentrated in energy and metallic minerals (36.2%), and in financial services (19.8%). In 2006-09, FDI inflows totalled Can$271.8 billion; energy and metallic minerals accounted for some 59.6%, followed by financial services (8.1%) and "other services and retailing" (7.9%).[7] The United States remains the leading investor, accounting for 52.5% of Canadian FDI stock in 2009 and 37.9% of total inflows during the review period. The respective figures for the second largest source of inward direct investment, the EU, were 29.8% and 34.2%, with a considerable portion of each share attributable to the United Kingdom. Investors from other OECD countries held 5.6% of Canada's stock of FDI in 2009 and accounted for 5.9% of total inward direct investment in 2006-09.

23. The United States remains Canada's main outward FDI destination, with 49.1% of aggregate outflows in 2006-09, followed by the EU (16.5%). These two destinations also accounted for most of the stock of Canadian direct investment abroad, accounting for 44% and 25% respectively in 2009. While Canadian portfolio investment in foreign bonds declined sharply during the global crisis, outward investment in stocks remained strong and predominantly concentrated in the United States.

[6] Statistics Canada online information. Viewed at: http://www.statcan.gc.ca/pub/67-202-x/2010003/t010-eng.htm.

[7] Statistics Canada online information. Viewed at: http://www.statcan.gc.ca/pub/67-001-x/2010003/t061-eng.htm.