

CHINA → CANADA INVESTMENT TRACKER
YEAR END REVIEW 2018: CHINESE INVESTMENT IN CANADA

China Institute at University of Alberta

Overview: Chinese Investment in 2018

Chinese global foreign direct investment (FDI) declined in 2018 for the first time after six consecutive years of mostly double digit growth. According to data collected by the American Enterprise Institute (AEI), Chinese global FDI in 2018 decreased by 40% compared to 2017. This decline may partly be explained by the capital outflow restrictions imposed by the Chinese government in November 2016 and August 2017, limiting the outbound flow of Chinese capital. This is exacerbated by the growing uncertainty that shadows U.S.-China trade relations, as well as the increasing scrutiny of Chinese investment by Western governments, which may have deterred new Chinese investment. Despite this drop, China remains a major source for global investment. According to the CIA World Fact book, China ranks fourth for countries by FDI abroad, with a total stock of US\$ 3.1 trillion as of 2017.

Global Chinese Investment, 2014-2018		
Year	Total in Billion U\$	Change from Prior Year
2014	102.9	27%
2015	115	13%
2016	168.4	46%
2017	177.2	5%
2018	105.9	-40%

Source: American Enterprise Institute

Chinese Investment in Canada, 2014-2018		
Year	Total in Billion C\$	Change from Prior Year
2014	3.01	-85%
2015	4.23	41%
2016	7.56	79%
2017	8.35	11%
2018	4.43	-47%

Source: CIUA Investment Tracker

According to data collected by the China Institute University of Alberta (CIUA) Investment Tracker, the flow of Chinese investment into Canada declined by 47% from C\$8.35 billion in 2017 to C\$4.43 billion in 2018. This decline can be partially explained as a consequence of the capital outflow restrictions, imposed by Beijing in 2016 and 2017. The number of new transactions declined by 37%, from 111 in 2017 to 70 in 2018.

Chinese Investment in Canada by Sector

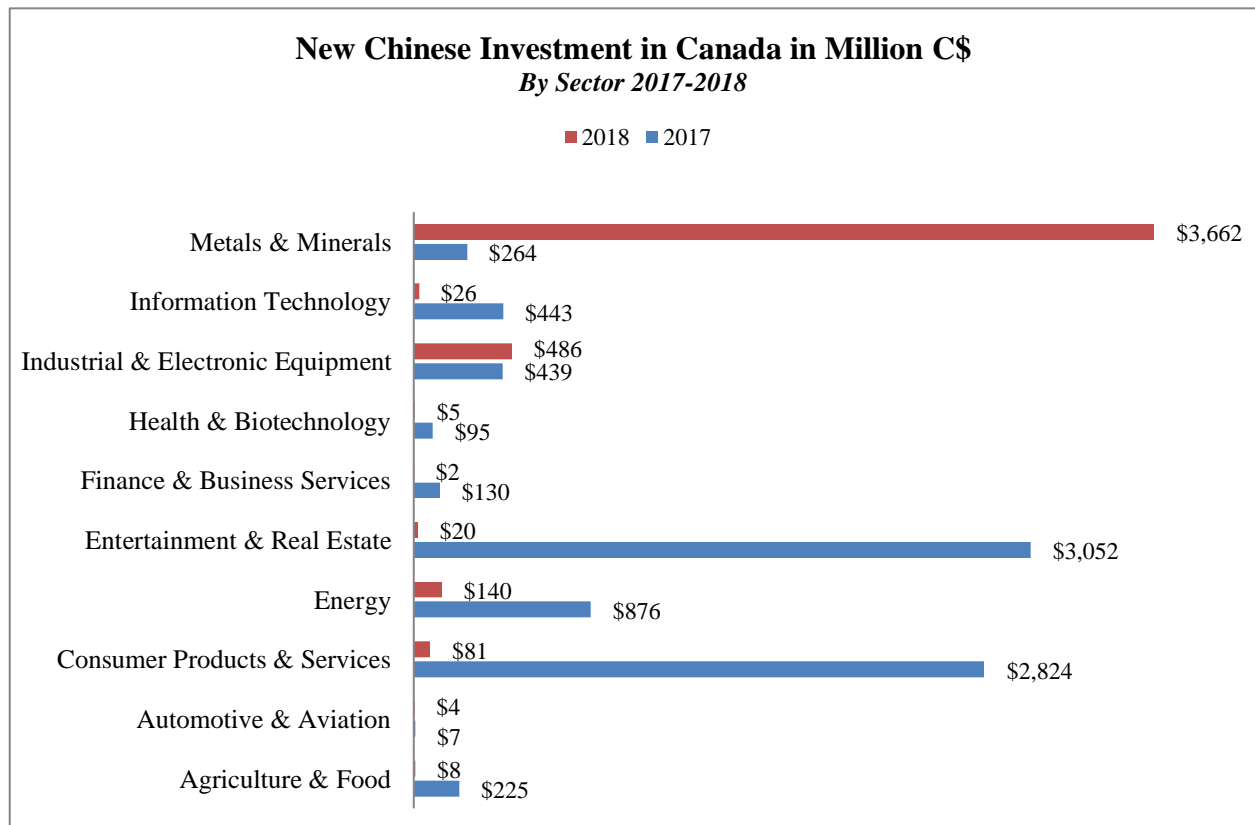
In 2018, new investment *increased* in a number of sectors:

1. **Metals & Minerals:** Investment increased by nearly 1300%, from C\$264 million in 2017 to C\$3.7 billion in 2018. This is the largest investment ever-recorded in this sector.
2. **Industrial & Electronic Equipment:** Investment increased by 11%, from C\$439 million in 2017 to C\$486 million in 2018.

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In 2018, new investment *decreased* in a number of sectors:

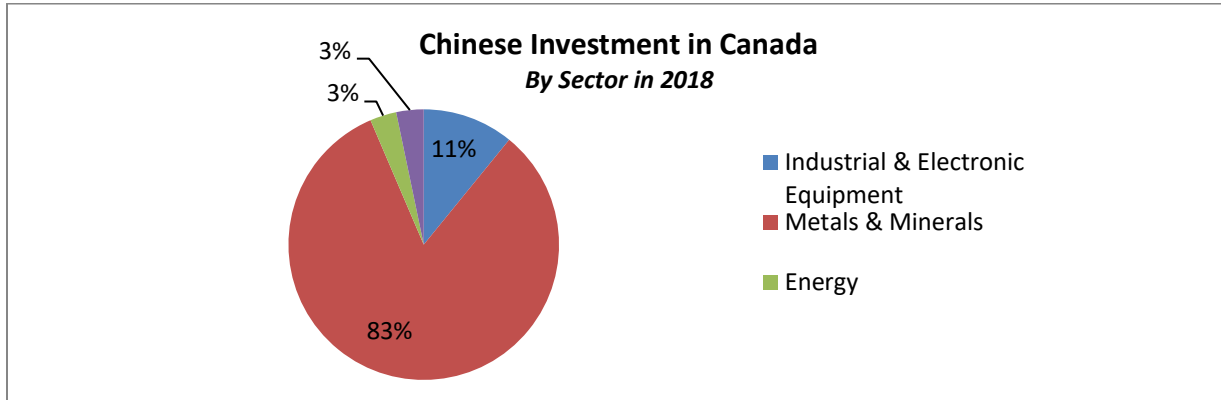
1. **Information Technology:** Investment decreased by 94%, from C\$443 million in 2017 to C\$26 million in 2018.
2. **Health & Biotechnology:** Investment decreased by 95%, from C\$95 million in 2017 to C\$5 million in 2018.
3. **Finance & Business Services:** Investment decreased by 98%, from C\$130 million in 2017 to C\$2 million in 2018.
4. **Entertainment & Real Estate:** Investment decreased by 99%, from C\$3 billion in 2017 to C\$20 million in 2018.
5. **Energy:** Investment decreased by 84%, from C\$870 million in 2017 to C\$140 million in 2018.
6. **Consumer Products & Services:** Investment decreased by 97%, from C\$2.8 billion in 2017 to C\$81 million in 2018.
7. **Automotive & Aviation:** Investment decreased by 43%, from C\$7 million in 2017 to C\$4 million in 2018.
8. **Agriculture & Food:** Investment decreased by 96%, from C\$225 million in 2017 to C\$8 million in 2018.



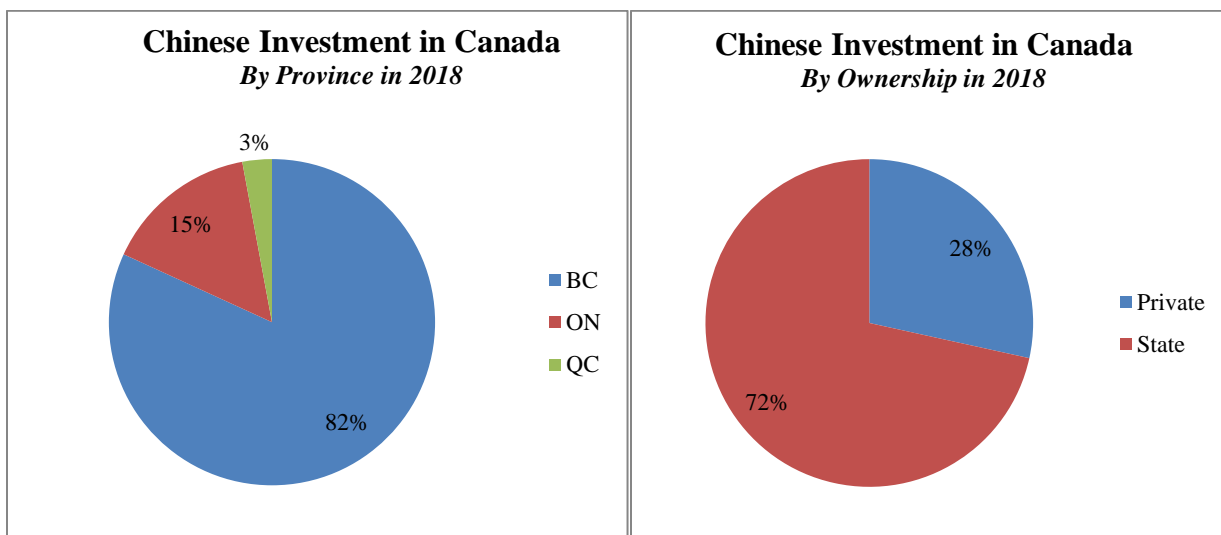
In 2018, Chinese investment into Canada declined in nearly all the sectors that traditionally garnered the most investment, such as energy and entertainment & real estate. Nearly 84% of

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2018's new Chinese FDI targeted the metals & minerals sector. This was followed by 11% in the industrial & electronic equipment sector, 3% in the energy sector and 3% in other sectors.



Chinese Investment in Canada by Province and Ownership



For the first time, British Columbia was the largest recipient of new Chinese investment in Canada, while investment in Alberta totaled less than 1%. Nearly 82% of 2018's total investment was in British Columbia, followed by Ontario [15%] and Quebec [3%].

For the first time since 2013, the majority of investment came from state-owned companies. More specifically, 72% of total Chinese investment in Canada 2018 came from state-owned enterprises, while 28% from private companies.

Disclaimer: This report is produced by the China Institute – University of Alberta. The data used in this report is based on available information as of the date of publication. The numbers presented here may not include newly available data. We invite subscribers to inform us of any investment deals that we might have missed in the report by contacting Nouredin Zaamout at zaamout@ualberta.ca