Canada China Business Council
Conseil d'affaires Canada-Chine
加中贸易理事会

CCBC Headquarters
80 Richmond Street West, Suite 605
Toronto, Ontario
M5H 2A4 Canada

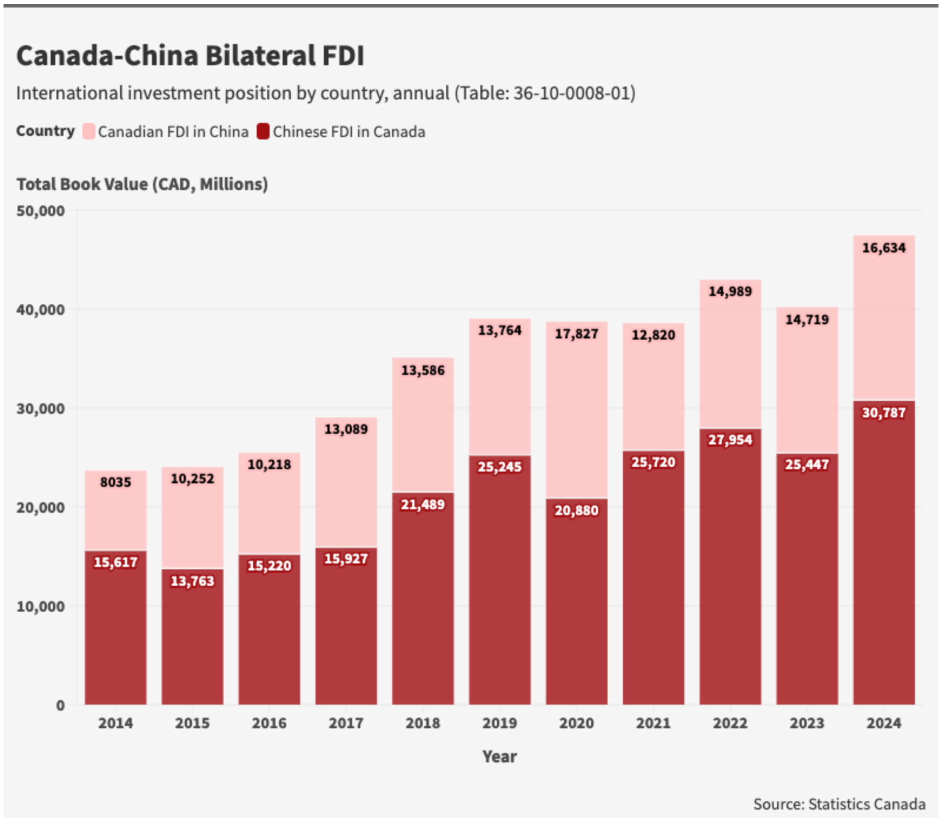
Canada-China Bilateral Foreign Direct Investment Report (2014-2024)

Canada China Business Council (CCBC)
September 2025

Key Takeaways:

- **Investment ties have proven resilient despite persistent headwinds.** Despite capital flow restrictions, geopolitical and trade tensions, and the COVID-19 pandemic, bilateral FDI doubled in both directions in the past decade, with a strong rebound in 2024.
- **Direct investment stock remains high even as flows are slowing.** Canadian pension funds and Crown corporations have largely paused new commitments in China since 2022, while Chinese filings in Canada have fallen to zero in the resource sector. However, both sides still retain sizeable investments in each other's markets.
- **FIRE sectors top resource extraction to dominate Canadian FDI in China.** Finance, insurance, and real estate now account for more than two-thirds of Canada's total FDI stock in China. The resource extraction sector, once dominant, has sharply diminished since 2020, signalling a structural pivot toward services and consumer-driven industries.
- **Chinese FDI in Canada remains resource-heavy but is diversifying.** Oil and gas extraction continues to anchor the portfolio, yet finance and insurance, professional services, and technical sectors have emerged as growing areas of Chinese investor focus.

China remains an important investment partner for Canada, ranking as Canada's third-largest source of foreign direct investment (FDI) and the fourth-largest destination for Canadian outbound FDI within Asia. In 2024, bilateral FDI stock reached CAD 47.4 billion—the highest level in more than a decade and over double the level recorded in 2014. This represents a compound annual growth rate (CAGR) of roughly 7.5% over the past ten years, with 2024 alone posting an 18% year-on-year increase. These figures highlight the resilience of bilateral investment ties despite persistent geopolitical and political headwinds.

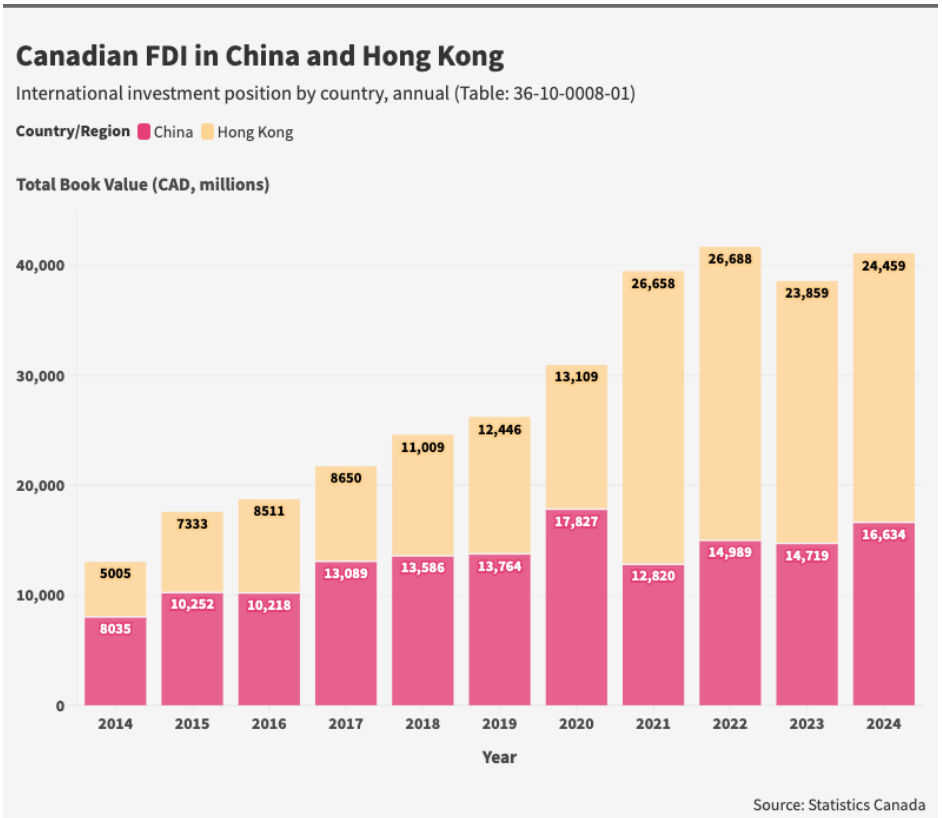


Canadian Investments in China

China continues to remain as a top investment destination for Canada in the Asia Pacific, ranking behind Australia, Hong Kong, and Singapore. In 2024, Canadian overseas direct investment in China totalled CAD 16.6 billion, up 13.0% year on year, representing 10.1% of Canada's total FDI stock in the region. When combined with Hong Kong, Canadian FDI rises to CAD 41.1 billion, accounting for roughly one-quarter of all Canadian FDI in the Asia-Pacific. However, China's global significance to Canadian investors remains limited, accounting for just 0.7% of Canada's worldwide FDI stock, or 1.7% including Hong Kong.

Investment Trends

Despite persistent diplomatic tensions and the exogenous shock of the COVID-19 global pandemic, Canada's investment in China has grown consistently over the past decade. Between 2014 and 2024, Canadian FDI in China more than doubled, recording a CAGR of approximately 7.5%.



Canada's investment in China has generally followed an upward trajectory, punctuated by strong growth in 2015, 2017, and 2020, with increases of 27.6%, 28.1%, and 29.5% respectively. This momentum was interrupted in 2021, when Canadian FDI contracted sharply by 28.1% amid the global pandemic and China's strict virus control policies. Investment began to recover in 2022 with a 16.9% rebound and continued with a 13.0% increase in 2024, reflecting sustained Canadian interest in the Chinese market, albeit at a more moderate pace than in the first half of the decade.

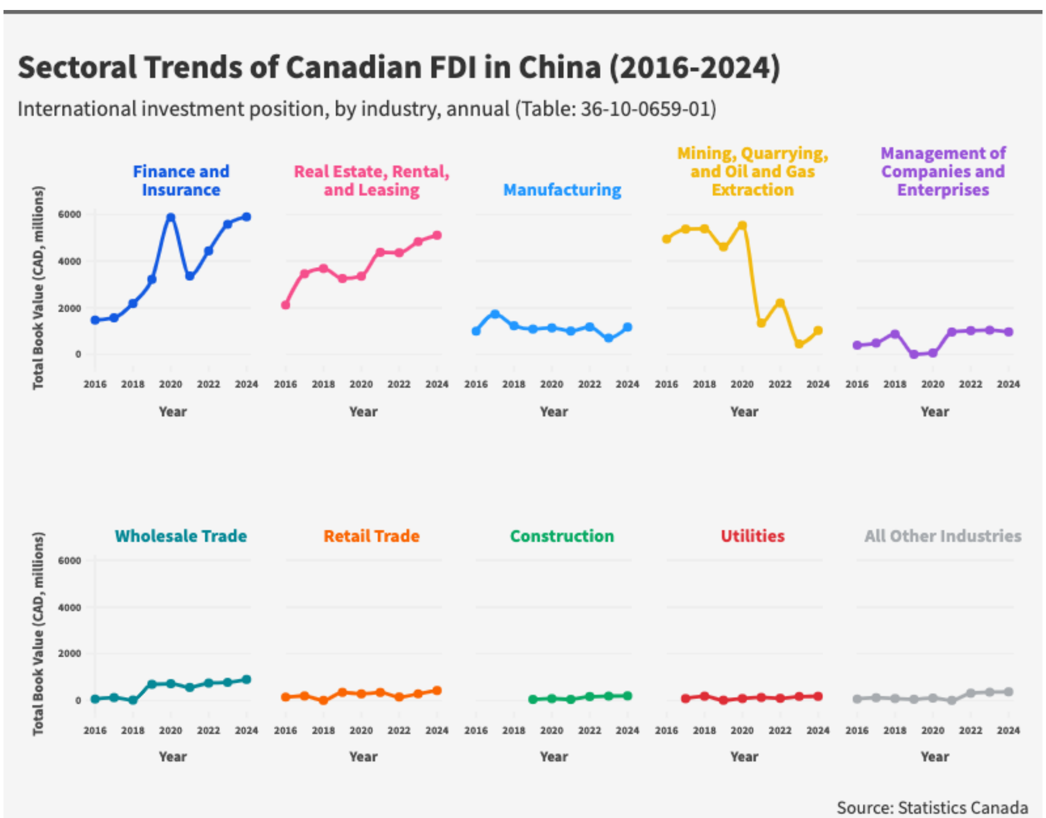
In comparison, Canadian FDI in Hong Kong has grown at a much faster pace. From 2014 to 2024, investment expanded nearly fivefold from CAD 5.0 billion to CAD 24.5 billion, reflecting a CAGR of 17.2%. Since 2021, Canadian FDI in Hong Kong has consistently surpassed that in mainland China, in line with a broader post-pandemic trend of firms channelling foreign investment into China through Hong Kong. Notably, Canadian FDI in Hong Kong's finance and insurance sector jumped from CAD 11.2 billion to CAD 23.6 billion in 2021.

Taken together, Canadian FDI in China and Hong Kong more than tripled over the past decade, growing at a CAGR of 12.2%. This outpaced the 9.9% CAGR for Canadian FDI across Asia/Oceania and exceeded growth in several CPTPP partners, including

Australia (10.3%), New Zealand (10.1%), Malaysia (7.1%), and Japan (-4.1%). However, it lagged South Korea (16.2%), Singapore (21.2%), and India (23.5%).

Sectoral Investment Trends

Over much of the past decade, Canada's FDI in China has exhibited a clear sectoral concentration, with investment increasingly anchored in finance, insurance, and real estate (FIRE). Driven by Canadian financial institutions, including banks, insurance companies, and public pension funds, Canadian investments in these sectors more than tripled from CAD 3.6 billion in 2016 to CAD 11.0 billion in 2024, representing a CAGR of roughly 15.0%. Prior to the pandemic, finance and insurance FDI stocks recorded strong year-on-year gains of 6.6% in 2017, 39.1% in 2018, 47.6% in 2019, and a remarkable 82.5% in 2020, when FDI peaked at an initial high of CAD 5.8 billion. Although the sector experienced a sharp 42.7% contraction in 2021, investment levels have since rebounded, reaching a new high in 2024. In contrast, Canadian investment in China's real estate sector followed a different trajectory. FDI growth was largely stagnant and even declined gradually in the years leading up to the pandemic. However, 2021 marked a turning point with a 30.5% surge, followed by a period of steady, upward growth. Notably, this continued expansion has persisted despite the ongoing downturn in China's domestic property market.



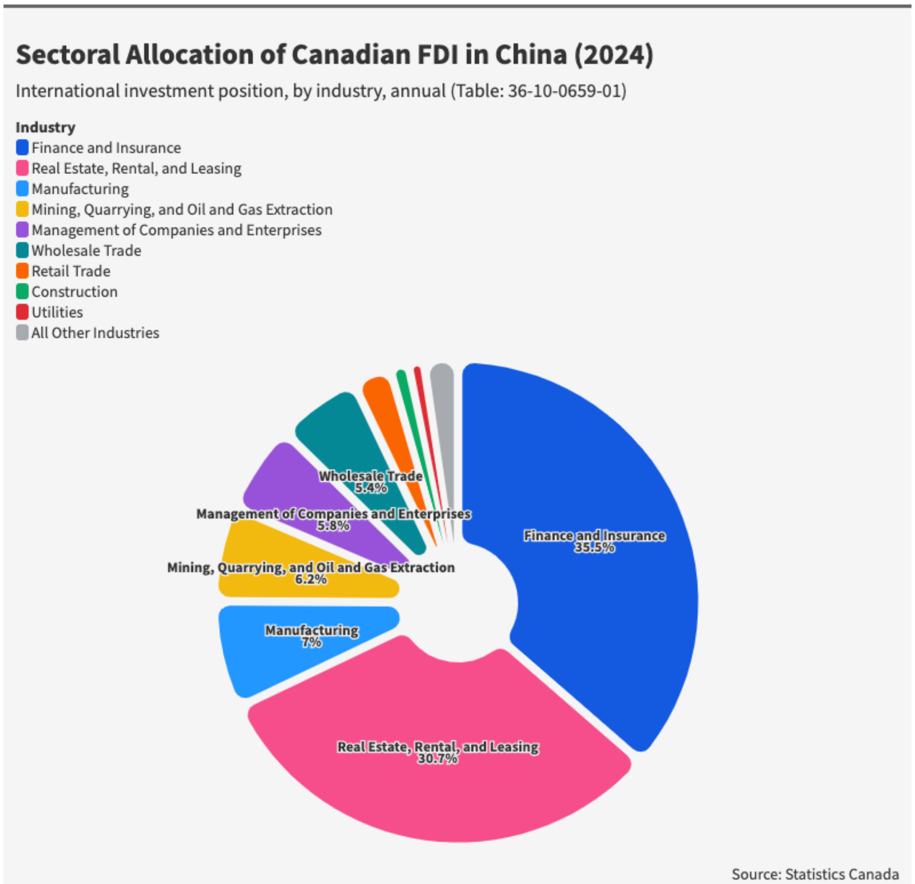
Apart from the FIRE sector, the mining, quarrying, and oil and gas extraction sector in China has historically been a key investment area for Canadian FDI. Between 2016 and 2020, Canadian investment in the sector averaged CAD 5 billion, representing 38.7% of total Canadian FDI stock in China and making it the country's single largest investment area. This trend shifted sharply with the onset of the global pandemic, as FDI in the sector plunged by 75.7%, falling from CAD 5.5 billion in 2020 to CAD 1.3 billion in 2021. As a result, the sector's share of Canada's total FDI stock dropped from 31.0% to just 10.5% over the same period. More broadly, this contraction accounted for 83.6% of the overall decline in Canadian FDI in China that year, underscoring the sector's importance to Canadian investors. This decline was driven primarily by reduced investment in China's oil and gas extraction subsector, which makes up the bulk of Canada's investment in the broader mining, quarrying, and oil and gas extraction industry. FDI in this subsector dropped by 73.6%, from CAD 4.0 billion in 2020 to CAD 1.1 billion in 2021 and contracted further to only CAD 7 million in 2023. By 2024, the subsector showed signs of recovery, rebounding to CAD 552 million. However, the larger mining, quarrying, and oil and gas extraction sector as a whole has since diminished in relative importance, with its share of Canadian FDI falling to levels now comparable to that of the manufacturing and wholesale and retail trade industries.

Manufacturing, while experiencing relatively low growth (CAGR of 2% from 2016 to 2024) maintained a steady presence, accounting for an average of 8% of Canadian FDI stock in China during this period. Similarly, wholesale and retail trade consistently comprised 6–7% of Canadian FDI, bolstered by a surge in 2019 as Canadian firms expanded their footprint in China. Notable entrants included Canada Goose (late 2018), Tim Hortons (early 2019), and Saputo (regional headquarters in July 2019).

2024 Snapshot: Canada's Investment Allocation in China

In 2024, Canada's investment position in China remains heavily concentrated in China's FIRE sectors. These sectors accounted for more than two-thirds of Canadian FDI in China, with CAD 5.90 billion in finance and insurance and CAD 5.11 billion in real estate. Notably, the share of Canadian investment placed in China's finance and insurance sector (35.5%) closely mirrors that of its global investment portfolio allocation (32.6%). By contrast, Canadian investment in China's real estate sector presents a sharp discrepancy. The sector represents 30.7% of Canadian FDI in China, compared to the sector's share of 6.6% in Canada's global investment portfolio. Focusing on the sector alone, Canada's investment in China's real estate sector represents 3.1% of all Canadian FDI in the sector worldwide.

The manufacturing sector ranks as the third heavily invested industry for Canadian FDI in China in 2024, attracting CAD 1.17 billion and accounting for about 7.0% of Canada's total investment in the country. Within the industry, consumer electronics manufacturing and fabricated metal products manufacturing made up more than half of the total, with these subsectors also respectively representing 15.7% and 9.7% of Canada's total global FDI in these segments. This is then followed by China's mining, quarrying, and oil and gas extraction sector, which drew CAD 1.02 billion in Canadian FDI and accounted for 6.2% of Canada's total FDI in the country. Specifically, more than half of this was concentrated in the oil and gas extraction subsector. Finally, wholesale trade and retail trade respectively totalled CAD 898 million and CAD 423 million, collectively representing 7.9% of Canada's total FDI in China in 2024.



Special Feature: Canadian FDI Stock vs. Flow in China's FIRE Sectors

The trajectory of Canada's FDI stock in China's FIRE sectors diverges significantly from the pattern observed in new FDI flows. Prior to the pandemic, stock and flow trends broadly aligned, both showing steady growth. According to the Asia Pacific Foundation's Investment Monitor, Canadian investors completed 14 deals in China between 2016 and 2019, totalling CAD 4.9 billion, with public pension funds and Crown corporations responsible for more than half of the transactions. From 2020 to 2024, however, investment flows slowed sharply, with only five deals worth a total of CAD 1.6 billion, just one of which involved a Canadian public pension fund or Crown corporation. The shift reflects a marked retrenchment by funds such as CDPQ, OTPP, and BCI, which paused new FDI in China amid heightened bilateral tensions. Notably, Canadian public pension fund flows to China fell to CAD 627 million in 2020, declined further to CAD 423 million in 2021, and ceased entirely after 2022.

Despite the slowdown, Canada's FDI stock data shows that Canadian financial institutions remain active, invested, and engaged in the market. The underlying motivations that initially drove Canadian investment in China arguably continue to hold relevance today. For Canadian insurance companies such as Manulife and Sun Life Financial, China's aging population and ongoing healthcare reforms that increasingly position commercial health insurance as a key complement to the basic medical insurance system continue to present a lucrative long-term business opportunity. Looking at China's broader healthcare market, recent policy openings—such as pilot zones allowing wholly foreign-owned hospitals and measures permitting foreign-invested enterprises to develop and apply human stem cell, gene diagnosis, and treatment technologies—create promising opportunities for Canadian medical institutions and high-tech firms seeking to enter the market.

For Canadian public pension funds, notably the "big eight," China continues to be a core market of interest as they seek to pursue risk-adjusted growth as part of their global diversification strategies. For long-horizon investors tasked with serving millions of beneficiaries, China's recent stock rally reinforces why China remains a market difficult to ignore: China's A-share market capitalization surged past RMB 100 trillion in August 2025, while the Hang Seng Tech Index climbed 41% year-to-date to a four-year high, driven by state-owned enterprises' dividend strength and a blistering AI-led rebound in tech stocks. Global financial institutions have taken notice, with Goldman Sachs raising its price target for Alibaba on stronger cloud prospects and Arete Research upgrading Baidu to "buy" for the growth potential of its in-house chip business. With valuations still trading below historical averages and well under U.S. peers, China presents Canadian funds with discounted entry points into high-growth digital sectors.

Chinese FDI in Canada

China also continues to serve as a significant source of inward FDI for Canada. In 2024, Chinese FDI stock in Canada totalled approximately CAD 30.8 billion on an immediate investor country basis, ranking third among Asia-Pacific countries and ninth globally. This represented a 20.8% year-on-year increase, signalling a strong rebound in investment activity. When Hong Kong is included, total FDI stock rises to CAD 66.6 billion, positioning China as the largest Asia-Pacific investor and sixth globally, accounting 35% of Asia-Pacific FDI and 4.4% of Canada's total inward FDI. On an ultimate investor country basis, Chinese FDI in Canada exceeded CAD 50 billion. the highest level in over a decade. By this measure, China alone stood as Canada's third-largest foreign investor, behind only the United States and the United Kingdom, representing 3.3% of the total foreign FDI stock in Canada.

Investment Trends

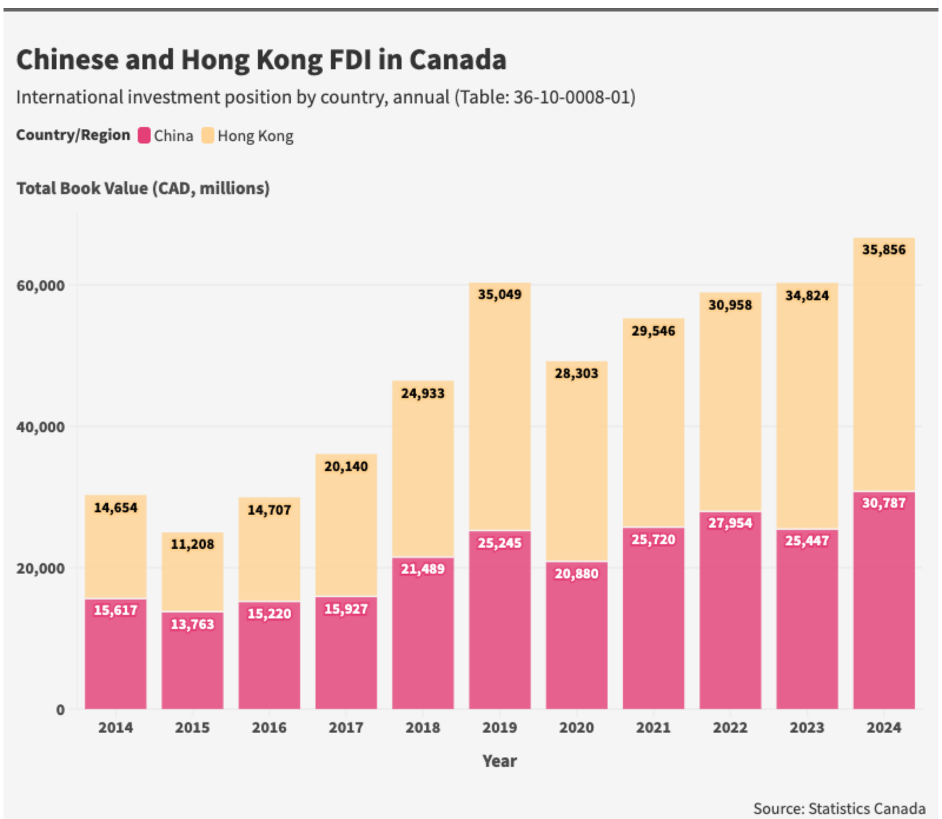
Chinese direct investment in Canada on an immediate investor basis has demonstrated persistent growth despite constant fluctuations. Chinese FDI nearly doubled from CAD 15.6 billion in 2014 to CAD 30.8 billion in 2024, reflecting a CAGR of 7.0%, with notable surges in 2018 and 2024 offsetting contractions in 2015, 2020, and 2023.[1] On an ultimate investor basis, China's FDI stock in Canada reached CAD 50.1 billion in 2024, representing a 107.6% increase over the decade and a CAGR of 5.9%.[2] Growth was particularly strong between 2016 and 2020 but plateaued in the next five years before returning to an upward trajectory in 2024. Multiple factors have contributed to this trend, including China's capital outflow restrictions implemented in 2017, escalating U.S.–China trade tensions beginning in 2018, the ensuing global pandemic, and China's uneven recovery following the reopening of its borders. On the Canadian side, policy measures

---

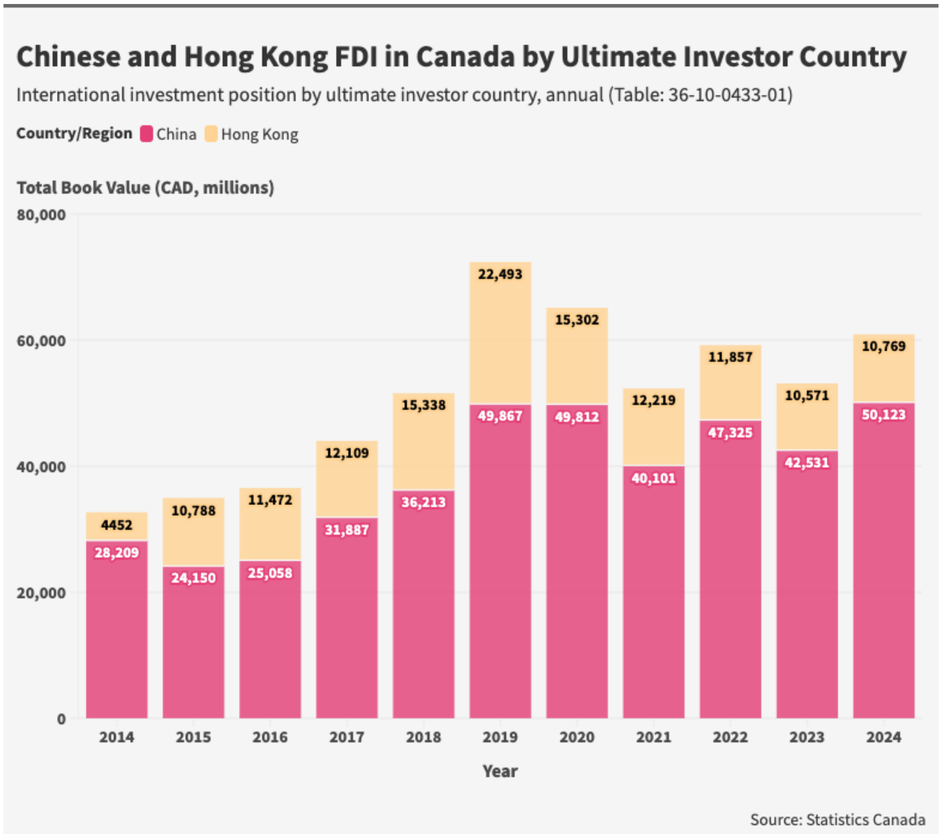
[1] FDI by immediate investor country records the location of the direct source of funds entering the host economy
[2] FDI by ultimate investor country attributes the investment to the country of the ultimate controlling parent

and public sentiment have also created headwinds for Chinese investors, particularly in relation to certain high-profile transactions.

On an immediate investor basis, inward investment levels from Hong Kong were broadly comparable to that from mainland China but expanded at a slightly faster pace. Hong Kong's FDI stock in Canada more than doubled, rising from CAD 14.7 billion to CAD 35.9 billion over the period, representing a CAGR of 9.4%. Investment climbed steadily to an initial peak of CAD 35.0 billion in 2019, contracted in the following years, and then rebounded to reach a new high of CAD 35.9 billion in 2024. By contrast, Hong Kong's FDI stock in Canada is considerably smaller when measured on an ultimate investor basis, suggesting that a large portion of the investment from China is routed through Hong Kong. From 2014 to 2024, Hong Kong's FDI stock on this basis rose from CAD 4.5 billion to CAD 10.8 billion.



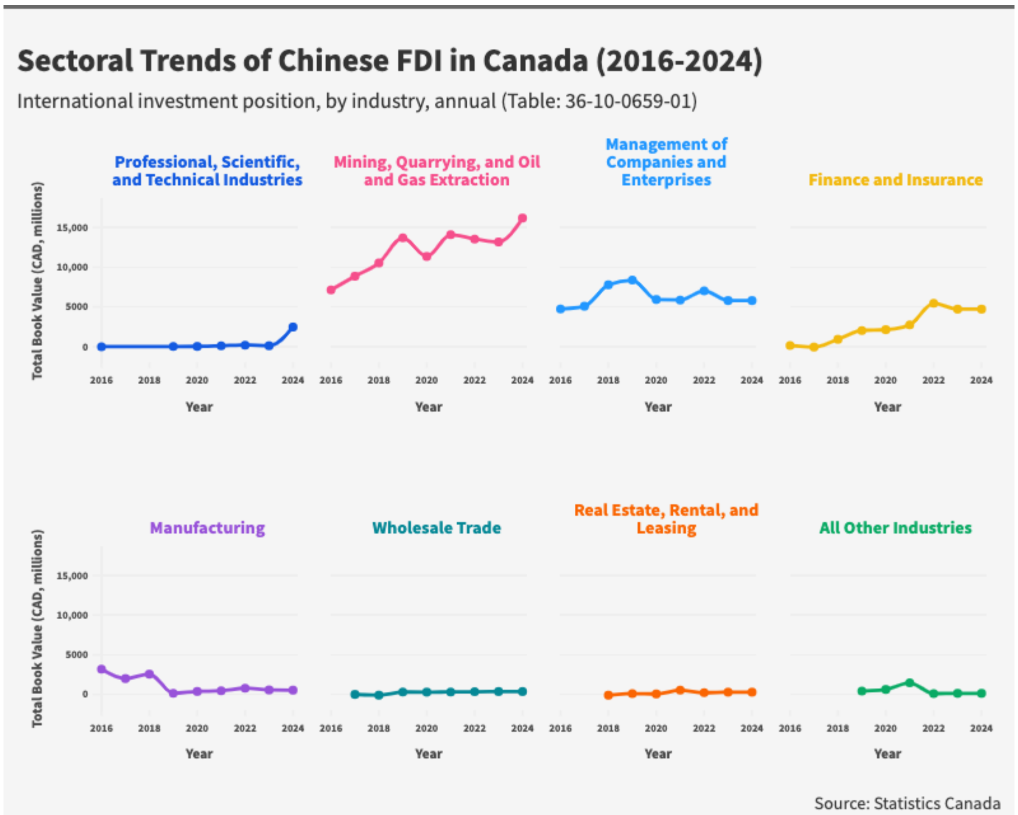
Collectively, inward FDI from China and Hong Kong on an immediate investor basis more than doubled over the past decade, recording a CAGR of 8.2%. On an ultimate investor basis, the combined stock nearly doubled, with a CAGR of 6.4%. While this growth outperformed the broader Asian region's investment in Canada, it trailed the faster expansion of inward FDI from key economies in the region including Indonesia (25.7%), Australia (16.0%), South Korea (12.0%), Singapore (10.4%), and Malaysia (7.6%).



Sectoral Investment Trends

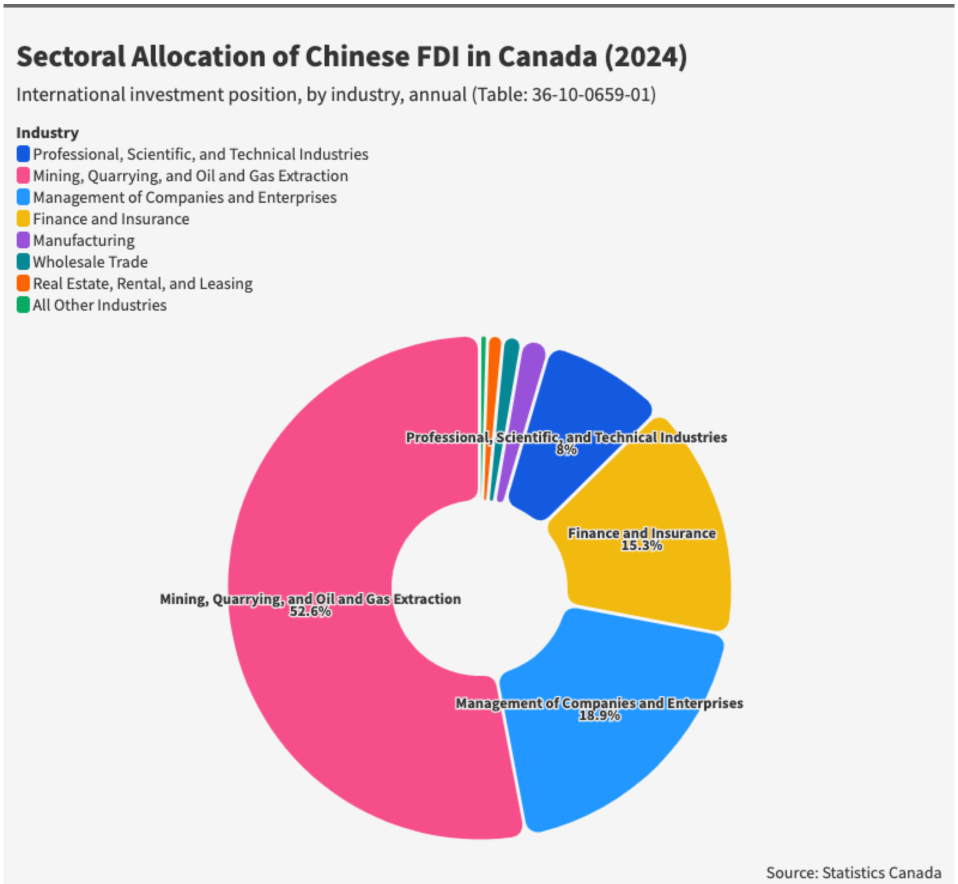
During much of the past decade, Chinese FDI in Canada has largely concentrated resource extraction and corporate management sector, complemented by a growing presence in financial services, professional activities. The mining, quarrying, and oil and gas extraction sector remained the cornerstone of China's Canadian portfolio, rising from CAD 7.2 billion in 2016 to CAD 16.2 billion in 2024, reflecting a compound annual growth rate (CAGR) of 10.8%. Throughout the period, the sector consistently accounted for roughly half of China's total FDI in Canada, ranging between 47.0% and 55.7%. Within the aggregate, oil and gas extraction dominated, climbing from CAD 7.2 billion to CAD 13.1 billion (7.8% CAGR) while China's share of all foreign FDI in Canadian oil and gas rose from 5.3% in 2016 to 11.7% in 2024. Mining and quarrying (excluding oil and gas) added breadth to this exposure, expanding from CAD 2.2 billion in 2019 to CAD 3.0 billion in 2024, supported by strong double-digit gains in 2021 and 2022.

Outside resources, investment in the management of companies and enterprises sector was sizable but gradually diminished in relative importance. Although book value grew from CAD 4.7 billion in 2016 to CAD 5.8 billion in 2024, its share of China's portfolio declined from 31.1% to 18.9% over the same period. In contrast, the finance and insurance sector marked one of the most dynamic areas of growth, rising sharply from just CAD 146 million in 2016 to CAD 4.7 billion in 2024. Professional, scientific, and technical services also surged late in the period, accelerating from negligible levels in 2019 to CAD 2.5 billion in 2024, lifting the sector's portfolio share to 8.0% and underscoring a Chinese investment turn toward knowledge-intensive assets. In contrast, manufacturing experienced a significant retrenchment. Chinese FDI declined from CAD 3.2 billion in 2016 to just CAD 548 million in 2024, with its portfolio share falling from 21.0% to 1.8%. The subsector of primary metal manufacturing exemplified this downshift, falling from CAD 3.2 billion to only CAD 152 million.



2024 Snapshot: China's Investment Allocation in Canada

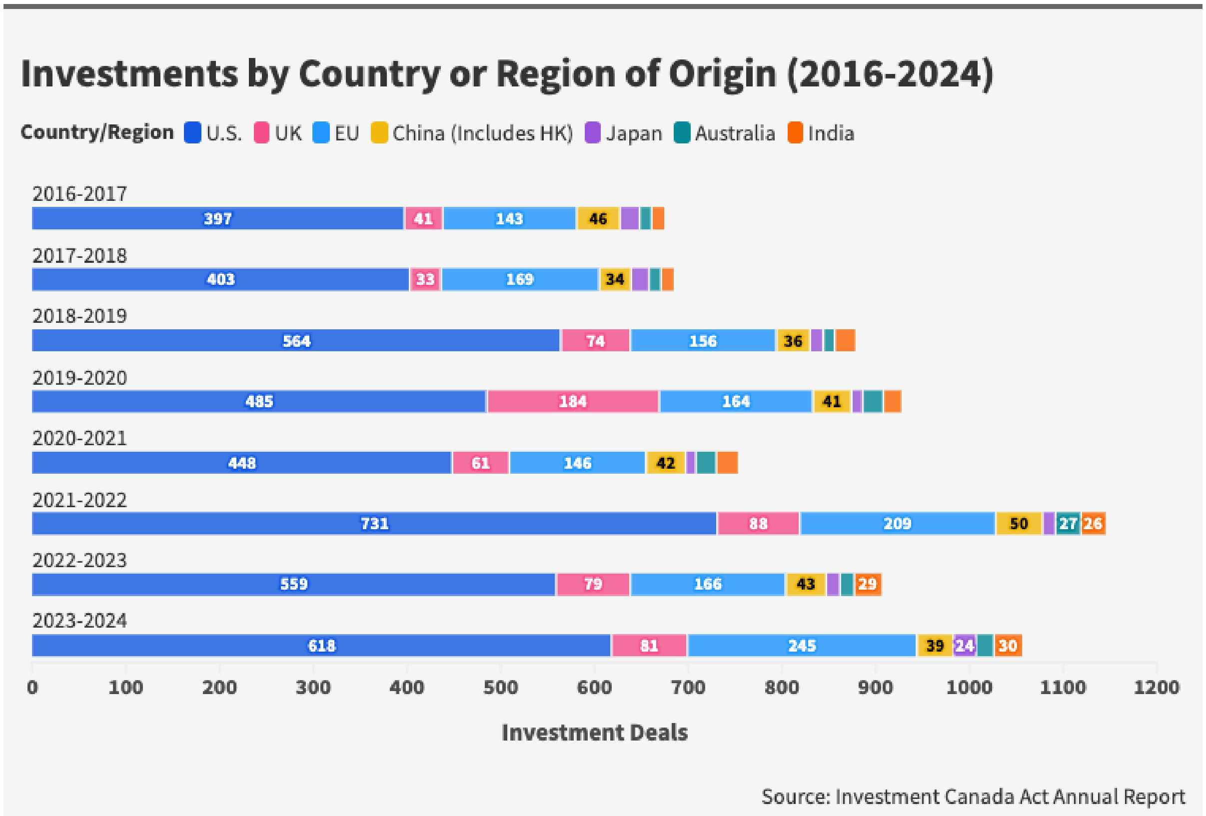
At the industry level, Chinese investment in Canada remains heavily concentrated in the resource sector, with oil and gas extraction forming the clear backbone. In 2024, Chinese FDI stock in this sector totalled CAD 13.1 billion, representing 42.4% of China's total FDI in Canada and 11.7% of all inward FDI in the sector. Chinese interest in Canadian energy is further underscored when compared to global investment patterns, as the oil and gas extraction sector accounts for only 7% of inward FDI Canada receives from all countries worldwide. Beyond oil and gas, investment in management of companies and enterprises totalled CAD 5.8 billion and finance and insurance reached CAD 4.7 billion, holding steady since 2022 following a period of rapid growth. Notably, investment in professional, scientific, and technical services surged to CAD 2.47 billion in 2024—its highest level on record—potentially indicating growing Chinese interest in high-tech and innovation-driven segments of the Canadian economy.



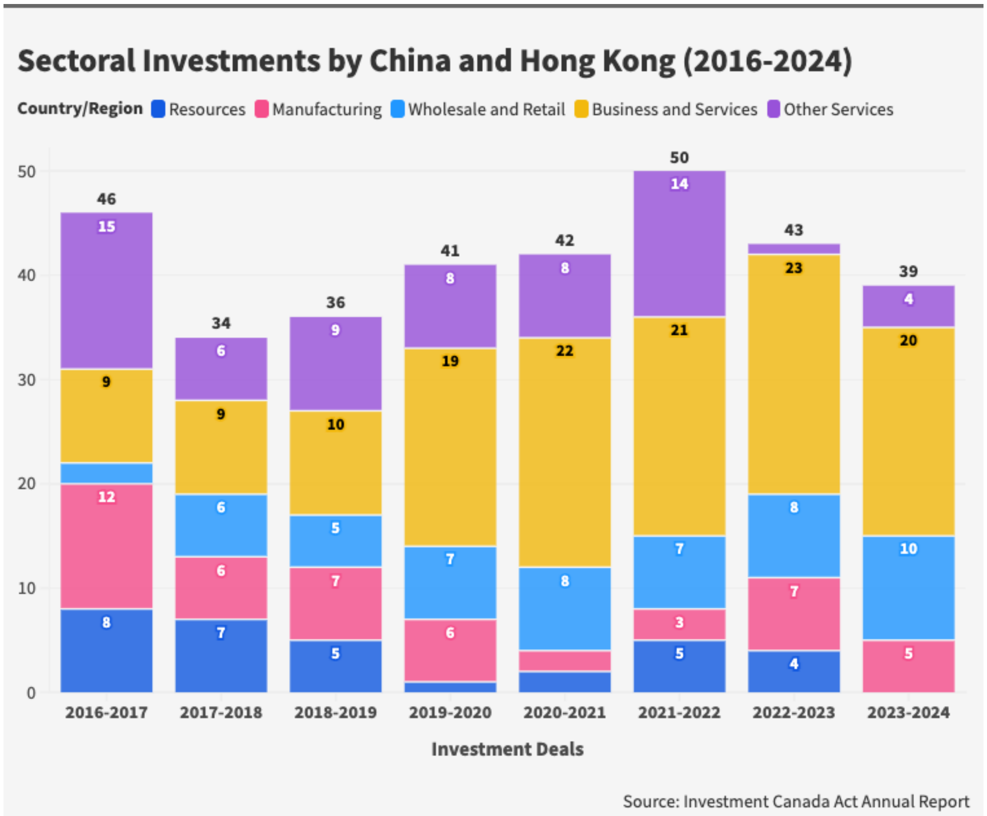
Chinese investment in other industries has been relatively limited. Manufacturing recorded a total of CAD 548 million in 2024, with investment scattered across food processing, electronics, and machinery. Investment in real estate held steady at CAD 293 million, and wholesale trade reached CAD 369 million, suggesting stable but secondary interest in Canada's consumer-facing sectors. Sectors such as retail trade, transportation, and information and cultural industries each logged below CAD 150 million, while investment in agriculture, construction, and accommodation and food services remained negligible.

Special Feature: Chinese Investment Filings in Canada

Chinese investment filings in Canada (including those from Hong Kong) have remained robust. Between 2016 to 2024, China has consistently ranked among the top five sources of new filings every year, with annual filings ranging between 34 and 50 during this period. Most recently, in 2023-2024, Chinese investors filed 39 new investment proposals, representing 3.2% of total filings and ranking fifth overall. While this reflects a gradual decline from 46 filings and second place in 2016–2017, China's sustained position among the top investment filers underscores the durability of Chinese investor interest despite elevated uncertainty caused by bilateral tensions and heightened geopolitical risk.



The sectoral composition of Chinese investment filings in Canada highlights a significant shift in investor priorities. In 2016–2017, filings were more evenly distributed, with notable activity in resources (8 filings) and manufacturing (12 filings). By fiscal year 2023–2024, however, filings in resources had fallen to zero and manufacturing to five, while business and services rose sharply to 20, accounting for more than half of China's total submissions. Wholesale and retail filings also reached a peak of 10, underscoring growing interest in consumer-facing sectors. This reorientation away from traditional, asset-heavy industries toward consumer and service-oriented sectors reflects both evolving commercial trends between the two economies and heightened bilateral tensions. In particular, Canada's tightened foreign investment rule for the critical minerals sector is likely to have contributed to the cessation of Chinese filings in the resource sector in 2023-2024. Nevertheless, Chinese interest in Canadian minerals remains strong. Ottawa's hardened stance has prompted both Chinese and Canadian firms to seek alternative ways to secure deals. Overall, China's continued presence among the top five sources of filing and its shifting sectoral engagement point to an enduring commitment to the Canadian market and more targeted approach to business opportunities in Canada.



The Road Ahead

Looking ahead, Canada–China investment ties are likely to reflect a balance of market logic and geopolitical considerations. Ongoing trade negotiations with the United States, which have increasingly prioritized national security imperatives—as demonstrated through Section 232 tariffs imposed on steel, aluminum, and automotive imports—will continue to influence Canada's broader trade posture and correspondingly limit Ottawa's policy flexibility in managing its economic relationship with China. Consequently, Ottawa is expected to continue tightening investment screening mechanisms and broadening restrictions on Chinese capital in sensitive sectors, particularly in emerging technologies and critical minerals. The approaching 2026 CUSMA review, which has entered public consultation phase across all three parties, may further intensify these trends.

However, recent diplomatic developments offer reasons for measured optimism. Since Prime Minister Carney assumed office, a series of high-level engagements has culminated in the resumption of the Canada-China Joint Economic and Trade Commission (JETC), restoring institutional dialogue after an extended hiatus. The meeting, co-chaired by China's chief trade negotiator Li Chenggang and Canada's Deputy Trade Minister Rob Stewart, saw both sides actively explore pathways to enhance bilateral economic and trade relations and agree to continue to leverage the mechanism to accumulate positive outcomes in economic and trade cooperation. This federal-level progress has been complemented by encouraging provincial initiative, notably Saskatchewan Premier Scott Moe's September 2025 trade mission to China, which yielded more positive outcomes than anticipated and signalled Chinese officials' receptiveness to recalibrating bilateral economic relations. The recent meeting between Prime Minister Carney and Chinese Premier Li Qiang on the UN General Assembly sidelines further reinforced this trajectory, with both leaders affirming their commitment to stabilizing bilateral relations and expanding cooperation in mutually beneficial sectors. Collectively, these developments establish important foundations for sustained high-level dialogue, with the potential for further leader-level exchanges at upcoming summits such as APEC and the G20. Drawing from the proceedings of U.S.-China trade talks, bilateral leader-level meetings create opportunities to establish a clear set of principles for engagement—a prerequisite for resolving trade disputes and unlocking investment opportunities in sectors where robust demand fundamentals and mutual interests converge.

In conclusion, while political constraints and strategic calculus will continue to frame decision-making, recent diplomatic signals point toward a nuanced recalibration. The path forward will be defined by both countries' ability to compartmentalize—managing inevitable frictions in some areas while pragmatically pursuing cooperation where economic and national interests align. Success will depend not on resolving all differences, but on establishing frameworks that allow for pragmatic engagement despite broader geopolitical challenges.

Author

Peter Huang, Research Consultant, Canada China Business Council

Expert Reviewer

Mark Kruger, Senior Fellow, Yicai Research Institute; Senior Fellow, Centre for International Governance Innovation; Senior Fellow, China Institute, University of Alberta