

Methodology Note on the China-Canada Investment Tracker Database

The China-Canada Investment Tracker dataset provides a bottom-up perspective on investment flows from China to Canada. As an alternative to official Chinese and Canadian foreign equity investment statistics, reflected in the capital accounts of both countries' balance of payments (BOP),¹ our transaction-based dataset provides the following value-adding features to its users:

- The dataset tracks investment transactions back to the ultimate Chinese parent companies. As a result, it better captures those investments that originate in China but which are routed through Hong Kong, Europe, and other regions before flowing into Canada. In contrast, official BOP statistics usually only record the immediate destinations of outflows (Chinese data) or the immediate source countries of inflows (Canadian data).²
- The dataset is updated with a high frequency and is thus suited for real-time analysis of trends and patterns in Chinese investments. In comparison, country-level BOP statistics are only available annually and published with a substantial time lag, while in the quarterly BOP data disclosed by Statistics Canada, all other countries except the United States are presented as an aggregate country group.
- The dataset captures important metrics, such as the geographical and sectoral distribution of Chinese investments in Canada, as well as other essential aspects of individual transactions. Compared with the aggregate values extracted from official BOP data, the detailed information contained in our dataset allows for more specific and in-depth analyses.

In comparison with the China Global Investment Tracker (CGIT) database by the American Enterprise Institute and the Heritage Foundation, which also includes Chinese investment deals in Canada and may serve as an

¹ Following international standards, official BOP statistics are collected using a survey-based approach. For instance, the Canadian government designates roughly 3,200 firms that are “[known to have or believed to have significant international assets or liabilities](#)” to answer multiple survey questionnaires each quarter. The questionnaires cover a broad range of subjects, such as information about foreign direct investors, foreign sister companies and long-term liabilities owned to foreign investors.

² In the [2014 release](#) of its foreign direct investment data, Statistics Canada indicated that investments are recorded “based on the country of residence of the direct investor (immediate parent company)”, despite the fact that they are “often channelled through intermediate holding companies or other legal entities in other countries” before reaching Canada.

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alternative to official BOP statistics, our dataset has an advantage in terms of its substantially broader coverage, since the CGIT database only records transactions valued above US\$100 million since 2006.

Two other databases also adopt similar bottom-up approaches and provide disaggregated, country-specific statistics on Chinese investments: the China Investment Monitor (CIM) database by the Rhodium Group for the U.S. and the Demystifying Chinese Investment in Australia (DCIA) database by the University of Sydney and KPMG for Australia. An international comparison of Chinese investment flows is possible by employing data from our dataset and the above two, but users should take the following issues into consideration:

- Our dataset tracks both portfolio and direct investment transactions, while both the CIM and the DCIA data only include the latter type.³ This difference can easily be reconciled, since we have labeled portfolio investment transactions in our main data file.
- To provide the maximum coverage with our dataset, we include all transactions with reliable information irrespective of their deal values, while the minimum values for deals to be included in the CIM and the DCIA databases are US\$0.5 and US\$5 million, respectively.
- Some transaction values in the CIM database, especially those of small-scale greenfield operations, are estimates based on similar projects with known values. We usually adopt a more conservative approach by assigning zero deal values to these transactions; the methodology note for the DCIA database does not cover this issue.

³ We follow this generally accepted taxonomy, listing those transactions that result in the acquirers holding less than a 10% stake of the target companies as portfolio investment transactions, and refer to those leading to stakes over the 10% threshold being controlled by acquirers as direct investment transactions.