ASIA PACIFIC FOUNDATION OF CANADA
FONDATION ASIE PACIFIQUE DU CANADA

INVESTMENT MONITOR REPORT

Uncertainty Negatively Impacting Canada-Asia Two-Way Investment Flows

2025 YEAR IN REVIEW

CONTENTS

INTRODUCTION

The Asia Pacific Foundation of Canada's Investment Monitor report, *2025 Year in Review: Uncertainty Negatively Impacting Two-way Canada-Asia Investment Flows*, finds that overall foreign direct investment (FDI) flows between Canada and the Indo-Pacific region declined in 2025 for the second consecutive year, reaching their lowest level in two decades. The decline is consistent with Canada's FDI flows with all countries tracked by Statistics Canada, with total FDI flows decreasing by 24% from C$219B in 2024 to C$166B in 2025.

This decline comes amid heightened global economic uncertainty arising from several factors. The UN Conference on Trade and Development's 2025 *Investment Trends Monitor* report aptly notes that "geopolitical tensions, trade policy volatility, rising costs of capital and intensifying technological competition" weighed heavily on cross-border investment last year, with a 6% increase in global FDI limited to developed economies and driven by Europe and flows through well-established global financial centres.

"Trade policy volatility" highlighted by UNCTAD's report refers in part to the far-reaching effects of the Trump administration's various rounds of disruptive, unilateral trade policy initiatives since its return to office in January 2025. The first round of these targeted Canada and Mexico in February, setting the tone for a year in which global FDI flows significantly underperformed the potential that would have been expected in a scenario of policy stability.

Against this backdrop, two-way FDI flows between Canada and the Indo-Pacific declined by 35%, from around C$27.3B in 2024 to around C$17.8B in 2025, driven by a decrease in Indo-Pacific investment in Canada. Despite this overall decline in two-way FDI, Canada's investment in the region increased by 7% in 2025, from just under C$8B in 2024 to around C$8.6B, the first increase in Canadian FDI to the region in four years, driven largely by a number of significant greenfield investments in the technology, industrial goods, and services sectors.

Canada continued to maintain strong investment ties with key Indo-Pacific investment partners – Australia, South Korea, India, Singapore, and China. While Canada's two-way FDI with South Korea, India, and Singapore increased in 2025, we saw declines in two-way investment with Australia and China, driven by a decline in Chinese FDI in Canada's mining and technology industries and a decline in Canadian FDI in Australia's consumer goods and mining industries. Indian and Australian states ranked among the largest destinations for Canadian investors, alongside South Korea's Gyeonggi province, Malaysia's Penang state, and the municipalities of Auckland in New Zealand and Shanghai in China. Canadian investors also deepened their presence across ASEAN-member economies, pointing to greater geographic diversification at a time when global investment and supply chains are increasingly shifting toward Southeast Asia.

The data suggests that a strategic repositioning by Canadian firms and institutional investors in the Indo-Pacific is underway, not only through geographic diversification to Southeast Asia but also with a growing emphasis on digital infrastructure, transportation and logistics, financial assets, and other sectors tied to the region's long-term growth. And with nearly three-quarters of new Canadian investment in the region going to India, South Korea, and Australia, recent momentum in Canada's broader geopolitical partnerships with these three democracies can be expected to develop further in 2026 (notwithstanding the disappointment felt in South Korea about Canada's choice of German-Norwegian submarines over the Korean offering).

APF Canada's *Investment Monitor Report 2025* that follows provides an in-depth analysis of investment trends by tracking firm-level investments at the national and sub-national level and across sectors and industries. In addition to identifying broader investment trends, the report highlights specific investment deals to provide insights into the dynamics currently shaping Canada-Asia Investment.

KEY TAKEAWAYS

National Trends: Overall investment trending downward; but Canada's investment in the Indo-Pacific trending upward

- Two-way foreign direct investment (FDI) flows between Canada and the Indo-Pacific declined by 35%, from around C$27.3B in 2024 to around C$17.8B in 2025, reaching their lowest level in the last two decades. The decline in investment was driven by a 52% drop in inward FDI, which fell to C$9.2B.

- Despite an overall decline in two-way FDI between Canada and the Indo-Pacific, Canada's investment in the region increased by 7% in 2025, from just under C$8B in 2024 to around C$8.6B, the first increase in Canadian FDI to the region in four years.

- Mergers and acquisitions (M&A) accounted for 66% (or C$11.8B) of two-way investment flows in 2025, while greenfield investments accounted for the remaining 34% (C$6B).

- Canada's five largest investment partners — Australia, South Korea, India, Singapore, and China — accounted for 83% (C$14.7B) of two-way investment flows. Australia was the largest investor from the region, accounting for 42% of the region's investment in Canada, while India was the leading destination for Canadian investors in the region, accounting for 26% of Canada's Indo-Pacific FDI.

METHODOLOGY

The Asia Pacific Foundation of Canada's Investment Monitor (IM) measures two-way foreign direct investment (FDI) between Canada and the Indo-Pacific by tracking individual cross-border transactions. The data combines historical legacy data with public sources, including company filings and announcements, media reports, investment-promotion agencies, industry associations, and third-party databases (fDi Markets). It covers greenfield investments and expansions, mergers and acquisitions (M&A), equity investments, asset acquisitions, and joint ventures. The database relies on a conventional FDI threshold of at least 10% of ownership or voting power to distinguish direct FDI from portfolio investment, where possible.

Industrial Trends: Canadian mining draws Indo-Pacific investors; Canadian investors are lured by region's technology

- Three industries — mining and chemicals, finance, and industrial goods and services —attracted 92% (around C$8.5B) of the Indo-Pacific's FDI in Canada in 2025.
- Canada's FDI in the Indo-Pacific was concentrated in the technology, industrial goods and services, and financial industries. These three sectors claimed 70% (just under C$6B) of Canadian investment in the region in 2025.

Subnational Trends: Ontario, British Columbia, and Quebec get the lion's share of Canada's Indo-Pacific investment

- Indo-Pacific investment was concentrated in a handful of Canadian provinces, with Ontario, British Columbia, and Quebec accounting for 94% (C$8.6B) of inward FDI. However, all three attracted less Indo-Pacific investment in 2025 than in the previous year.
- Canadian investment in the Indo-Pacific was concentrated in just a handful of Indian and Australian states. Other sub-national jurisdictions — for example, South Korea's Gyeonggi province and Malaysia's Penang state, as well as the municipalities of Auckland, New Zealand, and Shanghai, China — also ranked among the top 10 destinations for Canadian investors.

Investment Outlook 2026

- The broader geopolitical realignment underway, along with the closure of the Strait of Hormuz, has increased investor uncertainty. Despite policy measures adopted by governments to boost FDI, the broader trends impacting investment in 2025 could contribute to a continued decline in global and Canada-Indo-Pacific FDI in 2026

Transactions are coded by characteristics such as investor and parent company, source and destination economy, subnational location, industry, investment type, and value. IM reports attribute investment activity to the economy of ultimate control (tracking ultimate parent companies). Where possible, values are based on officially disclosed transaction or project amounts; where these are unavailable, the IM uses the best publicly available estimate rather than relying automatically on proprietary modelling. To enable cross-year comparisons, the values reported are in constant 2026 Canadian dollars.

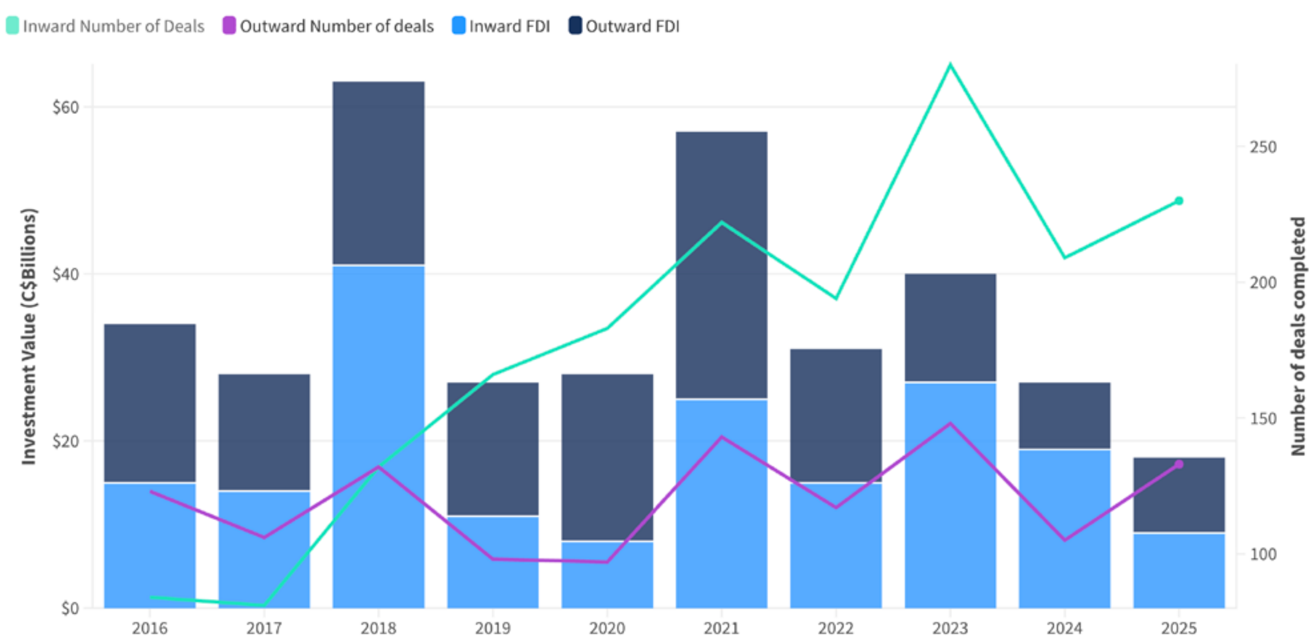
The firm-level approach enables the IM to identify the companies, industries, cities, and provinces/states behind Canada–Indo-Pacific investment and to distinguish individual M&A and greenfield transactions that disappear within aggregate statistics. Its principal limitation is that it depends on publicly identifiable transactions and announcements and therefore should be understood as a measure of observable investment activity rather than a comprehensive balance-of-payments measure of FDI flows. The database is thus complementary to, and not comparable with, Statistics Canada data, as it provides detail about who invested, where, in what industry, through what type of investment, and how it changed over time.

NATIONAL FDI TRENDS

Over the past decade (2016–2025), two-way foreign direct investment (FDI) between Canada and the Indo-Pacific remained relatively stable.

Over the past decade (2016–2025), two-way foreign direct investment (FDI) between Canada and the Indo-Pacific remained relatively stable, except for elevated investment levels in 2018 (around C$62.8B) and 2021 (around C$56.9B), followed by a sharp decline in 2025 (Figure 1). In 2018, Canada attracted significant investment in its energy sector, with the LNG Canada project receiving around C$30B. In 2021, Indo-Pacific economies benefited from several large investments from Canadian pension funds, which expanded their footprint across the region.

Figure 1: Two-Way FDI Between Canada and the Indo-Pacific, 2016-2025



Source: APF Canada Investment Monitor, fDi Markets (accessed June 2026)

In 2025, two-way FDI flows between Canada and the Indo-Pacific fell to their lowest level in the past two decades, declining by 35% from around C$27.3B in 2024 to around C$17.8B (Figure 1). This decline in investment was driven by a 52% decrease in Indo-Pacific FDI in Canada, which declined from C$19.3B in 2024 to around C$9.2B in 2025. Canada's investment in the region, by contrast, increased by 7%, from just under C$8B in 2024 to around C$8.6B in 2025 — the first increase in Canadian FDI to the region in four years. Despite a decline in Indo-Pacific investment in Canada, it remained higher than Canada's investment in the region for the third consecutive year.

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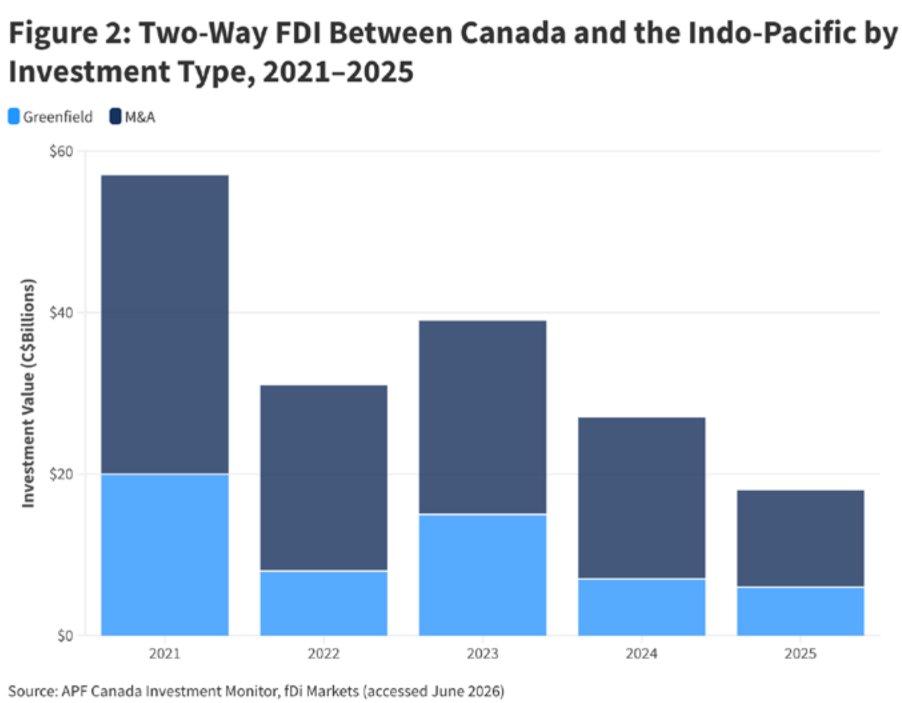
The decline in two-way FDI reflects broader global investment trends. According to the UN Conference on Trade and Development (UNCTAD) Investment Trends Monitor report, global FDI has increased overall, driven by investment into developed economies. However, global mergers and acquisitions (M&A) declined by 10% in 2025 compared to the previous year. Increased policy uncertainty has been one of the driving factors behind this overall slowdown, with some estimates suggesting that it contributed to a 5.3% decline in foreign investment into Canada.

M&A deals dominated two-way FDI flows between Canada and the Indo-Pacific in 2025, accounting for 66% of total investment, despite M&A activity continuing to decline, from C$37.4B in 2021 to around C$11.8B in 2025 (Figure 2). For the third consecutive year, Indo-Pacific investors completed more M&A deals in Canada than Canadian investors completed in the region. In 2025, Indo-Pacific investors completed approximately C$7.1B in M&A transactions in Canada, while Canadian firms' M&A activity in the region totalled C$4.6B.



M&A deals dominated two-way FDI flows between Canada and the Indo-Pacific in 2025, accounting for 66% of total investment.

Greenfield investment accounted for 34% (C$6B) of Canada-Indo-Pacific two-way investment flows in 2025 (Figure 2), marking its lowest level in the last five years. Canadian investors accounted for 65% (C$3.9B) of total two-way greenfield investment; nearly half (C$2B) came from a single deal: DCI Data Centre's (Brookfield Asset Management's portfolio company) investment in the construction of a data centre in South Korea.

Indo-Pacific FDI in Canada was dominated by private investors, who accounted for around 78% (or C$7.2B) of the region's investment in Canada in 2025, while state-owned enterprises (SOEs) accounted for the remaining 22% (approximately C$2.1B). This dominance of private investment has been consistent over the last five years (Figure 3a).

Indo-Pacific FDI in Canada was dominated by private investors, who accounted for around 78% (or C$7.2B) of the region's investment in Canada in 2025.

Private investors also dominated Canada's investment in the Indo-Pacific, accounting for 68% (around C$5.9B) of Canada's FDI into the region in 2025 (Figure 3b). In comparison, Canadian pension funds invested around C$2.7B (31%) into the region, while Canadian crown corporations accounted for less than 1% of Canada's FDI. As Figure 3b indicates, the share of private investment has increased since 2023 as Canadian pension funds have reduced their FDI in the Indo-Pacific. While pension funds accounted for less than one-third of Canadian investments in the Indo-Pacific in 2025, they remain important institutional investors across a variety of sectors.

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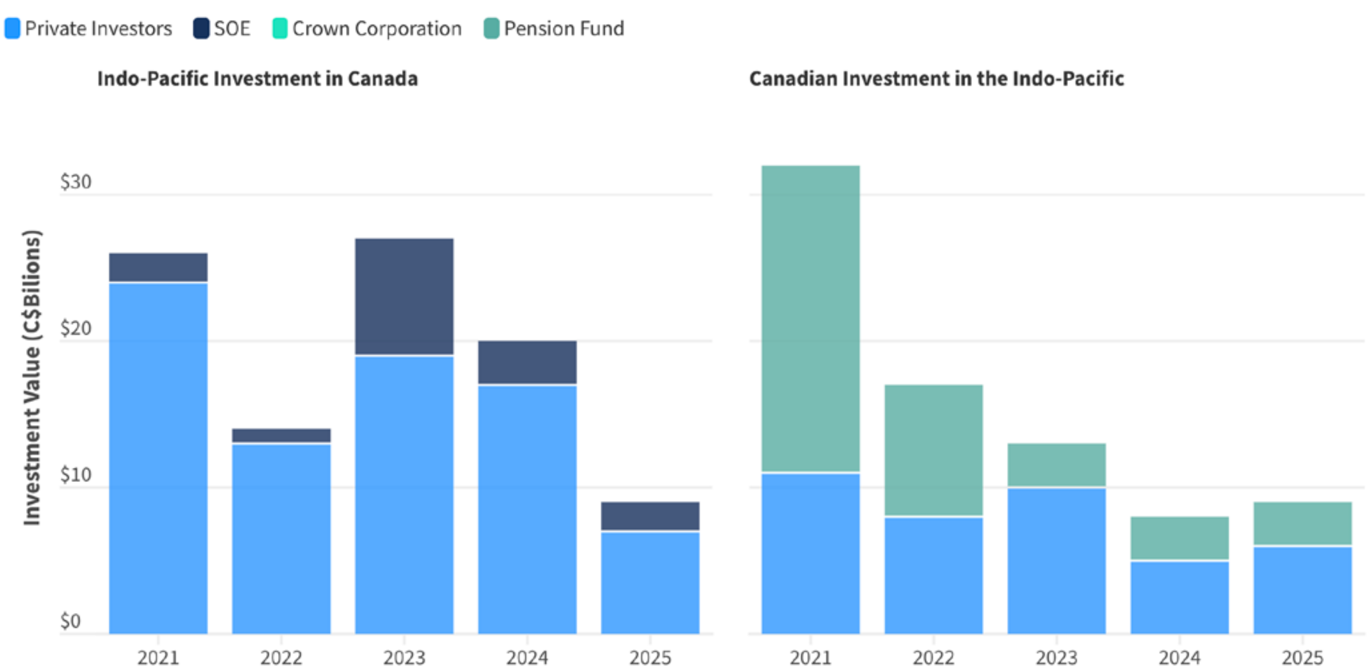
Figure 3: FDI by Investor Type, 2021-2025



Source: APF Canada Investment Monitor, fDi Markets (accessed June 2026)

Canada's investment partnerships with the Indo-Pacific remained concentrated among a handful of key economies in 2025, with Australia, South Korea, India, Singapore, and China accounting for 83% (around C$14.7B) of two-way FDI. South Korea, Singapore, and India recorded increases in two-way investment with Canada compared to 2024, while Australia and China experienced declines (Figure 4).

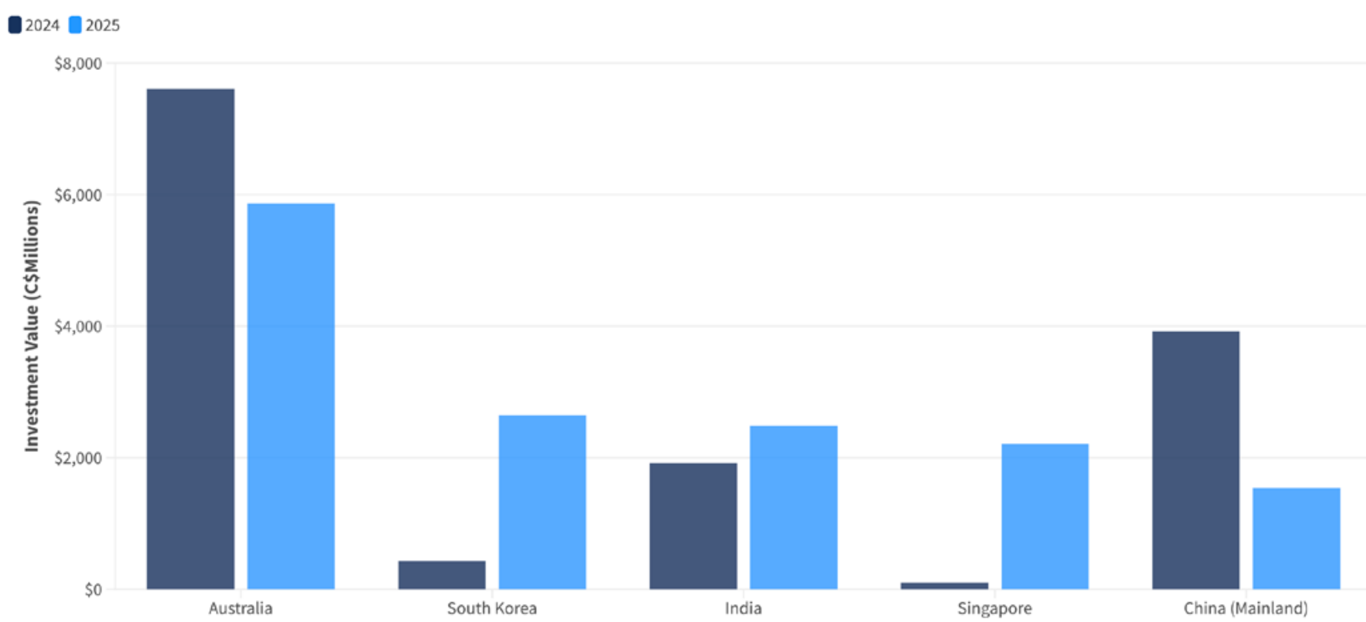
Canada's investment partnerships with the Indo-Pacific remained concentrated among a handful of key economies in 2025, with Australia, South Korea, India, Singapore, and China accounting for 83% (around C$14.7B) of two-way FDI.

Canada's institutional investors were largely responsible for an increase in Canada–South Korea two-way FDI from around C$432M in 2024 to C$2.6B in 2025, and pension funds' investment contributed to an increase in Canada–India two-way FDI from C$1.9B in 2024 to C$2.5B in 2025. Canada-Singapore FDI also grew significantly, rising from C$97M in 2024 to C$2.2B in 2025, driven by Singaporean investment in Canada.

While Australia remained Canada's top two-way investment partner for the seventh consecutive year, two-way investment was lower in 2025 (just under C$5.9B) than in the previous year (C$7.6B). Following a similar trend, Canada–China FDI declined from C$3.9B in 2024 to around C$1.5B in 2025. This decline reflects a longer-term trend of weakening Chinese investment in Canada, driven in part by Canada's more stringent investment screening regime for critical minerals and strategic sectors.

Canada–ASEAN two-way FDI was also notable, increasing significantly from C$207M in 2024 to C$3.1B in 2025, driven by large investments between Canada and Singapore. Excluding Singapore from the investment calculation, Canada's two-way FDI with the remaining ASEAN economies increased from C$109M in 2024 to C$898M in 2025, led by Canadian greenfield investment into Vietnam, Malaysia, and Thailand.

Figure 4: Canada's Top 5 Two-Way FDI Partners in the Indo-Pacific, 2024 vs 2025



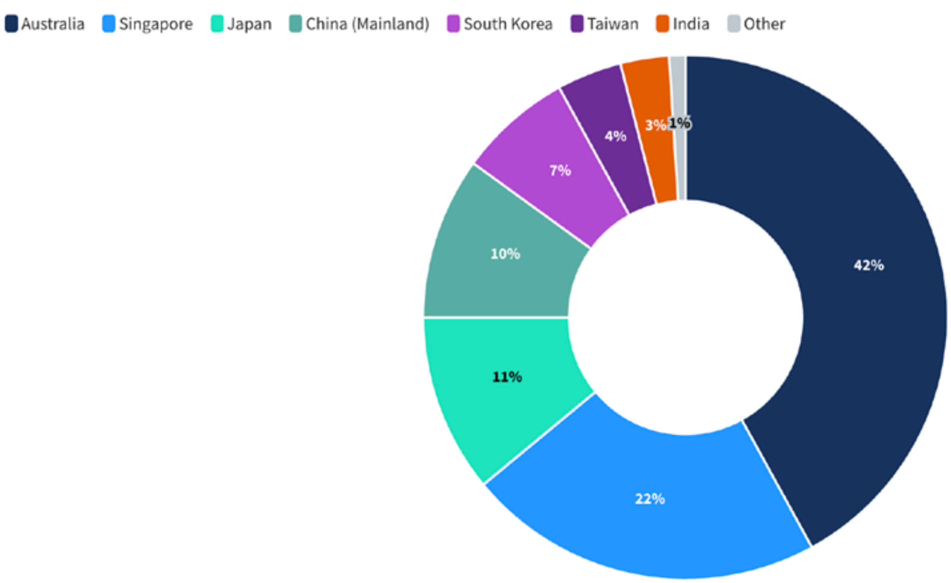
Source: APF Canada Investment Monitor, fDi Markets (accessed June 2026)

INWARD FDI

Indo-Pacific investment in Canada totalled C$9.2B in 2025, with Australia, Singapore, Japan, and China accounting for 85% of the region's investment (Figure 5). Australia was the largest source of investment, contributing around C$3.9B (42%) of Indo-Pacific FDI in Canada, with the majority of investment going into the mining sector. Singapore ranked second, investing C$2B in Canada's real estate sector through a joint venture with Ottawa-based real estate firm CLV Group. Japan and China came in third and fourth place, accounting for 11% and 10% of total investment, respectively (with Japan investing C$986M and China C$945M). Chinese investment was concentrated in the mining sector, while Japanese investment was focused on the electronics and electrical equipment sector.

Indo-Pacific investment in Canada totalled C$9.2B in 2025.

Figure 5: Indo-Pacific FDI in Canada by Source Economy, 2025



Source: APF Canada Investment Monitor, fDi Markets (accessed June 2026)

At the corporate level, Australia's mining companies, BHP Group and Alkane Resources, led Indo-Pacific investment into Canada in 2025, alongside China's mining company CMOC Group (Table 1). Singapore's sovereign wealth fund, GIC Pte., and Japan's multinational conglomerate, Hitachi, also ranked among the top five largest investors in Canada.

Table 1: Top Five Indo-Pacific Investors in Canada, 2025

Top Inward Investors	Source Economy	2025 Value (C$ Millions)
BHP Group Ltd.	Australia	$3,012
GIC Pte Ltd.	Singapore	$2,015
CMOC Group Ltd.	China	$585
Alkane Resources Ltd.	Australia	$497
Hitachi Ltd.	Japan	$464

Source: APF Canada Investment Monitor, fDi Markets (accessed June 2026)

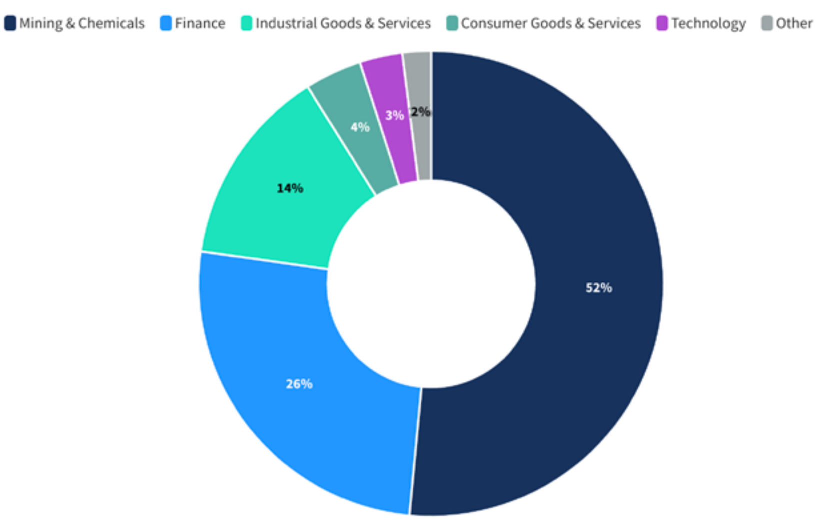
Industries

In 2025, Indo-Pacific investment in Canada was concentrated in three industries — mining and chemicals, finance, and industrial goods and services — which together accounted for 92% (or around C$8.5B) of total investment (Figure 6). The remaining investment from the region was directed at consumer goods and services, accounting for 4% (C$385M), technology industries, accounting for 3% (C$232M), and health care, forestry, and energy, accounting for 1% (C$164M).

The mining and chemicals industry has consistently attracted the most investment from the Indo-Pacific since 2021, accounting for approximately half of all investment every year, except 2023, when its share declined to 38% as investments in other industries increased.

In 2025, mining investment decreased by 47%, from C$9.1B in 2024 to just under C$4.8B, due to domestic policy uncertainty, regulatory barriers, and volatile global nickel and lithium prices. Although capital expenditures are sensitive to short-term commodity price volatility and policy uncertainty, long-term demand for critical minerals is expected to grow, attracting future investment. Natural Resources Canada estimates that mining capital expenditures will increase by 7% to C$18.5B in 2026, compared to 2025 levels.

Figure 6: Indo-Pacific FDI in Canada by Industry, 2025



Source: APF Canada Investment Monitor, fDi Markets (accessed June 2026)

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Approximately 79% of Indo-Pacific FDI in Canada's mining sector in 2025 was directed toward critical minerals projects, driven largely by investments from Australia's BHP Group. In partnership with Vancouver-based Lundin Mining, BHP acquired Filo Corp., a Vancouver-based mining and exploration company focused on copper-gold projects in Argentina and Chile, for approximately C$2B. The acquisition was primarily motivated by the Filo Del Sol copper project in Argentina. BHP also acquired a 50% stake in Lundin Mining's Josemaria copper project in Argentina for approximately C$1B. The Josemaria and Filo Del Sol projects are in close proximity to each other and together form the "Vicuña Project," a joint venture between BHP and Lundin Mining that aims to develop a long-term, large-scale copper mining and processing district. Although this project is based in Argentina, the partnership between BHP and Lundin Mining reinforces the emerging strategic critical minerals relationship between Canada and Australia.

While investment in the mining and chemicals industry has remained consistently high, investment in other industries has fluctuated from year to year. In 2024, finance was the fifth-largest recipient of Indo-Pacific investment, attracting just C$135M. In 2025, the industry received around C$2.4B in investment, largely due to a single large transaction. Singapore's GIC Pte. Ltd. established a joint venture, Carriage Hill Properties Acquisition Corp., with Ottawa-based real estate firm CLV Group. Subsequently, Carriage Hill acquired residential rental provider InterRent REIT (real estate investment trust) for an estimated C$2B (the joint venture is valued at C$4B in total). InterRent manages more than 13,000 apartments across Ontario, Quebec, and British Columbia. This investment follows GIC's 2023 acquisition of Summit Industrial Income REIT through another joint venture with Dream Industrial REIT, which acquired Summit for a total of C$6.3B.

BOX 1: REAL ESTATE INVESTMENT TRUSTS

A REIT, or real estate investment trust, is a company that owns and operates real estate or related assets, such as residential or office buildings, shopping malls, warehouses, and hotels, as part of its investment portfolio. REITs accumulate funds from individual investors and use these funds to acquire assets, with individual investors holding a share in the REIT's portfolio of assets. InterRent REIT, for example, is an Ottawa-based REIT focused on the acquisition, ownership, and management of apartment buildings across Canada.

Despite recent policy changes in Canada aimed at limiting foreign ownership of residential property, REITs are incorporated in Canada and are therefore considered Canadian entities. As a result, they are not subject to foreign ownership restrictions on foreign ownership of residential property, even if they are primarily foreign owned.

Singapore's GIC Pte. Ltd., which, together with the CLV, acquired InterRent REIT, is the world's largest institutional investor in private real estate, with approximately C$140B invested in this sector, representing 13% of its total portfolio as of 2024. Over the past two years, GIC has rapidly expanded its holdings of public REITs not only in Canada but also in the U.S., Japan, and Australia. In partnership with the Canada Pension Plan Investment Board (CPPIB) and digital infrastructure company Equinix Inc, GIC established a C$21B joint venture in 2024 to build data centres and scale digital infrastructure globally. REITs have become increasingly attractive investment vehicles for institutional investors due to their sector diversification, high rates of return, and supportive government policies.

Similar to finance, investment in industrial goods and services tends to fluctuate from year to year due to large one-off investments. In 2024, the industry in Canada was the second-largest recipient of Indo-Pacific investment, attracting C$8B. Although it remained among the top three largest recipients of Indo-Pacific investment in Canada in 2025, investment in this industry declined by 84% to just C$1.3B compared to 2024. Several of the large Indo-Pacific investments in this industry were backed by federal government funding, driven by policies to incentivize the production of clean energy and technology in Canada.

The largest investment in this industry in 2025 came from Japan's Hitachi Ltd., which expanded its power transformer assembly-line capacity through new facilities in Ontario and Quebec, representing a total investment of C$464M. Hitachi's expansion of its high-voltage direct current (HVDC) system manufacturing facility in Varennes, Quebec — a critical component of electric power transmission — received C$40M from Canada's Strategic Response Fund. Hitachi is Canada's only producer of HVDC systems and has advocated for further development of Canadian-made power transformers to modernize the country's electricity grid. Similarly, the Invest Ontario Fund provided South Korean auto parts manufacturer Hanon Systems with C$10M to support the construction of a new e-compressor manufacturing facility in Woodbridge, Ontario. In 2025, Hanon Systems invested C$156M in e-compressor manufacturing — an essential component of electric vehicles (EVs) — further strengthening Ontario's growing EV supply chain.

Subnational

At the subnational level, Indo-Pacific investment has remained concentrated in a handful of Canadian provinces, with Ontario, British Columbia, and Quebec ranking among the top four investment destinations over the past six years (Figure 7). **In 2025, Ontario, British Columbia, and Quebec accounted for 94% of inward investment from the Indo-Pacific region, attracting more than C$8.6B.** Despite attracting the most investment from the region, all three provinces received less investment in 2025 than in 2024.

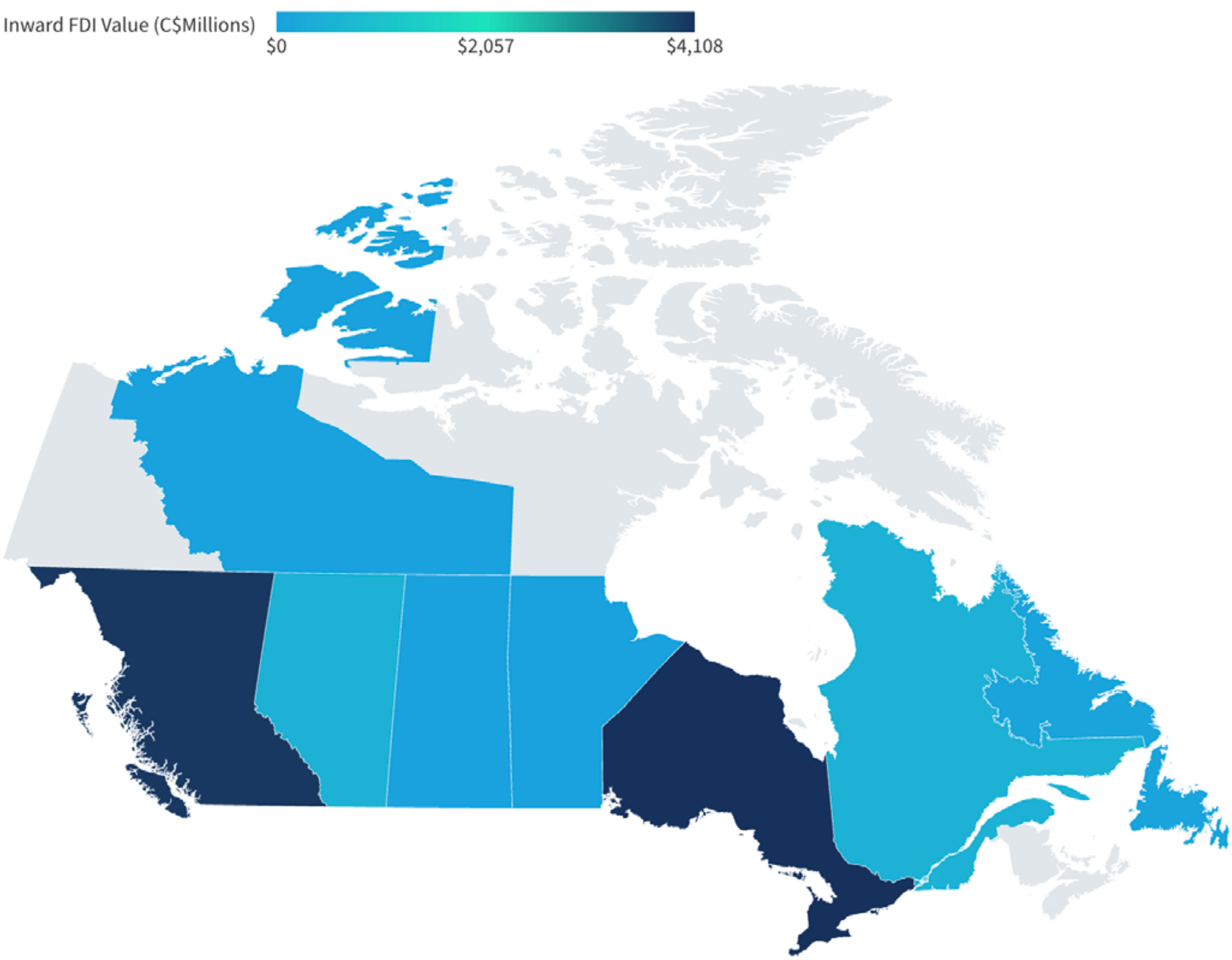
In 2025, Ontario, British Columbia, and Quebec accounted for 94% of inward investment from the Indo-Pacific region, attracting more than C$8.6B.

Indo-Pacific investment in Ontario declined by 20%, from C$5.1B in 2024 to C$4.1B in 2025, driven by a drop in large-scale mining acquisitions. Half of the 2025 investment flows went to Ottawa's real estate sector, with Carriage Hill Properties, a joint acquisition vehicle co-owned by GIC and the CLV Group, acquiring InterRent Real Estate Investment Trust for C$4B. Toronto was another major investment destination for Indo-Pacific investment in Ontario, receiving around C$1B from the region, with Toronto's Mandalay Resources attracting around C$500M from the Australia-led Alkane Resources acquisition.

British Columbia also recorded lower investment inflows from the Indo-Pacific region in 2025, attracting just over C$4B, compared to C$7.1B in 2024 (a drop of around 43%). As in Ontario, the decline in investment was driven by a decrease in mining acquisitions. Despite that decline, the mining sector attracted the largest deal in the province, with Australia-based BHP investing around C$2B to acquire Filo Corporation, a Vancouver-based mining company that owns a Filo del Sol copper project in Argentina. As part of this deal, BHP also formed a joint venture with Vancouver-based Lundin Mining to develop the Josemaria project in Argentina, with the deal value estimated at around C$1B.

Quebec recorded the sharpest decline in inward FDI from the region, with investment falling by 93%, dropping from around C$6.9B in 2024 to around C$503M in 2025, in part due to a slowdown in large-scale investments in EV battery production. The majority of the Indo-Pacific investment in Quebec came from Japanese-based Hitachi Energy's C$270M investment in the expansion of its energy facility in Varennes and its C$140M investment to add a testing lab to Varennes operations.

Figure 7: Indo-Pacific FDI in Canadian Provinces, 2025



Source: APF Canada Investment Monitor, fDi Markets (accessed June 2026), 2021 Statistics Canada (Map)

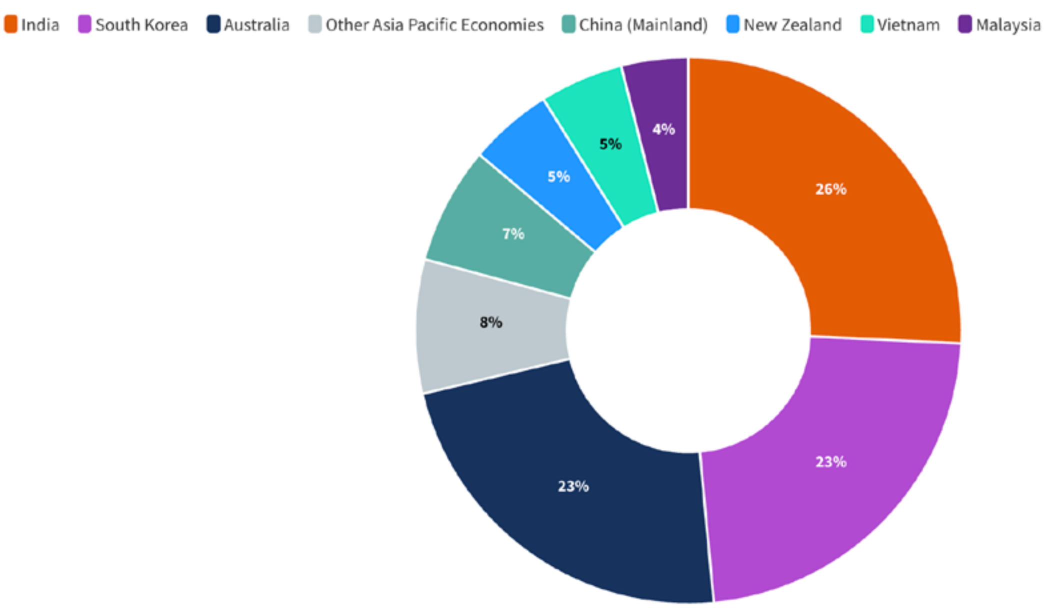
OUTWARD FDI

Canadian investment in the Indo-Pacific totalled around C$8.6B in 2025, with 72% directed to three economies — India, South Korea, and Australia.

Industries

Canadian investment in the Indo-Pacific totalled around C$8.6B in 2025, with 72% directed to three economies — India, South Korea, and Australia (Figure 8). India attracted more than C$2.2B (26%), primarily from Canadian pension funds, while South Korea and Australia each received just under C$2B (around 23%) in investment. Canada's investment into South Korea was led by Brookfield's DCI Data Centers' investment in Seoul, while its investment into Australia was more diversified and driven by investments in renewable energy, consumer goods, and mining.

Figure 8: Canadian FDI in Indo-Pacific Economies, 2025



Source: APF Canada Investment Monitor, fDi Markets (accessed June 2026)

China (C$594M) and New Zealand (C$425M) landed among the top five destinations, while Vietnam and Malaysia also attracted notable Canadian investment, indicating that Canadian investors are diversifying beyond their traditional partners in the region.

Table 2: Top Five Canadian Investors in the Indo-Pacific, 2025

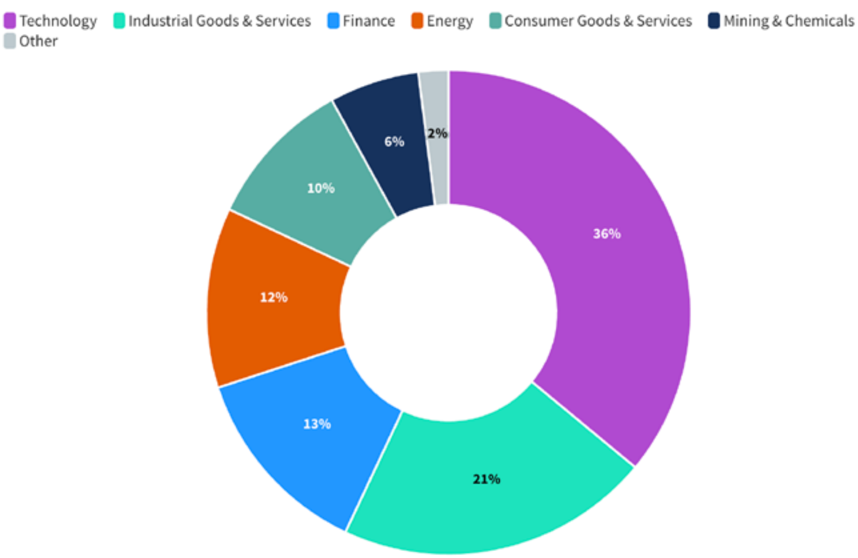
Top Outward Investors	Destination Economy	2025 Value (C$ Millions)
Brookfield Asset Management	Australia + South Korea	$1,963
Caisse de dépôt et placement du Québec	Australia + India + New Zealand	$1,574
Canada Pension Plan Investment Board	India	$593
Ontario Teachers' Pension Plan Board	India	$402
Fairfax Financial Holdings Ltd.	India + Sri Lanka	$389

Source: APF Canada Investment Monitor, fDi Markets (accessed June 2026)

At the corporate level, three Canadian pension funds, along with Brookfield Asset Management and Fairfax Financial, were among the largest Canadian investors in the Indo-Pacific in 2025. CPP Investments, Caisse de dépôt et placement du Québec, and the Ontario Teachers' Pension Plan Board all made significant investments in India, while Brookfield made the single largest Canadian investment in the Indo-Pacific in 2025 through its subsidiary DCI Data Centers, which will build a data centre in South Korea (see Box 2). Rounding out the top five largest investors, Fairfax Financial Holdings made investments in India and Sri Lanka.

Canadian investment in the region has become increasingly concentrated in digital economy infrastructure, transportation and logistics services, and financial assets. Similar to inward investment, Canada's investment in the Indo-Pacific was highly concentrated in a handful of industries — technology, industrial goods and services, and finance — which together accounted for 70% (or around C$6B) of Canadian investment in 2025 (Figure 9).

Figure 9: Canadian FDI in the Indo-Pacific by Industry, 2025



Source: APF Canada Investment Monitor, fDi Markets (accessed June 2026)

The technology industry attracted 36% of Canadian investment into the Indo-Pacific (over C$3B), of which more than C$2.7B (approximately 90%) went to the software and computer services sector. Brookfield Asset Management's subsidiary, DCI Data Centres, was the leading investor in the region, spending around C$2B to build a new data centre in Seoul, South Korea. This reflects Canada's growing interest in digital infrastructure in the Indo-Pacific region (see Brookfield Box). Another significant Canadian investment in the Indo-Pacific's technology industry came from Toronto, Ontario-headquartered Constellation Software's subsidiary, Dark Matter Technologies, which opened a new office in India (valued at approximately C$200M) as part of its broader growth strategy.

The Indo-Pacific's industrial goods and services industry was the second-largest recipient of Canadian investment, accounting for 21% (over C$1.8B) of Canada's investment in the region. A large portion of this investment — 57% (over C$1B) — went into the industrial transportation sector. Canadian pension funds drove this growth through acquisitions of road infrastructure in India.

Among the largest transactions in the industrial transportation sector were those made by Fairfax Financial Holdings, which acquired an additional 10% interest in Bangalore International Airport Limited for C$361M, Ontario Teachers' Pension Plan, which expanded its investment in India's National Highways InfraTrust, investing C$346M, and Maple Infrastructure Trust, a subsidiary of La Caisse, which acquired Ashoka Belgaum Dharwad Tollway Limited, another highway operator in India, for C$289M. Toll roads and highways have been attractive investments for Canadian pension funds for more than a decade. India's widespread use of infrastructure investment trusts (InvITs) makes these assets particularly attractive, as InvIT portfolios consist primarily of operational, revenue-generating toll roads rather than new infrastructure projects, offering stable, long-term returns.

The financial industry attracted 13% (over C$1.1B) of Canadian investment in the Indo-Pacific region in 2025, with the majority directed to the real estate sector, which attracted around C$647M. The Canada Pension Plan Investment Board's investments in India, through its joint venture, IndoSpace Core, accounted for the majority of investment in the real estate sector (around C$593M). Through IndoSpace Core, CPPIB acquired six industrial and logistics parks in India. This transaction underscores the importance of India's industrial real estate and logistics market for Canadian institutional investors, particularly as the country's manufacturing, e-commerce, and supply chain sectors continue to expand.

BOX 2: BROOKFIELD'S EXPANDING PRESENCE IN THE INDO-PACIFIC

Brookfield Asset Management is one of Canada's largest investors in the Indo-Pacific, investing around C$38B in the region between 2009 and 2025, and leading Canadian investment in the region in 2025. According to Brookfield's 2025 annual report, it is one of the world's largest asset managers, with C$1.4T in assets under management (AUM), of which about 15% (C$205B) is invested in the Indo-Pacific region. Brookfield has C$725B in direct assets globally, approximately 12% (C$90B) of which are in the Indo-Pacific region.[1] Since entering the Indo-Pacific in 2007 via its investment in Australia's Multiplex Group, Brookfield has established offices in Australia, South Korea, China, Japan, India, Hong Kong, and Singapore.

Brookfield's Indo-Pacific investments are concentrated primarily in real estate, infrastructure, and utilities (Figure 10). Real estate accounts for the largest share (31%) of Brookfield's Indo-Pacific investment (C$11.7B), with India receiving the majority of this investment (C$5.1B) (Figure 10). In 2020, Brookfield acquired an 18% share in RMZ Group's Indian real estate portfolio for C$3.2B. At the time, it was the largest transaction ever completed in India's real estate sector. Brookfield also manages one of India's largest REITs, Brookfield India REIT, with properties across seven cities.

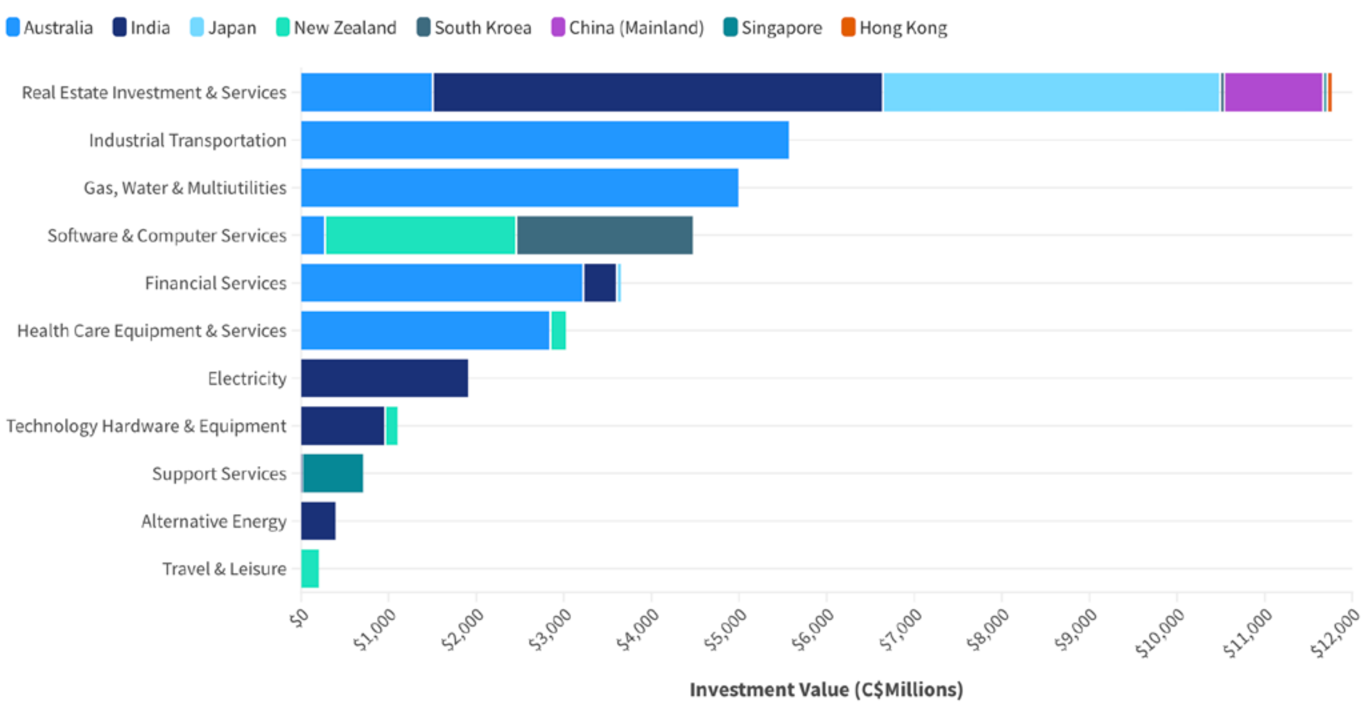
[1] **Why do the investment values differ between the Brookfield report and the Investment Monitor data?** The Investment Monitor tracks annual cross-border investment transactions but does not account for reinvested earnings, asset appreciation, or divestments. Brookfield's reported asset figures refers to the financial assets it owns directly, whereas assets under management (AUM) represent the market value of all assets managed on behalf of investors by a portfolio manager or investment company. As a result, the two sources measure different aspects of investment activity and are not directly comparable.

Outside of India, Brookfield has a presence in the Japanese and Australian real estate sectors. In 2024, it acquired non-residential property portfolios in Japan for a combined value of C$2.3B. Brookfield has also announced plans to invest an additional C$14B in Japanese real estate over the next five years, citing affordable prices and low interest rates. During the same year, Brookfield acquired a 50% stake in Australia's Journal Student Living, which has a student housing portfolio valued at approximately C$2B, adding to its C$11B portfolio of student accommodations in the U.S., the U.K., and Europe.

Alongside its real estate portfolio, Brookfield has been expanding its data centre operations in Australia, New Zealand, South Korea, and Singapore through its subsidiary DCI Data Centers. Since 2021, Brookfield has invested C$2.7B in data centre operations in the Indo-Pacific. In 2025, Brookfield launched the Brookfield Artificial Intelligence Infrastructure Fund in partnership with Nvidia Corporation and the Kuwait Investment Authority, with plans to invest up to C$140B in AI infrastructure assets. Furthermore, in 2025, Brookfield, Hitachi, and Hartree Partners Singapore signed a memorandum of understanding to develop data centres and AI infrastructure in Japan.

Asset managers like Brookfield and other institutional investors, such as pension funds, are uniquely positioned to support the development of data centres and digital infrastructure due to their large capital requirements. However, there are concerns regarding the allocation of billions of dollars to a rapidly evolving technology that may be overvalued, given that institutional investors and asset managers typically prefer stable, predictable, and long-term investments.

Figure 10: Brookfield's FDI in the Indo-Pacific by Industry and Country, 2009-2025

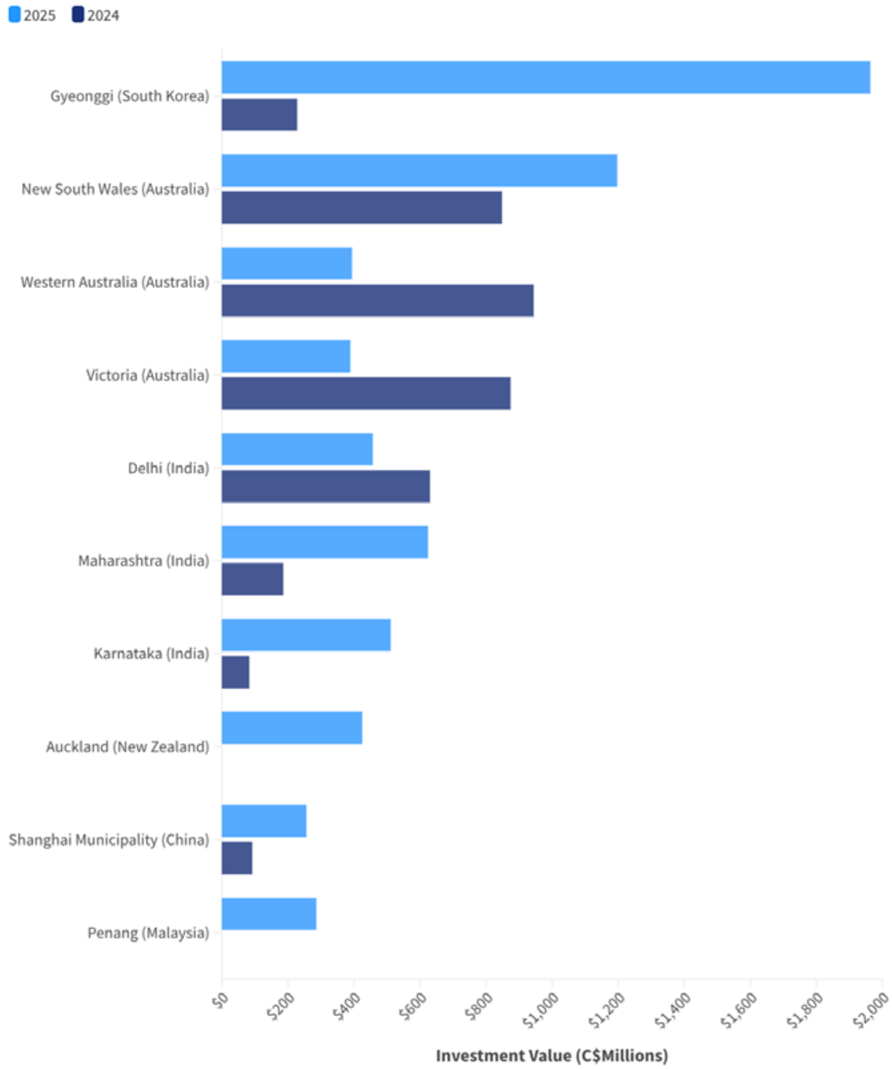


Source: APF Canada Investment Monitor, fDi Markets (accessed June 2026)

Subnational

Looking at outward Canadian investment at the sub-national level, **Canadian investment went primarily to several Indian and Australian states, even though the South Korean province of Gyeonggi attracted the single largest Canadian investment.** Gyeonggi received a large-scale greenfield investment to develop a 40MW data centre in Seonggok-dong, from DCI Data Centers, a subsidiary of Canada-based Brookfield Asset Management, in partnership with a South Korean company, Koramco Asset Management, with an investment value estimated at around C$2B.

Figure 11: Canadian Investment Flows into Top 10 Indo-Pacific Subnational Destinations in 2025 Compared to 2024



Source: APF Canada Investment Monitor, fDi Markets (accessed June 2026)

Canadian investment went primarily to several Indian and Australian states, even though the South Korean province of Gyeonggi attracted the single largest Canadian investment.

India's Maharashtra, Karnataka, and Delhi ranked among the top 10 recipients of Canada's outward subnational FDI, all of which, except Delhi, received more investment in 2025 than in 2024 (Figure 11). Most of the investment in India was led by Canadian pension funds, which invested in highways and large infrastructure projects. A notable investment was made by CPPIB, which acquired six industrial and logistics parks in India, located in Bengaluru, Chennai, Delhi, Mumbai, and Pune, through its joint venture IndoSpace Core.

The Australian provinces of New South Wales, Victoria, and Western Australia also ranked among the top 10 recipients (Figure 11). While Canada's investment in New South Wales increased in 2025 compared to last year, it declined in Victoria and Western Australia during the same period. New South Wales received over C$1B in investment from Caisse de dépôt et placement du Québec, which acquired Australia's Edify, a renewable energy and battery storage company. Victoria benefited from two significant investments: one from Dollarama, which acquired the Reject Shop, and another in the mining sector, where Mawson Gold acquired Southern Cross Gold for around C$150M. The Dollarama deal was valued at around C$230M and will allow the Canadian discount retailer to expand across the Australian market. Western Australia was also a beneficiary of another large mining deal with Canadian-headquartered Kinterra's acquisition of New World Resources for around C$220M.

There was also a sharp increase in 2025 in Canada's investment in ASEAN economies, which rose nearly sixfold, from C$181M invested in 2024 to just over C$1B in 2025. The investment value was driven by several medium-scale greenfield investments, including Bittele Electronics' C$286M investment in a new PCB assembly and electronics manufacturing facility in Seberang Perai, Malaysia, and Checkpoint Systems' new manufacturing facility in Tan Uyen, Vietnam, worth C$157M. Greenfield investments accounted for more than 90% of Canada's investment flows into the ASEAN bloc in 2025, signalling Canada's continued confidence in opening new facilities in the region to diversify the local supply chain and, in some instances, attempt to evade U.S. tariffs.

FDI TRENDS TO WATCH IN 2026

Global FDI projections for 2026 remain highly uncertain, according to UNCTAD's *Trade and Development Foresights 2026* report. Ongoing economic uncertainty continues to affect investor confidence, threatening a decline in cross-border acquisitions and greenfield investment. This uncertainty is driven by the protracted U.S.-China economic competition for global leadership, U.S.-driven trade protectionism that has resulted in a global rise in tariffs, and broader geopolitical instability arising from escalating military conflicts, including the war in Iran. These pressures have generated price shocks, disrupted supply chains, increased inflationary pressures, and negatively affected manufacturing activity worldwide.

U.S.-China competition continues to weigh on investor confidence in China and is contributing to the fragmentation of global markets. In response to these pressures, more Canadian investors will likely prioritize diversification away from China, with investments in other Indo-Pacific economies increasing to take advantage of supply chains across the broader region. Chinese FDI in Canada may remain low due to the tightening of Canada's investment screening regime and recent high-profile divestment decisions, such as the federal government's order requiring Hikvision Canada to cease its Canadian operations.

U.S.-driven protectionism, which has led to an ongoing global tariff war, has placed a greater incentive for Canada to find alternative trade and investment partners, including those in the Indo-Pacific. Canadian Prime Minister Mark Carney's Indo-Pacific Tour in the fall of 2025 focused on strengthening bilateral relations with Malaysia, Singapore, and South Korea, while his Winter Diplomacy Tour in 2026 targeted China, India, Australia, and Japan to promote closer trade and investment ties. These visits, along with trade missions to the region by both federal and provincial governments, will likely result in increased bilateral investment flows between Canada and these jurisdictions.

The conflict in the Middle East, driven by the U.S.-Iran conflict, has had a negative impact on global commodity markets. The energy market, in particular, has been disrupted due to the blockade of the Strait of Hormuz, a key chokepoint for oil exports from the region. The crisis is likely to continue to have a disproportionate impact on Indo-Pacific economies, many of which rely heavily on oil imports from the Middle East. This situation may create opportunities for Canadian natural resource producers to enter new markets and could spur additional investment in Canadian natural resource projects, especially in the energy sector.

In response to the geopolitical pressures outlined above, governments globally are seeking to attract FDI while simultaneously protecting and promoting sensitive sectors. For its part, Canada has introduced several initiatives to attract foreign investors and support the growth of domestic industry and infrastructure. The federal government's 2025 budget expanded tax incentives for domestic investment, including new R&D tax credits, and established a Major Projects Office to help expedite large-scale projects. The federal government has also enacted the *One Canadian Economy Act* to accelerate the development of "national interest projects," including several critical mineral projects, and extended the Mineral Exploration Tax Credit until 2027 to encourage investment in junior mining and exploration companies. These initiatives may well attract foreign investment into Canada's infrastructure and natural resources sectors — particularly energy and critical minerals — alongside Canada's research-intensive industries.

Despite the general trend toward greater openness to foreign investment, the Canadian government has updated its investment screening framework and released a Sensitive Technology List, flagging technologies that will be subject to enhanced national security review. The province of Ontario has also introduced its own policy to restrict FDI – the *Protect Ontario by Unleashing Our Economy Act* – that aims to provide the government with additional powers to screen foreign investment. These tighter screening measures may, in turn, discourage FDI in the technology sector, as companies may want to avoid closer government scrutiny, which increases uncertainty about deal completion.

The Indo-Pacific region is also, on balance, becoming more open to foreign investment. In Oceania, **New Zealand** has introduced a series of policies to attract FDI, including expediting the review of low-risk FDI, establishing an FDI promotion agency, and easing its golden visa program. **Australia's approach** to FDI is similar to Canada's, combining policies that restrict foreign investment in certain sectors with measures that encourage it in others. And like New Zealand, Australia has expedited the review process for low-risk FDI. The Australian government has also introduced tax incentives for investment in hydrogen and critical minerals production, which may benefit foreign investors. At the same time, Australia has tightened investment screening in sensitive sectors and restricted foreign investment in existing homes.

China and India, the region's leading economies, both adopted a series of investment liberalization measures in 2025. China introduced several measures to ease foreign ownership restrictions, including those adopted in Beijing, and adopted incentives to attract FDI, such as those implemented in Shenzhen. India also enacted FDI liberalization measures, including opening the insurance sector to greater foreign ownership. These measures will likely attract more Canadian FDI into the two economies.

South Korea and Japan have both introduced new tax incentives to attract foreign investment. Japan has announced broad tax incentives, while South Korea has adopted more targeted measures, including increased tax credits for semiconductor companies. Although such incentives may appeal to foreign investors, both countries have also tightened FDI screening regimes. South Korea has focused on restrictions related to national core technologies, while Japan announced a broader tightening of inward FDI screening.

ASEAN economies diverge in their approach to FDI attraction, although most have adopted measures to open their markets to foreign investors. For example, Malaysia and Singapore both introduced policies to facilitate the entry of foreign investors and workers as part of broader efforts to attract foreign investment. Malaysia has benefited from an increase in FDI approvals, driven by domestic megaprojects and a strong currency. In light of these factors, growth in Canadian investment in Singapore and Malaysia seems likely. Investment attraction is also a key policy focus in the Philippines, where the government has extended land lease terms from 75 to 99 years. Indonesia, Thailand, and Vietnam, meanwhile, have adopted a mixed bag of policies that both promoted and restricted FDI. Indonesia streamlined business licensing procedures for foreign investors while simultaneously restricting access to their foreign exchange earnings in the natural resource sectors. This policy, combined with an increasingly negative perception of the local business climate among foreign investors, may contribute to a decline in Canadian investment in Indonesia.

In the year ahead, two-way investment between Canada and the Indo-Pacific region will continue to be shaped by the global uncertainty that shook investor confidence in 2025 and led to a decline in overall FDI. Despite this uncertainty, we expect that investment will increase, especially in strategic sectors, due to investors' attempts on both sides of the Pacific to diversify from the U.S. as they seek to establish alternative supply chains and new partnerships. As 2025 data indicate, Canadian companies have already started to expand investment in constructing new manufacturing facilities in the region. With the establishment of the Major Projects Office in Canada and the expansion of critical mineral tax credits, Indo-Pacific investors may 'double down' on their investments in Canada's mining sector. These projects can now be accelerated under the Canada Critical Minerals Accelerator launched in July 2026.

In terms of regional partnerships, we expect that Prime Minister Mark Carney's visits to Australia, China, India, Japan, Malaysia, Singapore, and South Korea will likely bear fruit in the coming year with an increase in two-way FDI — especially considering Canada's heightened efforts to attract global FDI and bring in investment from select economies. Despite a more cautious approach towards China, that country's planned roll-out of EV sales in Canada will likely result in an uptick in greenfield FDI vis-à-vis the establishment of sales centres for the EVs. In addition to a projected upward trend in Canada-China investment, Canada–India investment will likely increase in 2026 as well, following the normalization of Canada–India relations, renewed interest in finalizing a bilateral free trade agreement, ministerial-level government engagements, and Indian Prime Minister Narendra Modi's expected visit to Canada in December 2026.

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