

- Even if the net employment effect is not large, there will be employment loss in some sectors. Job loss will pose adjustment problems for Canadians whose skills, age and educational levels mismatch them for emerging employment opportunities in more highly skilled areas.
- The overall employment effect could lead to some intensification of wage polarization, unless worker retraining programmes are appropriately modernized and given a clearer focus. Canadians best situated to benefit from the increased market access to Mexico will be highly-skilled and highly-paid "knowledge" workers.

#### 4.2 Canada and Inward and Outward Direct Investment<sup>24</sup>

Canada has an open policy towards inward foreign direct investment. The total stock of foreign direct investment in Canada in 1992 was C\$ 136.6 billion (Table 3).<sup>25</sup> Canada's sources of foreign direct investment are becoming more diversified. During the early 1950s, the U.S. accounted for 86 percent of Canada's total stock of foreign direct investment. This figure has gradually decreased. Since 1990, the U.S. has accounted for approximately 64 per cent of the total stock. During the past ten years, the United Kingdom, France, Germany, Japan, and Hong Kong have increased their shares.

Canada has an open policy for investing abroad. The stock of direct Canadian investment abroad in 1992 was C\$ 99 billion (Table 4).<sup>26</sup> Changes in Canadian direct investment abroad has not been as pronounced as changes in foreign direct investment in Canada. The U.S. remains the major destination of Canadian investment abroad, accounting for about 58 percent of total investment abroad as of 1992. On the other hand, the United Kingdom, France, and Japan have increased in their share of total Canadian investment abroad since 1984. For Canada, the relatively high-wage developed countries, remain the major source and destination of direct investment.

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<sup>24</sup> Direct investment (assets and liabilities), as defined by Statistics Canada, represents the investment which allows an investor to influence or to have a voice in the management of an enterprise. For operational purposes, a direct investor usually has the ownership of at least 10 percent of the equity in an enterprise; all long-term claims of the enterprise with the direct investor are classified as direct investment. Direct investment reflect the values measured from the books of the issuing companies. Statistics Canada, Canada's International Investment Position, Statistics Canada: 67-202,1993, p.41.

<sup>25</sup> Dennis Seebach, Globalization: The Impact on the Trade and Investment Dynamic, DFAIT, Policy Staff Paper 93/07, June 1993, p.37.

<sup>26</sup> Ibid. p. 41.