documented global recession in 1990-91. Because the United States is by far the largest recipient of global foreign direct investment flows, a global recession would tend to affect it particularly harshly because of the combined effect of a reduction in investment levels from several countries. Other factors, which could explain declines in foreign direct investment inflows, include particularly difficult economic conditions within individual economies (making investment unlikely), economic shocks such as the impact of German unification in Germany (which raises uncertainty and increases risks), and other factors which generally reduce the number of investment opportunities in the affected countries.

In comparison, Canada appears to be well placed within the global investment environment. It ranks among countries that are substantially larger than itself classified according to the size of investment flows. However, stocks, which in a sense are a measure of pact investment performance, are not growing as rapidly as those of France, for example. This suggests that Canada may be losing ground relative to some competitors such as the United States and France, while gaining on others such as Japan, the Netherlands and the United Kingdom.

Direct Investment Abroad by Country

As was the case with FDI levels, the United States is by far the largest provider of direct investment abroad of all the countries covered by the report. Figure 18 illustrates the comparative size of the stock of foreign direct investment abroad for each of the selected economies. U.S. DIA stocks were more than U.S. $720 billion in 1993, even larger than the stock of foreign direct investment and growing even more rapidly throughout the study period. Again, stocks of U.S. direct investment abroad were so large relative to the other economies that a separate figure was necessary to properly illustrate the DIA trends of other countries.