

### **Economic fundamentals**

Although the point that FDI is not a substitute for sound domestic economic policies and growth is seemingly obvious, it is important enough to warrant specific mention. FDI should not be viewed as a remedy for poor productivity, or inferior export or domestic investment performance. The benefits of FDI cannot be fully realized without the macroeconomic fundamentals of sound fiscal and monetary policy. Domestic industries must be productive, adaptable and competitive in order to survive and thrive, globally and domestically. The economic environment in which these firms operate is increasingly influenced by international forces and domestic economic policies are being increasingly affected by international conditions. Canadian economic and trade policies need to be complementary with those of our trading partners in order for businesses to compete effectively at home and abroad.