- as the foreign subsidiary matures and develops, demand would be created for complementary goods and services produced by the parent or home country enterprises, with a positive impact on the balance of payments.[9]

Generally, the analysis and studies undertaken have shown that direct investment in developing countries on a comparative advantage basis tends to raise productivity and growth in the host country and, through the trade effects, to increase productivity and growth in the home country. The impacts on the home country are generally regarded to be small in the short run, but of greater impact in the long run.[10]

[9] *OECD, International Investment and Multinational Enterprise: Recent Trends in International Direct Investment, 1987, p. 48.*

[10] *See Hufbauer and Aldler (1968), Lipsey and Weiss (1976), Bergsten et al (1978), Horst (1974), Lubitz (1971), Van Loo (1977), Frank and Freeman (1977), Hawkins (1972) and Kujawa (1979).*