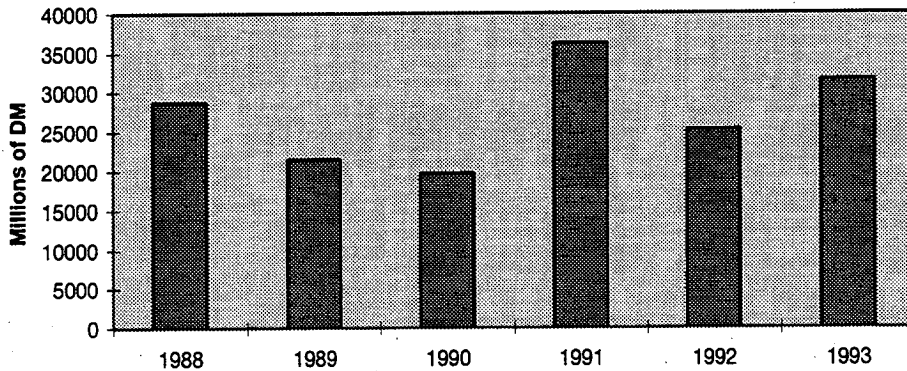


percentage of GDP until the late 1980s, only to decline back to 1986 levels by 1993. German DIA followed similar trends (see Figure G-1).

It is likely that the global recession starting in 1990 and then the unification of Germany have largely distracted Germany from the global investment environment. This is reflected in data obtained from the German Bundesbank, illustrated in Figure G-2, which highlight the total investment outflows from West Germany over the study period. The increase in total investment flows in 1991 coincide with the dismantling of the Berlin wall, the symbol which signified the beginning of the unification of Germany.

Figure G-2 Total German DIA Flows

Source: Deutsche Bundesbank, The Conference Board of Canada



However, investment flows to industrialized countries covered by the report declined sharply in 1991, with a slight pickup in investment levels suggested by the data for the latter half of the study period. This is confirmed by data obtained from the German Bundesbank on investment stocks broken down by country. Using this data, investment flows to selected countries were calculated. The results of those calculations are illustrated in Figure G-3.