strategies may be the result of the maturity of Canadian firms or the small Canadian market.[11]

Although Canadian firms' propensity to invest abroad seems to be increasing and the growth of Canadian ODI has been rising significantly, the number of Canadian firms involved in ODI decreased in the period 1985 to 1991.[12] As a result, the average size of investment abroad almost doubled from $34.8 million in 1988 to $67.7 million in 1991. By 1991, seventeen enterprises with investments of over $1 billion comprised approximately half of total Canadian ODI. Canadian firms, however, seem to be having problems making these large investments pay off and foreign investment has often proved unprofitable not only for many small Canadian direct investors who have dropped out of the picture since the mid 1980s, but also for some large multinationals.[13]

Since Canadian ODI is growing at a faster rate than FDI and is an integral part of international integration and competitiveness for Canadian firms, policies that affect ODI will likely have increasing visibility and importance. High unemployment, slow growth, expansion of free trade and liberalization of investment rules will also lead to concerns about delocalization and unfair labour competition practices. Policy makers will need to be sensitive to the issue that the employment effects of ODI are far from clear and that strong policies may meet with opposition from groups with diverse interests.

[11]This is consistent with the experience in the U.S., where a need was found for firms to go global in order to continue to expand, even in the largest market in the world.

[12]A rough indicator of the propensity to invest abroad is provided by relating Canadian ODI to the long-term capitalization of the Canadian direct investors. F. Chow *op. cit.*, p. 4.6.

[13]F. Chow, *op. cit.*, p. 4.12.