

Table 3.3.2b
Intra-Firm Trade of Non-Bank U.S. Affiliates With Their Foreign Parents

<u>Year</u>	<u>Intra-firm exports as a % of total U.S. exports</u>	<u>Intra-firm imports as a % of total U.S. imports</u>
1977	9.5	19.2
1982	11.6	20.4
1989	9.0	26.0

In terms of geographic source, the significance of Canadian and European parent firms exporting to U.S.-based affiliates decreased over the period 1977 to 1989. These decreases were balanced by increases related to firms from Japan and "Other" countries, particularly South Korea (Table 3.3.3). Consistent with the positive R&D spillover hypothesis and with internalization theory, the composition of U.S. IFT was found to be one which concentrated in industries with relatively high R&D and human capital intensity.⁴⁹

Table 3.3.3
U.S. Intra-Firm Imports, by Country of Foreign Parent
(as a % of total intra-firm imports by U.S.-based affiliates)⁵⁰

<u>Year</u>	<u>Canada</u>	<u>Europe</u>	<u>Japan</u>	<u>Other</u>	<u>Total</u>
1977	10.7	41.6	44.6	3.1	100.0
1982	8.1	30.4	51.9	9.6	100.0
1989	5.7	30.9	53.5	10.0	100.0

Trade flows tended to be one-way for most U.S. affiliates located in OECD countries; parent company sales to affiliates far outweighed affiliates' sales to parents. This was not so marked for Canada, where trade between Canadian and

⁴⁹*Ibid.*, summary para. 8.

⁵⁰Source: OECD, *Intra-Firm Trade Study*, Table 4 and para 29.