

FOREIGN SUBSIDIARIES IN CANADA

A report on the operations and financing of the larger foreign-owned subsidiaries of Canadian companies has been released by Mr. Jean-Luc Pepin, Minister of Industry, Trade and Commerce.

The 148-page document, entitled, *Foreign-Owned Subsidiaries in Canada*, was prepared from information collected as part of a program introduced in March 1966 to provide guidance to foreign-owned subsidiaries in Canada on appropriate objectives to be followed in fulfilling their responsibilities to the Canadian community.

This is the second report on certain aspects of the operations and financing of subsidiary companies. The first, published in June 1967, covered the years 1964 and 1965. The present report is based on information from 326 companies, representing the operations of more than 950 foreign subsidiary companies in Canada, and covers the years 1964 to 1967.

It is estimated that the reporting companies account for 60 per cent of the business carried on by all non-financial corporations in Canada, which are more than 50 per cent foreign-owned. They also account for 70 per cent of the total business in manufacturing and mining.

Most of the firms that reported are engaged in either manufacturing or mining and they account for more than one-third of total Canadian production and total wages paid. Their exports comprise more than one-third of total Canadian exports; imports are about one-third of total imports.

CONCLUSIONS

The survey results show a somewhat sharper growth-trend over the three-year period 1964-67 for this group of foreign-owned subsidiaries than for the economy as a whole, reflecting primarily the exceptional expansion in the automotive industry. Sharper growth was indicated in total sales and in both exports and imports.

Net profit after taxes of the reporting companies increased in both 1965 and 1966, but declined moderately in 1967. About half the total net profit was paid out as dividends in 1964, 1965 and 1966, but this proportion dropped to 42 per cent in 1967, when the value of dividends paid was a little below the 1964 level.

Total merchandise exports of the reporting companies exceed their imports. This surplus increased moderately over the three-year period, from \$420 million in 1964 to \$536 million in 1967.

These surpluses on merchandise trade have been more than offset by deficits on non-merchandise current external transactions.

For all current external transactions covering goods, services and dividend flows, the deficit was about \$500 million in 1965, but in each of the other three years it was in the \$100 to \$200-million range. This negative balance however, on all current items, including dividends, was approximately covered by foreign borrowings by the subsidiaries, mainly from parents and other affiliates abroad.

In general, the aggregate survey results show a vigorous growth performance on the part of foreign-owned subsidiaries. At the same time, they have contributed towards the maintenance of external financial balance.

TORONTO COLLEGE HISTORIC SITE

University College, Toronto, one of Canada's mid-nineteenth century buildings was marked as a national historic site on April 22 when Mr. Donald S. Macdonald, President of the Privy Council, and a graduate of the University of Toronto, unveiled the commemorative plaque for the Government of Canada.

Other speakers included Mr. J.P. Robarts, Prime Minister of Ontario, Dr. D.V. Le Pan, principal of University College, University of Toronto, and Dr. C.T. Bissell, president, University of Toronto.

University College, built in 1856, is an early example in Canada of high Victorian architecture, an eclectic union of Romanesque, Gothic, Byzantium and Italian palazzo styles and was designed by Colonel F.W. Cumberland. In the decade Canada became a nation the style was to influence the design of other public buildings in Toronto and, to some degree, the Parliament Buildings in Ottawa.

The college, which was damaged by fire in 1890, was rebuilt to its original form by D.B. Dick and reopened in 1892.

Founded in 1853, University College was for almost 40 years the sole teaching body of the University of Toronto. Until 1889, it was the only building on campus and for many years contained all university offices.

Among the college's notable graduates were the first six chancellors of the University of Toronto, two prime ministers — Arthur Meighen and William Lyon Mackenzie King and one governor general — Vincent Massey.