

and resources on a global scale. The annual operating budgets of many transnational corporations exceed those of most of the world's governments. Given these characteristics, it is not difficult to see that international cooperation is essential to ensure that the benefits of these operations are maximized for both the host country and the investor.

Transnational corporations, as an important international phenomenon, emerged in the years following the war. American and British corporations were the first to go multinational and for a long period accounted for the majority of direct foreign investment. By the late sixties and early seventies, European and Japanese firms had arrived on the scene and grew quickly. To underline the growth and significance of transnationals, intra-corporate trade, as a percentage of total world trade, has expanded dramatically from 25 percent in 1970 to an estimated 50 percent today.

Multi-national companies have grown significantly in the last two decades and have made their presence felt. In Canada, foreign-owned corporations own 40 percent of our mining industry, 65 percent of our oil and gas industry and 48 percent of our manufacturing industry. Of the 50 largest companies in Canada, 18 are foreign controlled. Non-resident ownership and control on this scale is, of course, without parallel elsewhere in the industrialized world. By contrast, of the 50 largest firms in Japan, none are foreign controlled.

In Brazil, foreign control levels are considerably lower than in Canada--about 15 percent in such important sectors as chemicals, automobiles, steel, food processing, communications and electrical equipment. Canadians have been active participants in the Brazilian economy. After the United States, Brazil is the second largest recipient of Canadian foreign investment. Large Canadian transnationals such as Brascan, Massey-Ferguson, Noranda and Alcan, to name only a few, have long worked with Brazilians to enrich the economic and trading relationships between our two countries.

The proliferation and growth of the transnationals have not gone unquestioned. Throughout the late sixties until the mid-seventies there was a great deal of international questioning, and embryonic attempts to develop an