

The formulation of world product mandate strategies for subsidiaries differs from the formulation of branch plant or rationalization strategies. Management within the subsidiary typically takes the initiative to acquire a world product mandate. In contrast, strategic decisions to create a branch plant or a rationalized operation are the preserve of corporate planners within the MNE. The MNE corporate planners assess the subsidiary management's initiatives for a world product mandate then integrate successful initiatives into overall corporate MNE strategy. Thus adoption of world product mandates by Canadian subsidiaries will depend upon the aggressiveness of Canadian branch plant management within either a bilateral-free trade environment or a sectoral free-trade environment or a functional free-trade environment.

(a) Bilateral free-trade

A bilateral free-trade environment would eliminate the induced interdependence between American owners and Canadian inputs that prompted establishment of Canadian branch plants. The central issue is whether the Canadian managers of a branch plant that becomes redundant will actively seek world product mandates from American MNE parent firms. The economic determinants of a viable world product mandate imply that the Canadian managers who seek this strategy must acquire appropriate research, development, manufacturing, and world marketing services. They must then coordinate these services to produce a product that competes effectively in world markets.