

Transportation costs are a minor determinant of our international trade patterns. Transportation technology has steadily improved and thereby diminished unit transportation costs. Despite increases in energy costs Canada's technologically advanced transportation sector provides relatively inexpensive transportation input services. Transportation costs also have an impact upon the location of input services in relation to production processes where they are used, as well as on the location of the production process in relation to the market demand for final output. Continuing technological advances in transportation imply that these locational considerations will become a less important determinant of our future trade patterns. Thus our steadily expanding trade with distant Pacific rim countries reveals the relatively minor impact of transportation costs on our international trade patterns.

Transportation costs and their influence on locational decisions are a subsidiary factor in the pattern of foreign ownership. The interdependence between foreign owners and domestic inputs causing MNEs is conditioned more directly by production techniques and input costs associated with labour services, capital services and natural resources.

Conclusion

We can now provide conditional answers to the three questions posed at the beginning of the study. First, the level of foreign control over domestic industries could initially diminish during the medium term after trade barriers are diminished, but over a longer horizon technically advanced foreign