

EXHIBIT II

Corporate Strategies for Subsidiaries in
Multinational Enterprises

	<u>Branch Plant Strategy</u>	<u>Rationalized Subsidiary Strategy</u>	<u>World Product Mandate Strategy</u>
Production	S	S	S
Selling	S	S	S
Process technology	S	S	S
Management	S	P	S
Marketing	S	P	S
Product renewal	P	P	S
Exporting	n.a.	P	S

S = subsidiary has Primary responsibility

P = parent has primary responsibility

n.a. = not applicable

The international economic interdependence that causes a MNE differs according to the corporate strategy. Interdependence between foreign owners and domestic resources that is induced by tariff protection causes a branch plant strategy. Interdependence between direct inputs to the production process causes a rationalization strategy. The interdependence causing a world product mandate strategy is an interdependence beyond direct inputs to encompass indirect inputs such as research, development and marketing. A world product mandate strategy is more interdependent with the parent MNE and less dependent than the branch plant or the rationalized strategy. Greater interdependence results from the consolidation of more operations in the subsidiary.