

operations in Canada, their affiliates seem to have become competitive exporters in their own right."<sup>42</sup> However, this conclusion must be tempered by the fact that the motor vehicle industry was a dominant factor (and here, if we look at exports on a value-added basis, the numbers would be much lower) and Canadian subsidiary to foreign parent trade flows were not specifically addressed in the study, i.e., it is more difficult to say that affiliates have become competitive in their own right if a high proportion of their exports is to their parents.

Higher import propensities were also noted for foreign-owned affiliates, although these were upward biased because of data limitations. However, the most accurate measure showed that foreign firms had a propensity to import that was five times greater than that of domestic firms. It was noted that the age and condition of the firm had much to do with its importing behaviour, i.e., relatively newer firms were likely to source more heavily than older domestic ones, but firms of similar age may not differ as much in their behaviour.

Overall, this Investment Canada study found that foreign firms were more outward-oriented than their domestic counterparts. Foreign affiliates were found to be trade-enhancing, not trade-substituting. These results are not surprising, given the new global strategies of MNEs. However, subsidiary to parent trade flows and other forms of intra-firm trade are suspected to figure prominently in the trading behaviour of foreign affiliates and trade data may be significantly changed if exports could be calculated on a value-added basis.

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<sup>42</sup>*Ibid.*, p. 53.