

more of the equity of the subsidiary corporation in the other country. Last summer the United States and Canada reached an agreement, subject to ratification by your Congress and our Parliament, whereby the percentage of share ownership, entitling the parent company to a reduced rate of 5 per cent on dividends from its subsidiary operating in the other country, has been reduced from 95 per cent to 51 per cent. This amendment of our taxation agreement with the United States has since become law in Canada. It is still awaiting ratification by the U.S. Congress. Our Government made it quite clear, in proposing this amendment to the Canadian Parliament, that the new tax arrangement was designed to encourage U.S. parent corporations to give Canadian investors opportunities to buy share ownership in their subsidiary companies in Canada. Hence, as far as Canada is concerned, the tax disadvantage that used to exist for a U.S. corporation offering Canadian minority equity holdings in U.S. branch plants has been removed.

Undoubtedly, there are other difficulties, difficulties about exchange of reasearch between parent and partially-owned subsidiaries, difficulties of control of subsidiaries with minority shareholders. That these are very real difficulties, I would be the first to admit. I ask only that they be weighed in the balance against the advantages in terms of goodwill of giving Canadians a sense of identity with the United States-controlled enterprises.

My second suggestion is that Canadians should be given greater opportunities for advancement in subsidiary enterprise controlled by United States parents. I am pleased to report that more and more U.S. corporations operating in Canada are hiring Canadians for responsible positions, when well-qualified people can be found, and that young Canadians are being advanced as rapidly as their ability and experience will warrant. Responsible Canadians are being invited to sit on Boards of Directors. If this trend continues, there will be little for Canadians to complain about.

My third suggestion is that U.S. corporations should report the results of operations of their subsidiaries in Canada. As you are aware, the S.E.C. requires regular reporting by all the large corporations in the United States. We do not have similar regulations in Canada. Nevertheless, the Canadian public is interested in knowing how these large Canadian corporations are getting on in Canada. Since many of our large corporations are U.S.-controlled, the demand for the release of such information at regular intervals, say in the form of annual reports, has been increasing.

One U.S. corporation, with a 100 per cent controlled subsidiary operation in Canada, added a supplement to its last annual report outlining the extent of its operations and its