

preponderant proportion of the replies have expressed agreement with the basic intent of the principles or have indicated a broad measure of conformity with them. At the same time, there is widespread indication of intent to take new steps in line with the objectives proposed and to work progressively towards these objectives.

The relevance and applicability of particular "Guiding Principles" varies from one company to another, depending on the nature of the company's operations and other circumstances. The guide-line urging more processing of materials, for example, has greater relevance for a resource-based company than for one engaged in secondary manufacturing. In this connection, many of the companies have gone to considerable pains to describe their historical development in Canada and to explain their operations, practices and future plans in relation to the various "Guiding Principles". While I do not propose to elaborate upon the reaction to each of the 12 "Guiding Principles", some indication of the general tone of the response to particular guide-lines might be useful by way of illustration.

Some 450 companies made reference to the guide-line urging "maximum development of market opportunities in other countries as well as Canada". Of this number, 350 companies indicated conformity; that is, they were engaged in export, while the remaining 100 companies were not. However, this latter group included companies in the service trade with little or no opportunity to sell abroad. Among goods-producing companies, reasons advanced for not engaging in export include: (1) high costs arising from relatively small production runs; (2) affiliated plants in other countries were in a better geographic position to serve foreign markets; (3) the products of the plant were not suitable for export (for example, too bulky or perishable); and (4) the company was set up to meet a domestic requirement and was fully occupied in doing so.

A number of companies indicated that export opportunities were limited because of marketing arrangements established by their parent or as a result of licencing arrangements. On the other hand, a considerable proportion of the replies stated that the subsidiary enjoyed complete, or a large measure of, freedom in seeking out export markets even in direct competition with the parent firm or affiliated companies in other parts of the world. Many instances were also cited where parent firms had been of substantial assistance in the development of export business for the subsidiary.

A number of observations stress the important role of plant specialization in building up and maintaining export markets. The surprisingly large number of subsidiaries producing items not manufactured by the parent are usually allowed a free hand in selling these specialized non-competing products abroad. Not infrequently, specialized products developed by the subsidiary for the Canadian market are found to have good sales possibilities in other parts of the world.

Thus, while instances were cited where the parent-subsidiary relation tended to inhibit export activity, the response to this point, taken as a whole, is indicative of a growing participation by foreign-owned subsidiaries in markets abroad. A considerable number of companies have advised of plans to give increased attention to foreign market opportunities, including some venturing into the