

on foreign R&D was found to be 10 times lower. However, the study concluded that foreign R&D is complementary to domestic R&D and, as such, is beneficial.

Table 3.2.1			
National Sources of Patenting in U.S. (3 Columns Total 100%)			
<u>Country</u>	<u>Large Firms:</u>		<u>Other</u>
	<u>Nationally controlled</u>	<u>Foreign Controlled</u>	
Belgium	8.8	39.7	51.5
France	36.8	10.0	53.2
F.R. Germany	44.8	10.5	44.2
Italy	24.1	11.6	64.3
Netherlands	51.9	8.7	39.4
Sweden	27.5	3.9	68.6
Switzerland	40.1	6.0	53.9
UK	32.0	19.1	49.0
W. Europe:	44.1	6.2	49.7
Canada	11.0	16.9	72.1
Japan	62.5	1.2	36.3
U.S.	42.8	3.1	54.1

3.3 Trade Creation or Trade Diversion?

3.3.1 Overview

It is evident from the data presented below that most of the world's trade still takes place between unrelated parties. Intra-firm trade is not growing at the pace some authors on the subject of globalization would lead us to believe. Still, intra-firm trade is an important part of international economic transactions, especially for