

have given some attention to the 75-page report recently released by the Department of Trade and Commerce on 266 of these larger foreign-owned subsidiaries -- accounting for two-fifths of all non-financial business done by large firms in Canada.

If you want a detailed analysis of their implications, I am afraid you will have to wait until the Cabinet committee has completed its work. I should say, however, that nothing uncovered so far by the Department or by any independent researchers would indicate there is validity to the charge that foreign-ownership per se acts against our national interests. Of course, it doesn't prove that every last foreign subsidiary is pure as the driven snow in every particular. But no matter how much work is done, no matter how many studies are produced, there will always be those who maintain that foreign-owned companies as a class are serious offenders against the national interest. We intend to keep the matter under review and point out areas where improvement in corporate conduct is indicated. But our studies to date do suggest that the standard is much better than some people would have us believe.

For example, some have argued that foreign subsidiaries do less than their share of exporting -- a claim which, if widely proven, would be of very serious concern to me, as Minister of Trade and Commerce. Some companies do have their sales policies determined at head office and do not export from Canada. But the majority of subsidiaries do export now and some of the remainder indicate they intend to do so. The statistics we now have are the best proof of their performance. We shall continue to encourage the few stragglers, as indeed we do for Canadian-owned companies.

The major foreign-owned subsidiaries, accounting for one-third of this nation's total exports, sell roughly the same proportion of their goods and services abroad as does the whole economy -- close to 20 per cent of total output. Many instances were cited where the parent firm had been of invaluable assistance in developing export business for the subsidiary.

Further, these firms show a moderate surplus on their commodity trade with the outside world -- just as the overall economy shows a trade surplus. And their overall current and capital receipts just about balance; these subsidiaries are thus paying for themselves without involving an external financing burden for the economy as a whole.

Another expressed fear is that foreign subsidiaries to too great a degree look outside our borders for their sources of materials. I have already expressed my concern about the purchasing policies of all companies in Canada -- both domestic and foreign-owned -- and, indeed, of individual citizens. The question is whether the conduct of foreign-owned companies varies greatly from that of Canadian-owned companies in this area. Evidence indicates that it does not.

For the first five months of 1967, compared with the same period last year, the healthy 16½ percent advance achieved in exports has been about matched by a similar increase in imports. It is this which gives a new urgency to the development and utilization of economic sources of supply in Canada. And it