

of the latter change is to enable Canadians who were employed by the United States at Goose Bay to participate in the Plan with effect from July 1, 1972, in accordance with the Canada/United States agreement respecting the transfer of the military base.

The amending Bill also contains a large number of technical amendments to provide minor improvements and corrections to the Canada Pension Plan Act.

### Mexico/Canada tax treaty talks

Meetings recently took place in Ottawa between Canadian and Mexican officials to discuss the possibility of entering into a bilateral tax treaty for the avoidance of double taxation. In the course of the discussions, representatives of the Mexican Finance Ministry expressed their interest in obtaining information concerning actual problems of double taxation that have been encountered by Canadian taxpayers in Mexico.

### Foreign-owned subsidiaries in Canada

Data on the operations and financing of Canadian subsidiaries of foreign companies in Canada is contained in a report, *Foreign-Owned Subsidiaries in Canada, 1964 to 1971*, released in April by the Department of Industry, Trade and Commerce.

The report, the fifth in a series, is based on information gathered by annual and quarterly surveys from some 1,000 companies to assess their significance on the Canadian economy.

Participants in the surveys are non-financial companies incorporated in Canada with assets of more than \$5 million and whose voting shares are more than 50 percent owned by a non-resident corporation. The responding companies had sales in 1971 of \$28.1 billion, which represented about one-fifth of the sales of all non-financial corporations in Canada; those classified as mining and manufacturing industries accounted for about two-fifths of total sales.

Detailed data on income and expenses of the companies surveyed is provided in the report, which covers Canada, the

United States and other countries. A further breakdown is given of transactions with affiliated companies abroad. Information with details on geographic and affiliated companies is furnished on the source of financing of the respondents.

These most recent data show the continuing importance of the responding subsidiary companies in the Canadian economy. In addition to their large total sales volume in 1971 their exports of \$7.2 billion represent 41 per cent of all Canadian exports or 46 per cent of total non-agricultural exporting. Their import bill of \$6.5 billion accounts for 42 per cent of all imports into Canada.

### Moderating trends

While the impact of these companies on the economy is large, the report suggests that a number of trends in their operation and financing that were apparent in the period from 1964 to 1969 did not continue in 1970 and 1971. Export sales, which had accounted for an increasing proportion of total sales and of total Canadian exports in the earlier years, moderated in 1970 and 1971 with little further change occurring in their relative importance. A similar pattern was apparent in the imports of the respondents. The previous tendency for an increasing proportion of transactions to be with the United States and with parent and affiliated companies in that country did not continue in 1970 and 1971.

The report indicates that transactions in the years 1964 to 1969 were heavily influenced by the sharp growth in trade with the U.S. under the Canada-United States Automotive Agreement. The much more moderate growth in this activity in 1970 and 1971 was an important influence in the trends shown by subsidiary companies as a whole.

In the area of financing, too, some of the earlier trends were not continued. In 1971, on a net basis, reporting companies reduced their liabilities to Canadians while increasing their liabilities to affiliated companies in the United States. Previously, there had been a tendency to draw substantially on Canadian sources for financing requirements particularly in the form of bank and other short-term loans. A further discontinuity was in dividend payments where, in both 1970 and

1971, such payments represented slightly more than 50 per cent of net profits, while in the three previous years the proportion varied from 38 to 42 per cent.

### Canadian Forces strength

Total strength of the Canadian Forces at the end of February was 82,054, consisting of 13,139 officers, 2,006 officer cadets and 66,909 other ranks.

The number of women in the Forces increased slightly from 2,356 to 2,444, with 30 trades, including the automobile and aircraft repairs trades, open to them.

Statistics released at the end of last year show that more than 6,600 men and women were stationed outside Canada in more than 32 countries.

### Balance of International payments

Canada's current-account deficit at \$335 million in 1973 was almost \$300 million below the level of the previous year. The decline reflected an increase of over \$500 million in the merchandise trade surplus, partly offset by the continued increase in the deficit on non-merchandise transactions, which rose in 1973 by over \$200 million. The current-account deficit of \$335 million, together with the capital account outflow of \$132 million, led to a decrease in Canada's net official monetary assets of \$467 million — the first annual decline since 1966.

