

technology from having access to domestic markets may be erected through public procurement policies. A government's support for research and development, through subsidies and related policies, may place foreign firms at a competitive disadvantage.

The increasing incidence of such practices, reflecting the reality of new protectionist sentiments amongst our trading partners, may be very damaging to Canadian interests. Consistent with our over-all trade policy, including our support for an open world trade regime, it would be desirable to improve multilateral trade instruments to take account of the special characteristics of technology. A broader consensus is needed, however, on the susceptibility of these technology trade issues to negotiation of an improved framework. If such a consensus is achieved — and I think it might be — technology and services trade will be part of a new round of multilateral trade negotiations in the GATT. There is growing international agreement to launch a new round in the not too distant future.

The UN code of conduct on transfer of technology

The United Nations' Draft International Code of Conduct on the Transfer of Technology has been the subject of discussion and negotiation for over nine years. At the request of the developing countries, discussions began in 1975 under the auspices of UNCTAD to devise such a code. For the proponents of such a code, and particularly the newly industrializing countries of Latin America and Asia, major objectives have included the following:

- first, to provide developing countries with increased control over the activities of multinational enterprises operating within their territories;
- secondly, to intervene in the international trade in technology by regulating restrictive business practices sometimes involved in that trade; and,
- thirdly, to increase developing country access to advanced technology that has been proprietary to enterprises, by increasing the flow of that technology and by reducing its price.

In the course of five sessions of the United Nations Conference on the Code, spanning a period of six years, agreement has been reached on the vast majority of the provisions of the Draft Code. For Canada, along with other Western countries, the development of an agreed upon set of non-binding guidelines would provide a general framework for internationally acceptable conduct by the enterprise involved and for regulation by involved governments.

A number of major issues remain outstanding. The question of the nature of the final instrument that will embody an agreed upon code has prevailed throughout the negotiations. Virtually all governments recognize that the code can only be viewed as a general framework for action at the national and international levels. However, there is not yet full agreement on the extent to which follow-up, monitoring machinery is required.

The precise scope of transfer of technology transactions to be covered by the code also remains unresolved. It is clear that the code would apply to technology that is transferred across national boundaries.
