

over multinational enterprises incorporated in Canada in respect of their activities in Canada are an unacceptable intrusion into the foreign commerce and other sovereign interests of Canada.

Particularly in the light of a number of factors that I have already mentioned, there would seem to be little need for preserving authority to assert such extraterritorial jurisdiction. Canada shares with the United States a common interest in effective controls for national security reasons; we co-operate closely on COCOM in developing more effective multilateral controls of strategic goods. Our bilateral arrangements ensure that exports of strategic goods and technology, including those of US origin, are controlled under Canadian law. We are continuing and seeking to enhance our co-operation in the administration and enforcement of our respective export control laws. I would hope that Congress takes fully into account Canadian and other foreign governments' interests when it once again considers proposals for renewal of the Export Administration Act. Such consideration is not merely good neighbourliness; it is a policy commitment endorsed by the USA and all other OECD countries as a means of avoiding or minimizing problems that may be caused by the imposition of "conflicting requirements" on multinational enterprises. In such situations, moderation, restraint and co-operation as an alternative to unilateral action are called for.

Incoming investment

Before concluding, I would like to touch upon one other type of national measure that affects transfer of technology — review of foreign investment. Foreign ownership in Canada presents both challenges and opportunities to encouraging a higher degree of technological innovation and research and development (R&D) among Canadian enterprises. While some multinational enterprises suggest that there are advantages in concentrating the R&D function largely in one place on the basis of factors relating to external economies and economies of scale, foreign-controlled enterprises in Canada have spent considerable sums in purchasing technological innovation from their parents. Canada has clearly benefited from these intra-corporate transfers of technology. We must still encourage domestic innovation, however, to maintain our international competitiveness and export performance.

What can be done? We must maintain a healthy over-all investment climate. As you know, the government has announced its intention to revise the foreign investment review process, both to attract more investment and to reduce the scope of review.

Beyond this, we must maintain a healthy economic and fiscal climate for the pursuit of R&D in Canada. Studies maintain that the Canadian environment, particularly including our incentive program, is very competitive. All firms in Canada, foreign and domestic, can respond to the opportunities. In respect of foreign firms, both the OECD Guidelines for Multinational Enterprises provided in your materials and the guidelines promulgated by the federal government in the mid-1970s encourage corporations to develop, as an integral part of their Canadian operations, an autonomous capability for technological innovation, including research development, engineering, industrial design and pre-production activities.

Conclusion

In conclusion, this detailed review of the multilateral, bilateral and national environment within which technology transfers occur suggest some basic questions that we might all keep in mind throughout today's discussions.
