

and innovators are adequately protected. Discussions continue on the development of codes of conduct on transfer of technology, and on transnational corporations.

At the UN Conference on Trade and Development (UNCTAD) and at the Organization for Economic Co-operation and Development (the OECD) attention has also been focused on encouraging transfers of technology in a manner that avoids the imposition of unnecessary, anti-competitive conditions on such transfers.

At the World Intellectual Property Organization (WIPO), developing countries have shown increasing concern that the international patent system may not be serving an optimum role in assisting them in acquiring new technology.

And at the Co-ordinating Committee, COCOM, Western countries maintain multilateral controls on the shipment of military and strategic goods and technologies to proscribed destinations.

The second category of fora is contained in Canada's specific bilateral relations with the United States. Few industries in Canada are not in some way reliant upon the US market. Almost three-quarters of Canadian exports go to the USA. Any further development of special trade arrangements with the States could affect technology transfers between our two countries. Bilateral exchanges of militarily critical or dual use technology are also affected by defence development and defence production sharing arrangements, and by bilateral arrangements for the administration and enforcement of export controls.

Thirdly, national laws and policies clearly have an impact on the transfer of technology. Canadian and foreign laws on competition policy, export controls, trade practices and incoming investment may affect, if not determine, the terms and conditions of an international transfer. The extent to which one country's laws purport to reach persons or conduct in the territory of another country must also be considered.

Let me return to each of these elements comprising the international environment in turn, to flag some of the more difficult trade policy issues facing us.

#### **The GATT**

The General Agreement on Tariffs and Trade, of which Canada is of course a member, sets out rules which govern the international exchange of goods. The GATT does not contain any specific rules for trade in technology. Nor does it apply, at present, to the area of trade in services. Accordingly, GATT rules do not apply to a range of business transactions that include the transfer of technology, such as contracts for consulting services, licensing of process technology, or the provision of other services.

Even without a precise definition of what may be encompassed by trade in "technology", it is evident that certain disruptive practices could distort or impede such trade. For example, national rules restricting foreign access to high technology may be justified for reasons of national security, for instance, but may also be imposed for commercial reasons. Conversely, barriers that inhibit exporters of foreign