

20. **The Committee recommends that the federal government continue to support the creation of industrial pre-competitive research consortia and recommends that it eliminate tax provisions that hinder the financial viability of such consortia.**

B. Marketing Assistance for Small Enterprises

Small firms do not possess the resources to undertake major marketing efforts in foreign countries. However, it might be possible for two or more firms to pool their resources in an effort to penetrate foreign markets. The federal government could be of immense help in such endeavours. The Committee believes that the pre-competitive consortia experience can serve as a useful model for enhancing the international competitive capabilities of small and medium-sized firms in Canada.

21. **The Committee recommends that the federal government give consideration to the feasibility of establishing joint government/industry consortia to enhance the international marketing capabilities of small and medium-sized, indigenous, high-value-added industrial firms.**

FEDERAL PROCUREMENT POLICIES

Federal procurement policies are a valuable instrument for encouraging private sector research and development. These policies can also be an effective means of fostering regional R&D capabilities. Witnesses before the Committee explained that government purchases greatly assist newly established innovation companies to become commercially viable. Such purchases provide new innovative firms with practical experience in dealing with customer technology requirements and reduce the risk associated with the introduction of new products into the marketplace.

22. **The Committee recommends that the federal government expand the mandate of its procurement policy to include a greater support of industrial science and technology activities, the development of innovation in the economy and of new business formation, and the promotion of greater regional equity in the country.**

A. Council on Procurement

The Committee believes that the anticipation of federal technological requirements is essential for the effective use of procurement policies. Decisions concerning these requirements must be made by determining the needs of appropriate government departments on a regular basis.