

international competitiveness. In this regard, it should be noted that neither the NAFTA nor the Uruguay Round SCM Agreement restricts a government's right to offer a subsidy contingent on R&D being carried out domestically.

U.S. investment policy remains controversial in its attempts to leverage advantages by increasingly demanding reciprocity from the home country of investors, rather than by encouraging investment on a non-discriminatory basis under the principle of national treatment. A number of pieces of U.S. technology legislation, for example, limit foreign-owned companies located in the U.S. from participating in U.S. government-funded technology consortia and include specific reciprocity provisions. This runs counter to attempts to eliminate cross-border restrictions in favour of national treatment under the NAFTA. With a protectionist Republican Congress, such calls for reciprocity in the U.S. are likely to increase.⁴⁵ The following statutes are areas where Canada will want to pursue market-opening initiatives within the NAFTA, if Canadian companies are to be freed from undue restrictions on access to publicly funded R&D programs.

- **The National Cooperative Research Production Act**

Legislation such as the National Cooperative Research and Production Act (NCRPA) of 1993 continues to erode access to U.S. R&D initiatives. The Act, which amends the 1984 National Cooperative Research Act (NCRA), is designed to promote innovation, to facilitate trade and to strengthen U.S. competitiveness in world markets. The Act also requires commitments by U.S. recipients of Government

⁴⁵ Proposed/Approved Legislation in the 103rd Congress containing reciprocity provisions included:

National Cooperative Production Amendments Act of 1993, H.R. 1313/S. 574, accords limited antitrust immunity to joint production ventures. Signed into law on 10 June 1993.

Environmental Technologies Act of 1994, H.R. 3870/S. 978, promotes environmental technologies in the U.S. by coordinating federal R&D efforts and encouraging government/industry partnerships. Passed in the House and Senate.

Department of Energy National Competitiveness Technology Partnership Act of 1993, S. 473, restructures Department of Energy laboratories to promote partnerships with the private sector. Passed in Senate without the discriminatory provision.

The National Competitiveness Act of 1994 (HR820) did not become law. The Manton Amendment, that would have prevented foreign owned firms in the U.S. from participating in research programs that H.R. 820 funded unless the foreign companies country of origin provided comparable opportunities for U.S. firms, was defeated.

Source: United States Congress; SRI International.