

the bulk of bilateral trade and would provide for the elimination of tariffs and significant non-tariff barriers. Just how technology would be addressed in such a treaty is difficult to foresee. Technology aspects of informatics; for example, might be dealt with in provisions relating to services. Provisions relating to intellectual property would also have to be considered.

In sum, we are committed to considering ways to secure and expand our markets in the USA. This means continuing to look at the sectoral approach to see what it can offer. It means also examining calls from certain parts of the business community for a broader trade agreement with the USA. As my colleague, the Minister for International Trade, pointed out in his speech at Dalhousie University on November 1, 1984, there are some very large questions here. They include: the strength of our export industries; the problems of those industries which already face strong competition; the special measures of adjustment which might be needed; the constraints on certain Canadian policies, such as regional development, which might be involved; the effect on Canadian identity in any proposal for a closer relationship with the USA. Questions of transfer of technology in bilateral relations must be placed in the context of these broader considerations.

Defence development and defence production sharing arrangements

There is one area in which Canada and the United States have long been committed to encouraging bilateral technology exchange. Canada-USA Defence Development and Defence Production Sharing Arrangements, dating back almost half a century, have enabled Canada and the United States to keep to a minimum restrictions between them on the flow of high technology, including that which is militarily critical or that has a dual use. As a partner in North American defence, Canada enjoys a unique position in US export control regulations. A US manufacturer planning to export critical products or parts to a Canadian firm or to a subsidiary in Canada does not need to fulfil the general licensing requirements of the US International Traffic in Arms Regulations or the Export Administration Regulations. A new US Department of Defense Directive on the withholding of unclassified but sensitive data specifically confirms an exemption for Canada, and permits Canadian firms to be treated on the same basis as US firms in related transfers of technology. Conversely, as I mentioned, Canadian regulations contain an exemption for almost all goods and technology destined for end-use in the USA. This generally unrestricted flow of technology has served to ensure that Canada has been in a position to make a more effective contribution to the North American defence industrial base. It has also ensured the inflow of technology to Canadian companies so important to their being able to compete in international markets.

To implement fully our bilateral arrangements, the re-export from Canada of US-origin goods is controlled under Canadian legislation. Canadian officials co-operate closely with their US counterparts to ensure that Canada is not used as a conduit for the re-export of US goods to destinations to which the US would not export these goods. We are committed to ensuring that the resources we devote to the administration and enforcement of our export controls are adequate to protecting fully North American security interests.

National measures — antitrust

Finally, let me touch briefly on a series of national measures that also form part of the international environment for transfers of technology.