

- the Canadian Space Agency (CSA) and the Centre national d'études spatiales (CNES).

France and Canada also agreed to encourage technological cooperation between small and medium businesses and industries. The agreement signed between ANVAR and the National Research Council's IRAP program in October 1998 is a positive step in this direction.

France, for its part, is also interested in extending its S&T relations with Canada. The French are particularly interested in Canada's experience with:

- venture capital funds;
- our tax incentive system;
- the links that have been established between universities and the private sector;
- Canadian methods of transferring and disseminating technology;
- efforts to encourage innovation, and especially the formation of innovative businesses;
- university-level programs for training entrepreneurs;
- education technology.

Finally, Canada is a prime destination for both young French researchers doing post-doctoral internships as well as French researchers. However, Canadian universities attract far more French students than French universities attract Canadian students.

The European Union is becoming an increasingly important source of government support for research as the European policy on research and innovation matures. Between 1990 and 1996, 7 036 French laboratories or industries participated in the European Union's R&D framework programs. In 1997, the allocation from the Framework Program for Research and Technological Development was greater than the total of all incentives from French government departments (3.38 billion FF versus 3.35 billion FF). France is the second largest contributor to the R&D budgets of the European Union and a major beneficiary of them. French groups can play a facilitating role and help Canadian partners on their teams to submit applications under the Framework Program for Research and Technological Development. Canadians can participate in this program under the Canada-European Community Agreement on Scientific and Technological Cooperation.

## **A. The Potential Market**

The public sector has made major investments in establishing and preserving the public research system in France, which is currently the most fully developed in Europe. The private sector in France contributes less to R&D, proportionately speaking, than in the United States or Japan. The expenditures of the public and private sectors in France have risen from a little less than 2% of GDP in 1981 to 2.3% in 1998. The French research system is characterized chiefly by sectoral specialization along traditional lines, the important role of government and publicly-owned corporations, and the internationalization of it focussing on Europe. The "Grands Projets Technologiques" enabled France to play a leading role in such areas as aeronautics, defence, space, nuclear technology and overland transportation, which are still generously supported. France continues to place a high priority on these strategic technologies for reasons of security, independence, and prestige and to preserve its influence on the international scene. However, France is slowly turning its priorities away from traditional technologies (nuclear energy, chemistry and transportation) toward information technology and quality of life technology (the environment, biomedical research, and the social sciences). The