

BRIEFING NOTE - TECHNOLOGY INFLOW

1. The Importance of Technology Inflow

- The critical importance of technology to economic growth and the increasing rate of technological change are now widely recognized at the political level. Governments now show considerable interest in technology diffusion, both in Canada and abroad (see Annex I).
- Technology diffusion into Canada and within Canada appears to occur more slowly than in most other developed countries. There is increasing preoccupation with its mechanisms and concern about the adequacy of laws and regulations of the knowledge-intensive industries.
- In studying the problem it is necessary to take into account mechanisms for the identification of new technologies (personal contact, trade journals and shows, patent searches, etc.) and for the diffusion of technology across international boundaries (the activity of multinational corporations, international trade, joint ventures, licensing arrangements, etc.).
- Factors that can influence the rate of technology diffusion include the ownership of the firm (domestic or multinational), the investment climate, and the concentration of industry. Trade associations, particularly in the service sector, should normally play a key role in collecting and disseminating information on new ideas and best-practice technology.
- More than 95% of the technology used for domestic economic development in Canada is of foreign origin, and of this amount approximately half is imported from the USA, with multinational enterprises (parent-subsidiary) accounting for 80% of the total flow, investment being the primary mode. However, the vehicle -the MNE- may be more important as a factor, good or bad.
- To many of our interlocutors, this transborder flow of technology is so fast and massive that it appears daunting: they declare it "impossible to monitor". One must wonder whether an informed government policy can evolve from this attitude.