

(c) The principle is accepted that industry should participate in funding the research and development phase to ensure responsible product selection. It should be noted however, that the further costs of tooling, of prototypes, of production start-up and of market development, which are incurred in bringing a new product into successful production, are also very large. These costs also ensure the careful selection of products and in addition they represent a significant further financial burden.

In light of the foregoing the Association suggests that, as an alternative to substantially increased R & D support, consideration might be given to government sharing of the total non-recurring costs of bringing a specific new product to the market place.

(d) The terms covering some of the cost-sharing R & D programs administered by the government include a requirement for repayment to the Crown for financially successful programs. The Association believes that there should be a reassessment of the repayment requirement for research and development assistance funds. As noted above, research and development is only a portion of the costs associated with the innovation process in high technology industries. Hence, industry should assign available funds to any other unsupported costs incurred and to its share of further research and development rather than to repayment of past research and development assistance. The government will recover its investment from the increased