

## EXECUTIVE SUMMARY

In a comparatively short period of time, "strategic" trade theory has become to economic theory what the "cold fusion" controversy is to science. Whether or not it represents a paradigm shift is debatable from a theoretical perspective but, from a practical perspective, free trade remains the optimal choice. What is perhaps more obvious is the increasing international network of corporate alliances, particularly those which involve some exchange of technical information, within the OECD and among the U.S., EC and Japan in particular.

It is difficult to draw conclusions from the vast array of complex and often contradictory information available on the subject of technology consortia. As noted in the conclusions, precise definitions are not available, the term 'precompetitive' frequently applied to such endeavours may be a misnomer for 'precommercial' and it is not clear that there exists a significant demand for access to foreign consortia on the part of Canadian stakeholders. Furthermore, at a more fundamental level, we still do not know what role technology consortia play in national innovation systems.

It has become evident, over the course of researching this paper, that Canada may have much to gain from seeking improved access to publicly supported technology consortia in other countries. As a relatively small, advanced economy which contributes modestly to the industrial world's technology, we can ill afford to pursue an isolated approach to technology acquisition. Increasingly, we are seeing the "visible" hand of government in technology creation activities, not just during the early stages of basic scientific research but also at the prototype and field testing stages of development. If our major trading partners continue to restrict access to their public R&D programs, Canadian firms will be disadvantaged.

In the United States, Canadian-based firms, even those bringing their own funding and expertise, are prevented from joining many publicly supported consortia by patent, national competitiveness and national defence legislation, and may face an even greater variety of implicit barriers through government procurement regulations. It also remains to be tested whether recent amendments to the National Cooperative Research Act, which protects firms from punitive damages in an anti-trust suit, discriminate against Canadian members of U.S.-based consortia.

In Europe, Canadian-based firms have, for some time, faced barriers to joining Community supported R&D projects. Even those firms which have affiliates in Europe have encountered resistance to their membership in publicly supported consortia from competitors in other member states. The Fourth Framework Program for Research