

integrate the North American auto industry since 1965,⁵⁶ many Canadian auto parts manufacturers still perform little or no R&D. As technology evolves, however, Canadian producers that cannot provide technical resources or become involved in partnerships to provide such innovation will be left behind.⁵⁷ With \$57 billion in automotive-related exports in 1994, any loss of market share due to shifts in technology and production would have a significant impact on Canada.

Recommendation 1. The provision of national treatment, particularly within the NAFTA area, for Canadian firms in U.S. technology programmes

Discriminatory access to technology consortia strengthens the role of U.S.-owned, U.S.-based firms in conducting R&D and post research manufacture. As the distinction between foreign and domestic becomes increasingly blurred within North America, particularly in the field of advanced technology, the lack of full national treatment, especially for Canadian firms willing to commit their own money and expertise becomes increasingly unjustifiable. At the least, provisions that discriminate against Canadian-owned, U.S.-based firms should be avoided, as should territorial restrictions placed on post research manufacture. This approach would require non-discriminatory access to Canadian government-sponsored programmes for U.S.-controlled firms based in Canada.

⁵⁶ Canada's automotive parts industry alone generates over C\$15 billion (1992) in revenues, of which two-thirds is exported and provides direct employment for over 70,000 people. Indirect employment is estimated at 300,000 Canadian jobs. The automotive parts sector represents approximately 20% of Canadian end-product exports.

⁵⁷ These resources include product design and development engineers, process engineers and research scientists.