

Executive Summary

Defining Canada's national economic interests has become a much more important exercise with the end of the Cold War and increased economic competition among allies and between regions. Canada's interests are being transformed by technological innovation both at home and abroad. The extent to which enterprises adopt and adapt to new technologies will determine whether or not Canadians maintain or enhance their relative standard of living, economic security and competitive position.

The goal of this Paper is not only to broaden the standard debate beyond traditional questions of government support for commercial research and development and the gathering of technology information abroad, but also to provide relevant recommendations for Canadian trade policy linked to advanced technology. In doing so, the Paper provides an overview of the interaction between legal, economic and trade issues affecting advanced technology markets, with particular reference to the North American Free Trade Agreement (NAFTA) and the WTO and demonstrates how the U.S. and EU have managed to develop and integrate their non-trade policy frameworks to their commercial advantage.

Over 85 percent of Canada's advanced technology exports are to the United States and European Union. As a result, the primary objective of the Paper is to review, through a technology lens, the policies and practices in several key policy domains in both the United States and European Union that have an impact on advanced technology development. In doing so, the Paper proposes to address three fundamental questions:

1. What is the interplay between policies targetted at advanced technology sectors in the United States and the European Union and trade policy?
2. Based on these crossovers and recent technological and policy developments, what are some of the potential sources of dispute?
3. What are Canadian "interests" in this debate?

While a dynamic domestic economy is a prerequisite if Canada is to remain technologically competitive, a discussion on domestic policies for growth and innovation are beyond the scope of this Paper.

Many of the issues discussed in the Paper will not be entirely new to the specialist. Moreover, not all relevant trade policy dimensions are covered, including