

Table of Contents

I. Preface	ix
II. Introduction	1
III. Steering Committee Policy Recommendations and Findings	5
IV. NRC Summary Report on the Project	9
FOREWORD TO THE NRC SUMMARY REPORT	9
SOURCES OF FRICTION AND COOPERATION IN HIGH-TECHNOLOGY INDUSTRIES	12
The Permanency of Competition for High-Technology Industry, 12	
Growth in Regional and National Technology Development Programs, 13	
Greater National Competition, 19	
National Strategies: Producers versus Consumers, 24	
The Importance of Conditional Government Support, 28	
The Importance of Sustained Effort, 29	
Export-Oriented Economies, 31	
Creating Comparative Advantage, 36	

- Internationalization of “Domestic” Policies, 38
- National Locational Competition and Its Impact on Scientific Research and Cooperation, 41
- Greater International Cooperation May Generate Increased Friction, 43
- Different Modes of Cooperation, 45
- Principles of International Cooperation, 45
- Challenges to Cooperation, 47
- National and International Consortia, 48
- Best Practice for National Programs of Technology Development, 50
- Producer versus Consumer Economies: Different Goals, 51
- International Eligibility for Participation in National Technology Programs, 54
- A Case-by-Case Approach, 59
- Strategic Alliances, 61
- Globalization of R&D?, 64
- Technology Cooperation and an Open Multilateral Trading System, 66
- Strengthening Institutions to Integrate Trade and Technology Policies, 67

SYSTEM INTEGRATION AND SYSTEM FRICTION:
 NEW CHALLENGES IN TRADE POLICY72

- Direct and Indirect Subsidies, 72
- National Security and Dual-Use Technologies, 76
- Discriminatory Public Procurement, 77
- Product Standards, 79
- Dumping and Antidumping, 80
- Market Access: Compulsory Technology Transfers and Aerospace Competition, 85
- Intellectual Property Protection, 91
- Investment Incentives, 94

DIFFERENT NATIONAL INVESTMENT REGIMES AND
 THEIR CONSEQUENCES96

- National Investment Regimes Differ, 96
- Investment Barriers, Licensing Agreements, and Technology Transfer, 100
- Foreign Direct Investment in High-Technology Industry, 102
- Consequences for Competition Policy and Foreign Policy, 104
- Consequences for High-Technology Competition, 107
- Sanctuary Markets, 108

Bilateral Solutions?, 109	
Competition Policy—Convergence?, 115	
Cumulative Consequences, 116	
Global Competition among National Companies, 117	
National Strategies for Multilateral Solutions, 118	
MAIN POINTS OF THE SUMMARY REPORT	121
SUPPLEMENTS TO THE SUMMARY REPORT	131
A. High-Technology Competition in Semiconductors, 131	
B. Government Support for Technology Development: The SEMATECH Experiment, 141	
C. Implications of the U.S. Dual-Use Strategy, 152	
D. The Global Positioning System: Government Missions, Commercial Applications, and Policy Evolution, 158	
E. Discriminatory Public Procurement: Prospects for Progress, 164	
BIBLIOGRAPHY	173
Boxes within the Summary Report and Supplements	
Box A. Why Are Countries Concerned about Their High-Technology Industries?, 33	
Box B. How Do Governments Support High-Technology Industries?, 39	
Box C. Drivers of Cooperation in the Semiconductor Industry, 46	
Box D. Real-World Case: International Cooperation on the 300mm Wafer, 60	
Box E. Types of Alliance Activity, 63	
Box F. Comparative Advantage and High-Technology Competition, 70	
Box G. The Dumping/Antidumping Policy Debate, 82	
Box H. The Stakes in Aerospace Competition, 88	
Box I. The U.S.-Japan Semiconductor Agreements of 1996, 111	
Box J. Lessons in Technology Transfer, 151	
V. Joint HWWA-IfW Analysis: National Technology Policies and International Friction: Theory, Evidence, and Policy Options	187
THE ECONOMICS OF TECHNOLOGY POLICY IN GLOBALIZED MARKETS	190
APPROACHES TO CONFLICT RESOLUTION: AGENDA FOR ACTION	206
REFERENCES	237