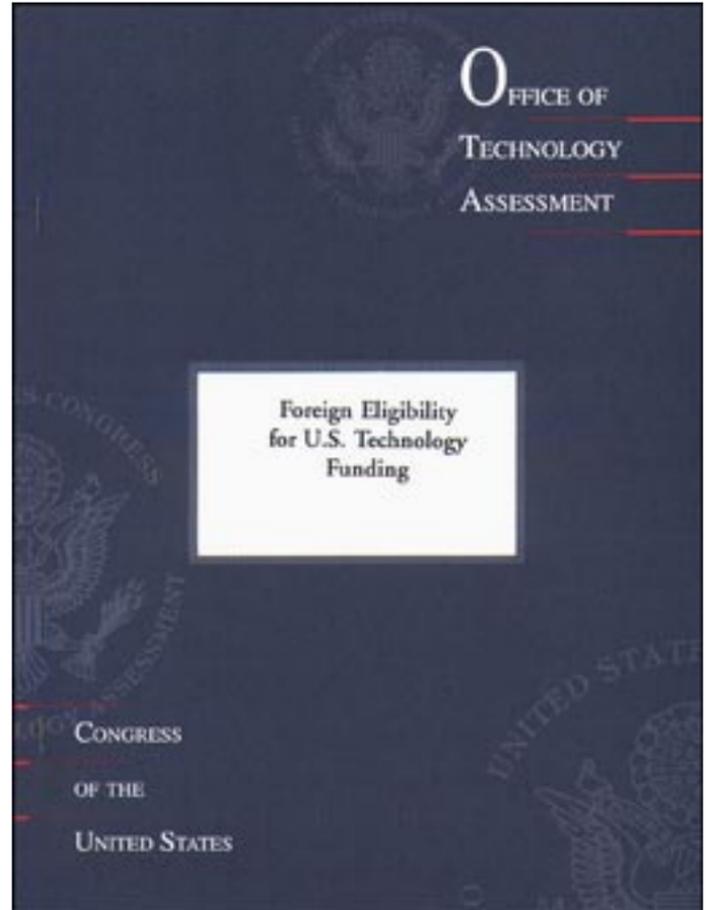


*Foreign Eligibility for U.S. Technology
Funding*

September 1995

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Foreword

The presence of foreign-based multinational firms in the United States has transformed many sectors of the U.S. economy—automobiles and chemicals come readily to mind. In the past decade, foreign direct investment in the United States increased by 280 percent to reach \$445 billion in 1993. Foreign-based multinational firms bring technology and capital to a range of industries, and employ hundreds of thousands of workers in the United States. For these reasons, the United States welcomes foreign investors, affording them the same rights and protections as U.S.-based companies.

But in some foreign countries, U.S. firms have not received comparable treatment. U.S. companies have faced considerable barriers to direct investment, their intellectual property rights have not been adequately protected, and they have not enjoyed comparable access to technology development programs funded by foreign governments.

These concerns prompted U.S. Congress to pass legislation governing the eligibility of foreign-based firms to participate in U.S. government technology programs, for example, the Advanced Technology Program and several technology programs funded under the Energy Policy Act of 1992. This paper addresses the question: What eligibility conditions should affiliates of foreign firms be required to meet before receiving financial assistance from the U.S. government?

This is a follow-on product to OTA's assessment of Multinational Firms and the U.S. Technology Base. That assessment was requested by the Senate Committee on Commerce, Science, and Transportation and the Senate Committee on Banking, Housing, and Urban Affairs.



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Note: OTA appreciates and is grateful for the valuable assistance and thoughtful critiques provided by the outside reviewers. The reviewers do not, however, necessarily approve, disapprove, or endorse this report. OTA assumes full responsibility for the report and the accuracy of its contents.

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