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UNIDO'S PROGRAMME ON
INDUSTRIAL JOINT VENTURE AGREEMENTS ✓

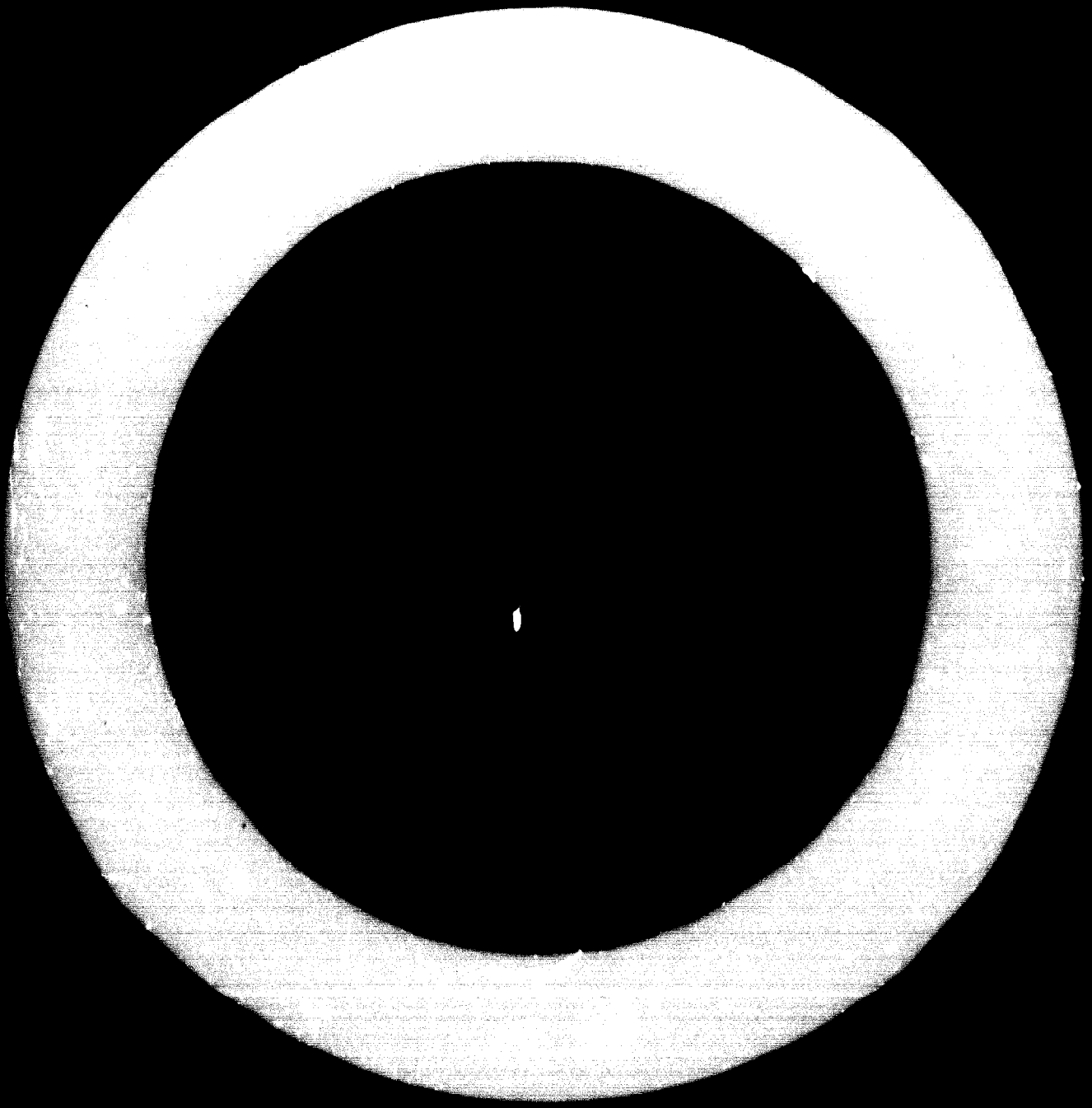
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BACKGROUND

It is widely recognized that lack of funds as well as technical and managerial skills are some of the retarding factors to the industrialization of developing countries. During the United Nations Second Development Decade, the need for an increased transfer of funds and technology from developed to developing countries will be greater than ever before if the targets laid down are to be achieved.

In recent years, an increasing number of industrial investments have been made in the form of joint ventures involving shared ownership between local and foreign partners. Developing countries are aware of the benefits they may derive from joint venture agreements which not only include the transfer of capital and technology but also the training of personnel in technical as well as in managerial fields and the opening of new markets.

Because of the increase in joint venture agreements it has become necessary to examine in depth the legal contents of these contracts and their economic implications.

Accordingly, UNIDO published in 1971 a Manual on the Establishment of Joint Venture Agreements in Developing Countries. This study shows that there are numerous factors which determine form, terms and conditions of joint venture agreements depending on the type of industry and the circumstances prevailing at a given time and country. On the other hand it was also established that a number of characteristics exist which are common to all partnerships of this kind.

Negotiating and drafting of joint venture agreements is a complex and difficult undertaking. It involves much sophistication which in turn requires extensive knowledge of the economic and legal aspects of such contracts. It follows that training and an exchange of ideas and viewpoints covering the vital aspects of joint venture agreements should be of great value to officials from developing countries in order to guide them in the establishment or management of joint ventures in their countries.

It is against this background that UNIDO has organized a programme under which assistance is rendered to developing countries in:

- Training their nationals in negotiating and drafting industrial joint venture agreements;
- Providing a forum to discuss joint ventures with representatives of industrialized countries to promote the establishment of such agreements; and
- Securing the services of expert advisers for selected industrial joint ventures.

WORKSHOPS ON NEGOTIATING INDUSTRIAL JOINT VENTURE AGREEMENTS

The training programme has a duration of two weeks. It is designed to upgrade existing skills and to prepare participants for increased responsibility in their respective fields of endeavour. Under the guidance and direction of experts, participants will discuss the application of fundamental legal and economic concepts to actual problems, the decision-making process and the presentation of viable courses of action with regard to negotiating joint venture agreements. They will gain a better understanding of the expectations and the point of view of an investor from an industrialized country and also of what a partner of a developing country may expect from such agreements.

The programme has two components as follows:

1. An introduction to joint venture agreements which covers a wide range of legal aspects and their economic and commercial implications.

Topics will include inter alia the formation of a joint venture company; ownership and capital structure; direction and management, financial policies; marketing arrangements, patents and licensing arrangements; the role of joint ventures in the transfer of capital, technology and managerial skills from developed to developing countries; provisions for change of ownership and for settlement of disputes.

2. The remainder of the programme will be devoted to a study of simulation cases. Each case is presented by international experts who drafted the industrial joint venture agreement and provides for comparison of the participants' solution to the project with the actual solution reached by the experts. The participants will be guided by the experts through the actual negotiation phases, starting with simple cases and working up to more complex situations. The weak as well as the strong features of certain clauses will be stressed to highlight the specific nature and characteristics of joint venture agreements.

The case material will be structured in such a way that it enables the participants to analyse and act upon actual situations taken from a number of actual contracts. They are expected to play alternatively the role of partners from developed and developing countries.

Participants:

The workshop is specially designed for middle to senior-level officials selected on the basis of academic background and relevance of their current responsibilities to the curriculum of the programme. Accordingly, participants should be officials directly involved in negotiating joint venture agreements for the public or private sector, officials of development and investment banks and other financial institutions. Applicable areas of qualifying experience might include law or economics, accounting, commerce or finance.

**MEETINGS FOR THE PROMOTION OF SPECIFIC
INDUSTRIAL JOINT VENTURES**

The first Workshop on Industrial Joint Venture Agreements is tentatively scheduled to take place in Kuala Lumpur, Malaysia from 27 November to 9 December 1972 for thirty participants from countries of the Far East Region.

The programme will associate experts in the field of joint ventures, local and foreign bankers and representatives of financial institutions and other organizations of industrialized countries which have specialized in the establishment of joint ventures.

Participants are invited to bring with them specific industrial projects for which they seek advisory services. If desired, ad hoc meetings will be arranged between the representatives of industrialized countries present at the workshop as observers and the participants to encourage confidential discussions which may eventually lead to locating interested industrialists or investors. As in the Investment Promotion Programme, UNIDO will assist developing countries in finding prospective investors, financiers or industrialists for specific joint venture projects.

EXPERT ASSISTANCE SERVICES

At the request of developing countries, UNIDO provides teams or individual experts to serve for short-term periods, and at relatively short notice, to assist countries in meeting problems regarding the negotiation or management of joint ventures:

Under an accelerated procedure established as "Special Industrial Services", UNIDO experts will, for example:


- Identify investment opportunities;
- Undertake preliminary assessments of feasibility regarding the establishment of joint ventures;
- Locate appropriate investors or financiers;
- Assist in the various stages of negotiating and drafting joint venture agreements.

HOW TO OBTAIN UNIDO'S ASSISTANCE

Developing countries can avail themselves of UNIDO's assistance in the field of Industrial Joint Ventures by presenting an official request to UNIDO through the Resident Representatives of the United Nations Development Programme in their country or by writing directly to UNIDO.

Further information on assistance including information on the participation in workshops and meetings on Industrial Joint Ventures can be obtained from:

The Industrial Financing and Investment Promotion Section
United Nations Industrial Development Organization
P.O. Box 707
A-1010 Vienna, Austria





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