



TOGETHER
for a sustainable future

OCCASION

This publication has been made available to the public on the occasion of the 50th anniversary of the United Nations Industrial Development Organisation.



TOGETHER
for a sustainable future

DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

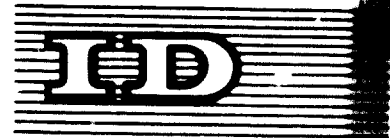
CONTACT

Please contact publications@unido.org for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at www.unido.org



DD4587



Distr.
LIMITED

ID/WG.136/3
9 January 1973

ENGLISH
Original: FRENCH

United Nations Industrial Development Organization

Meeting on Transfer of Technology to
Developing Countries through Subcontracting
and Licensing Agreements, with Special
Reference to the Automotive Industry

Paris, France, 21 November - 1 December 1972

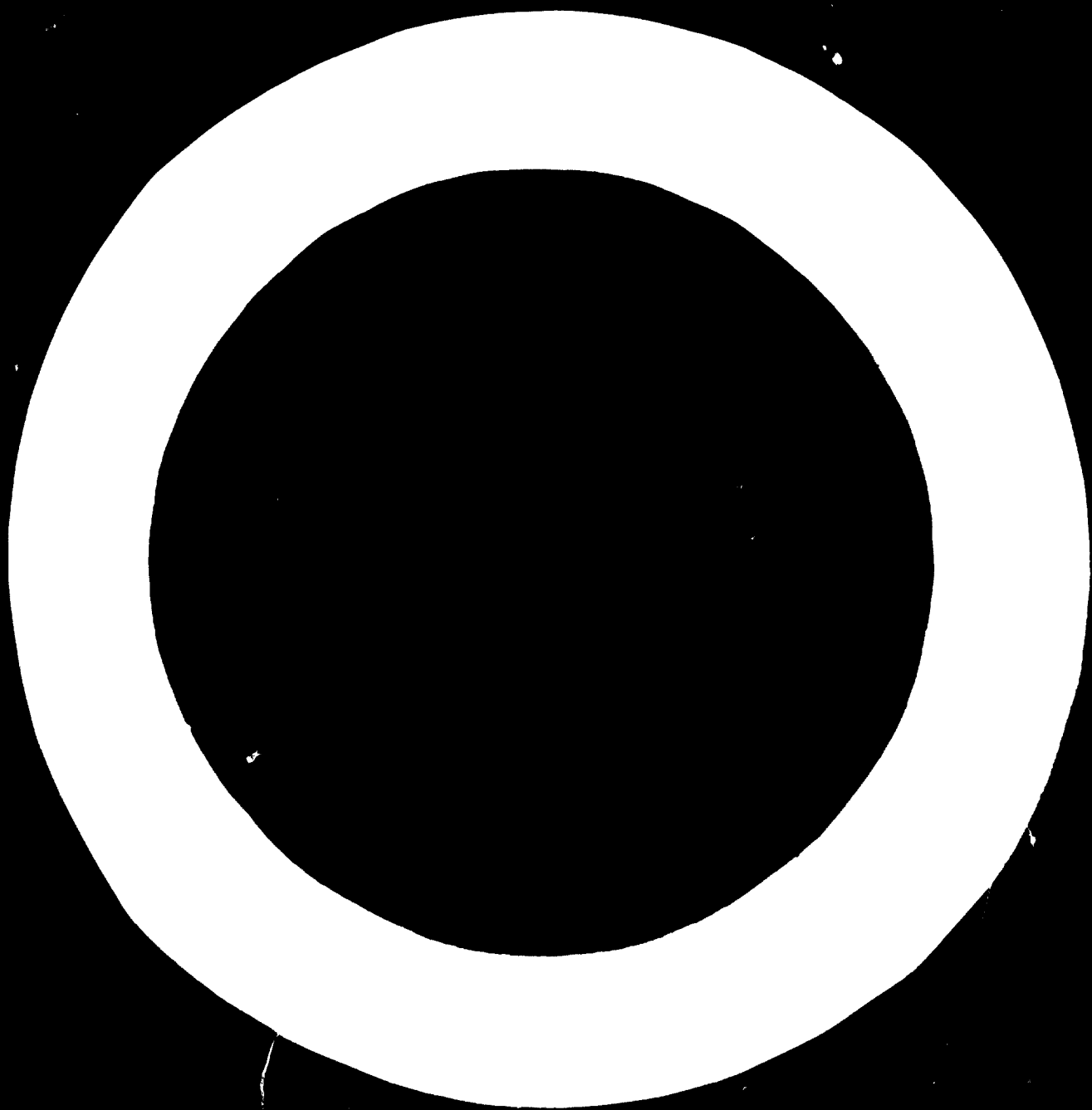
BASIC DOCUMENT

prepared by

the secretariat of UNIDO

id.72-0143

We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards, even though the best possible copy was used for preparing the master fiche.



I. INTRODUCTION - THE TRANSFER OF TECHNOLOGY

The problem of the transfer of technology and its role in development is in itself a subject of immense scope. The expression has many shades of meaning. During recent years, it has given rise to numerous publications and discussions and has polarized many interests.

Is it incorrect to say that this situation has led to a certain amount of confusion?

Technology itself is a very broad subject particularly if it is extended, as it probably should be, to include not only technology in written form but know-how, management techniques, marketing, etc. And while the word "transfer" seems at first sight to present no problems, is this not because it is badly chosen? Can technology be transferred like a material object or siphoned like a liquid from one vessel into another? As a result of the inadequacy of the term and a desire to view the problem more clearly from the viewpoint of the developing countries, mention is now being made in some quarters, more accurately it would seem, of the choice of technology, the adaptation of technology, and the development of a technology of their own on the basis of existing experience. While such a concept is more correct, the field in question is vast and complex. It is therefore essential for the successful conduct of this meeting that this subject should be well circumscribed from the outset.

In order to do this, UNIDO proposes that participants should leave aside certain general aspects of the problem before us, which while admittedly very important do not strictly speaking come within the scope of the meeting and which in themselves warrant special study. These are in particular, the commercial aspects of the transfer of technology for which, within the United Nations system, UNCTAD has particular responsibility and for which an Inter-Governmental Group has been established, and problems related to scientific and technical policies, with which many international bodies have concerned themselves, principally the United Nations Committee on the Application of Science and Technology to Development (ACAST).

Even concentrating on the industrial sector, which is UNIDO's own territory, we are still confronted by an extremely broad field. It has been rightly said, without exaggeration, that all UNIDO's activities are designed to facilitate the transfer of necessary technology to the developing countries; this is shown by the fact that the different units of the secretariat deal with various aspects of this problem and that it has not been considered appropriate to set up a specific structure for this purpose.

Participants wishing to obtain further information on this subject may refer to the document submitted by UNIDO to the third session of UNCTAD.^{1/} The activities of UNIDO described in this document bear in particular on the mapping of industrial development strategies and policies; the establishment of institutions and services (industrial information, technical research, engineering consultant firms, patent and licensing offices, vocational training, standardization, quality control); technical assistance at the project or industrial sector level, and promotion programmes designed to facilitate contact between the initiators of industrial projects in developing countries and potential partners in more advanced countries (investment promotion, subcontracting, development and adaptation of products for export, co-operation between development banks

The document also describes a concept of integrated technological development whereby developing countries who so desire can be assisted in the design and establishment of technological development programmes integrated with their industrial development plans.^{2/}

These general aspects of the transfer of technical knowledge and its place in the industrialization process will of course not be forgotten during the proceedings and discussions of this meeting. But it seems essential to concentrate our attention in a more specific area. UNIDO therefore proposes that, without neglecting other aspects, participants should examine the problem of the transfer of technology essentially at the level of industrial enterprises themselves and moreover that particular attention should first be devoted to two specific types of relationship by means of which enterprises can establish contact with one another, develop ties and collaborate, namely licensing agreements and international subcontracting operations. Then other forms of inter-enterprise co-operation at the international level could be discussed. Other important problems, such as Government policies or the role of international organizations, should be examined, with inter-enterprise co-operation at the centre of the picture.

^{1/} Document TD/CONTR/7, 24 March 1972 "Transfer, adaptation and development of technology in industry in the developing countries".

^{2/} See also P. Judet and J. Perrin (IREP, Grenoble University of Social Sciences, June 1971) "A propos du Transfert des Technologies: pour un Programme Intégré de Développement Industriel".

It is clearly essential to bring into this discussion enterprises themselves both in developing countries and in more advanced countries. Hence the decision to take as a basis specific examples selected from a branch in which they are fairly numerous and varied. The automobile manufacturing branch has been selected for this purpose. The advantage of this sector is that the end product is a complex one made up of numerous components in the manufacture of which various industrial sectors are involved. It also has its own special characteristics such as the brand image associated with the product and a very high degree of concentration at the international level. These specific features should not be ignored when the attempt is made to extend to other sectors the lessons drawn from the meeting.

II. THE FACTS

UNIDO has selected this approach on the basis of a number of facts which seem to the organization to have at least qualitative significance in the recent evolution of industrialization. In the automotive sector, for example, reference may be made to a meeting organized by UNIDO at Karlovy Vary in 1969. At that time, the first question raised was: Did the developing countries need to establish automotive industries? No unanimity was by no means reached on this point. For those who replied in the affirmative, subsequent questions concerned conditions for the establishment of an assembly line, percentage of integration and the selection of models. But all participants were basically concerned with the prospects afforded by local markets in the developing countries, or at best the organization of markets and production between neighbouring countries.

At the end of 1972, these questions are still of course important, but circumstances have changed. Some less developed countries have become involved in the manufacture of parts or even assemblies for incorporation into the finished product, which is manufactured in industrially more advanced countries. This is the case in countries of Latin America, North Africa and southern and eastern Europe. This phenomenon has taken various forms and one of the objectives of this meeting will be to examine a number of cases, reported and analysed by the persons concerned, which will be submitted for discussion.

Despite their diversity, these cases have a number of characteristics in common:

- They are the result of enterprise-to-enterprise agreements;
- They are not confined to the supply of equipment or to share participation but increasingly involve two-way exchanges of goods;
- They concern not only the transfer of technology but the transfer of production and markets;

- They involve medium and long-term commitments leading in several cases to a dynamic process of deepening and developing co-operation arrangements;
- They take very different forms depending on the economic situations and social systems prevailing in the countries concerned; in several cases, participating enterprises retain their legal autonomy and their own right to decision.

Attention may also be drawn to similar cases of inter-enterprise co-operation in sectors other than the automotive industry, either in so-called traditional sectors (textiles, ready-to-wear clothing), or in sectors employing advanced technology (electronics, optics, machine-tools, etc.). They occur in the regions quoted above and also India and south-east Asia. In some cases there are agreements between enterprises in different developing countries sometimes belonging to one and the same regional grouping and sometimes not.

Are these isolated cases without general significance or long-term relevance or, on the contrary, are they the first signs of a lasting trend? One of the purposes of this meeting is to reply to this question, using as a basis the specific examples reported in the documents submitted and also, it is to be hoped, many other similar examples provided by the participants themselves. In this connexion, it will be noted at the outset that the interest aroused by this meeting among manufacturers in the sector as demonstrated by the large-scale participation of major enterprises, seems to indicate that importance is attached to this phenomenon.

III. COMMENTS ON THE FACTS PRESENTED

1. Conditions favourable to inter-enterprise agreements

Without anticipating the answer to the question which has been raised, certain factors in the current situation in world industry which appear to provide an objective foundation for mutually profitable co-operation can be added to the above enumeration.

In some sectors, the industry of the advanced countries is encountering problems which appear to be more than passing difficulties, for which it is difficult to envisage a long-term solution in a strictly domestic framework, or even in the framework of association among developed countries. Some of these are the growing scarcity of labour for an increasing number of jobs, the high cost of this labour and the environmental problems in some regions. In the specific case of the automobile industry, the question is whether certain technical developments such as the introduction of body work made of plastics or other materials can also promote possible transfers of production.

At the same time, the developing countries are becoming increasingly aware that their industrial leeway can be made up only if they turn to foreign resources and experience with regard to techniques, know-how, organization, training facilities and finance to supplement their own efforts, which are indispensable. It is true that they are concerned that the industry which they wish to set up should meet the country's own needs and produce a linkage effect and modernization in the entire domestic economy, but they realize that strategies based solely on import substitution quickly run out of steam, all the more so because the countries' domestic or even regional markets are small. On the basis of the progress they have already made and installed capacity - which is often in excess of requirements they wish to develop a competitive industry which can take its place in the world market.

May not these concerns among those on both sides be a sign of possible convergence of interests? Is it not possible, having gone beyond the stage of laudable sentiments, to progress towards co-operation firmly founded on the search for specific mutual advantages? It can be added that certain factors, such as the improvement of transport facilities, or the working out of new methods of technical training open up new prospects for diversification in the location of production activities. Lastly, there have been similar reactions among many of those in charge of industry in the advanced countries and the developing countries to the neo-Malthusian theories, which have recently again become fashionable, urging a voluntary limitation of industrial growth for a given period of time. Cannot these considerations encourage them to work out together a constructive attitude towards industrialization and consider how the process can be oriented and organized along the lines of social advancement and human development?

2. The possible ways to specialization

If it is considered that there are objective conditions for the establishment of genuine complementarity, a new question arises: how can profitable specialization be achieved?

- (a) It is doubtful whether automatic operation of the laws of the market can provide a solution. For that, an easy flow of information and trade which is far from having been achieved would have to be assumed. Moreover, the developing countries are in fact in an absolutely unequal competitive position. If they are offered development of trade through a "laissez-faire" policy at the world level, they will be tempted to depend on protective measures which safeguard what they have achieved in the industrial sphere, even if it is elementary, and give them the impression of preserving some independence of decision;

- (b) Many research studies have stressed the role played by multinational companies in the dissemination of technology and in specialization of production among countries. It is true that these companies operate on vast geographical areas comprising advanced and developing countries, and that they draw up overall strategies seeking to integrate the operations of their various subsidiaries and establishments in a rational manner. While recognizing that they may in some circumstances play a constructive role in the spread of knowledge and the training of skilled personnel, it is impossible to avoid the problem of a possible contradiction between the objectives and strategy of the firm and those of some of the countries in which it operates. Even if interests coincided at a given moment, they might diverge in the long term. In any event, the recent decision by the United Nations Economic and Social Council to establish a committee composed of eminent persons to study this important and controversial problem is to be welcomed.
- (c) Outstanding economists have suggested that the aim should be an international division of labour in the world context and, consequently, an allocation of industries among countries at various levels of development, determining the comparative advantages by means of an economic calculation based on the respective costs of labour and capital in each of the major industrial sectors. The idea of a world governed by reason, in which political decisions would bow to the calculations of technicians is all very fine. However, one can emphasize the practical difficulties of the undertaking, the approximate nature of overall calculations and the risk of unchangeably freezing existing situations by adopting the respective labour and capital intensiveness in the major industrial sectors as the only criterion for allocation.

In any event, examination of the facts shows that, in practice, specialization among economies which are progressing towards integration is not achieved in this way. A recent study by the United Nations Economic Commission for Europe clearly shows that among European countries at various levels of industrial development, specialization does not take place among divisions corresponding to the major branches of industry (textiles, foodstuffs, engineering, etc.), but within each of these branches.

- (d) Governments have an essential role to play in the establishment of a true process of co-operation. The economic development strategies and the industrialization policies which they define will in any event provide the framework for individual activities. They will influence the choice of the sectors, the relative attractiveness of a given kind of product and the preference for a given type of inter-industrial relationship.

In addition to these general conditions, Governments may envisage more direct measures that would promote the trend towards co-operation. One of these might be the establishment of industrial, scientific and technical co-operation agreements between given industrialized countries and given developing countries similar to those which the advanced countries, both eastern and western, have been concluding in increasing numbers.

The Governments of the industrially advanced countries play a role in the transfer of technology and development of industrial co-operation through their orientation of their financial assistance and through their technical assistance. There appears to be growing awareness that this is not enough. Mr. Jean Deniau, a member of the Commission of the European Economic Community, stated at a recent meeting of the OECD Development Assistance Committee that the domestic policies of the European countries should be oriented along a line more in conformity with the interests of the developing countries.

Some signs of such concern can be noted. For example, among the studies now being drawn up in the course of preparing the Seventh French Plan, a place has been made for the repercussions that industrialization in the Third World countries will have on French industry; in the Federal Republic of Germany, the Ministry of Economic Co-operation has recently carried out a survey of German enterprises that might undertake industrial co-operation with the developing countries.

It is to be hoped that in future these trends will be translated into concrete terms in the form of practical measures of economic policy, i.e. trade policies toward the developing countries, and also industrial policies, regional policies making possible the adjustments required in the areas affected by transfers of production, etc.

- (e) While the importance of such government action in creating an environment conducive to international industrial co-operation is recognized, one of the working hypotheses of this meeting is that genuine progress towards specialization and complementarity will above all be the result of a process undertaken at the level of industrial enterprises themselves. The transfer of technology and know-how will be more effective, profitable and durable if these agreements also include the transfer of production and markets. UNIDO hopes that this working hypothesis will prove fruitful and that the discussions of this meeting will clarify it and define it more accurately. The following chapters deal with these inter-enterprise agreements.

IV. INTER-ENTERPRISE AGREEMENTS

Relationships between industrial enterprises at different stages of technological development and situated in different countries may be governed by various types of agreement. Of these agreements, we propose to consider, first of all, subcontracting and licensing agreements, and then other forms of inter-enterprise industrial co-operation which exist or which might come into being.

In this introductory chapter, situations and problems dealt with in the other documents submitted to participants will not be considered.^{3/} What follows is intended merely to present a few ideas and to pose a few questions.

1. Subcontracting agreements

(a) Definition and legal aspects

Note will be taken of the different types of subcontracting proposed: capacity or specialized subcontracting; subcontracting with a design element and without that element; marginal or economic subcontracting; and commercial subcontracting or subcontracting across national borders.

^{3/} E. Bernard: "Automobile Subcontracting with the Developing Countries";
J.J. Burst: "The Place of Industrial Property in the Transfer of Technology through Contractual Arrangements";
R. Goldscheider: "The Role of Consultants in the Technology Transfer Process";
R. Porter: "Transfer of Technology - the Hong Kong View";
UNIDO secretariat: "Role of UNIDO in the Field of Automotive Industries";
UNIDO secretariat: "UNIDO's Activities in the Field of International Subcontracting".

It would be interesting to examine how these different types of subcontracting apply in the case of the automotive industry, and in particular whether the system centred on the big firms in any given country can be extended to the enterprises in developing countries.

Note can be taken of the still fluid nature of the legal foundations of national and regional subcontracting in the industrialized countries, and of current studies of the factors which stimulate or impede it.

Subcontracting agreements are so numerous and of such variety that caution has to be exercised in codifying them for general application (particularly in view of the terminological ambiguities and the large number of products, operators and factors to be taken into consideration).

In this discussion it is desirable that emphasis should be laid on the possible transposition of this kind of relationship to the circumstances of the developing countries. How can the existing legal framework be adapted to make allowance for the technological gap between the partners and the fact that they may belong to different economic systems and to different technological environments?

(b) Economic and social aspects

An assessment will be made of the advantages of subcontracting (increased exports without employment, bridging the technological gap, use of excess capacity in capital equipment, training of labour force in modern techniques) and its effects on industrial development. Certain problems will also be discussed. How is it possible to prevent the economic fluctuations experienced by the prime manufacturer from having wider repercussions on the subcontractor and from introducing an element of uncertainty into his long-term decisions on such matters as new capital investment and staffing, vocational training and financial plans? Is it possible, within the framework of subcontracting, to avoid the "enclave" situation and to stimulate linkage effects on the rest of the economy emanating from the subcontracting enterprise?

It would be useful to consider whether the way in which the subcontracting relationship is established (on the basis of supply or of demand) has a positive or negative effect on the contents of agreements, and whether it stimulates or atrophies the functions of the contracting parties as enterprises.

(c) Limitations

Subcontracting is primarily a means of stimulating and intensifying the flow of more detailed information at the international level. It makes it possible for a growing number of interested parties to answer the question: "Who makes what?". It is also a means of establishing contacts. What should be done to ensure that these contacts lead to profitable and lasting communication?

Should not the limitations of subcontracting in the industrialized countries serve as a guideline for ascertaining the limitations of international subcontracting (see limitations of the range and facilities of subcontracting exchanges in Europe). This question leads to that of the organization of international subcontracting. How far is it desirable that it should be centralized and that a set structure should be established?

It might be wondered whether subcontracting constitutes above all a useful tool at a certain stage of a country's industrial development and whether successful and therefore mutually profitable, subcontracting does not lead to its becoming superseded. It would then be a means of instituting an industrial co-operation process which could, at a later stage, give rise to more elaborate forms. How should we conceive, at the outset, the legal and economic content of agreements, the method of establishing the relationship and the international system which will create the contact in such a way as to ensure that this subsequent positive evolution is encouraged?

2. Licensing agreements

These constitute a more elaborate form of the industrial relationship and cover both production and distribution. This is less of a one-way relationship than the subcontracting agreement but is more restrictive from the legal point of view (owing to the inclusion of industrial property). These agreements are signs:

- (a) Of implicit recognition, by the licensor, of the quantitative and qualitative capacity of his licensee partner, particularly as far as his capacity in terms of entrepreneurship, production and distribution;
- (b) Of the pressure of the "technology market". The export of innovations by licensors has become a necessity as a result of a surplus of knowledge.
- (c) The desire to arrange the selection and adaptation of technology around industrial activities coming under the heading of "industrial property" (private area) rather than around industrial activities that fall within the public domain (which does not imply that the latter are regarded as less valuable).

It is hoped that the meeting will provide an opportunity to discuss a large number of specific cases of licensing agreements, both in the automotive industry and in other branches, and to arrive at a few general ideas on what orientation they should have. In particular, the possibilities of unfreezing unused technologies held in reserve might be investigated.

(a) The advantages of licensing agreements

Licensing agreements can be advantageous to the extent that they open the door, though only barely, to selective technical information, offer some degree of choice, and establish a channel for further business. They also make possible some transfer of production that would otherwise have to be sought in a competitive struggle, which would be very risky, given the present unequal status of the less developed partner. This type of agreement is acceptable to countries that do not desire the establishment of enterprises with a majority of foreign capital.

(b) Operating conditions and limitations

It would be useful, in connexion with licensing agreements, to consider a number of questions such as:

- How can we increase the possibilities open to the licensee to choose the process or licence best adapted to his own technological, economic, social and political environment? How will it be possible for him to obtain the necessary knowledge before purchasing?
- In what ways can an attempt be made to reverse, at least partially, the negotiating process, which is still dominated by offers from licensors rather than by demand among prospective licensees, and often reflects a monopoly situation?
- How can access to all technological processes, whether or not they fall within the province of industrial property, be facilitated, and how can their dissemination outside traditional markets be encouraged?
- How can restrictive clauses (such as the clause prohibiting exports) be eliminated and abusive financial clauses be avoided?

The solution of these problems along lines more favourable to the interests of the less developed partner would increase the value of this kind of industrial relationship.

It would be useful to consider how information and advisory services can be placed at the disposal of the less advanced enterprises to improve their bargaining power.

3. Other forms of inter-enterprise industrial co-operation

A brief analysis of two particular kinds of industrial relationship - subcontracting and licensing agreements - has shown the advantage which they had in certain circumstances. There has also been a recognition of the limitations related to the period of time provided for in the agreements, their content, or the inequality which they sometimes create for the less developed partner.

We are also led to inquire whether it is not possible to envisage other forms of inter-enterprise industrial co-operation that are more appropriate in view of the fact that the partners are at different stages of development and belong to different political economic systems.

As stated above, some of the cases relating to the automotive industry considered in the first part of the meeting are interesting because they reflect a better balance in trade, a medium or long-term commitment, and a more comprehensive content in that transfers of production and markets are associated with transfers of knowledge and know-how.

The discussion of these cases and of others submitted by participants should make it possible to arrive at certain desirable characteristics. At this stage we will be content with posing a few questions. By what practical process in the pattern of inter-enterprise relations can a greater role be given to demand in a situation in which so far this relationship has been primarily governed by offers from the more advanced enterprise? How is it possible to encourage agreements which not only lead to the employment of a relatively skilled labour force but which also have a beneficial impact on all the various functions of the enterprise? How is it possible to enable the less developed partner to practice to take the initiative in determining complementary factors at the product and task level? What are the possibilities of making inter-enterprise agreements in the various industrial sectors, when either discontinuous processes or continuous processes are involved?

ACTION TO BE TAKEN TO ENCOURAGE INTER-ENTERPRISE AGREEMENTS

The various types of relationship described above all have their own special characteristics. However, certain action may be necessary in all cases. The meeting will give an opportunity to examine such action, in particular, in the case of the automobile industry. Some reflections may serve as an introduction to this discussion.

Information systems

In present circumstances, the absence of an adequate information system is one of the main obstacles in the way of bringing about satisfactory inter-enterprise agreements on a larger scale. The problems to be solved include the poor flow of information, the absence of communication between partial information systems which are sealed off at the country or branch level, and the fact that the information does not reach the individual enterprises that are potential partners in inter-enterprise agreements.

Without claiming to exhaust this question, which will require thorough study, the present meeting can indicate to some extent in what fields and at what levels needs are most acute. For example:

- (a) Information at the macro-economic level on the industrial strategies and policies of the countries concerned, both developing and developed, considering, where appropriate, the content of development plans, targets at the level of the various industrial branches, the technical channels envisaged, and policies concerning foreign investment, etc.;
- (b) Technico-economic information at the micro-economic level: knowledge of the technological processes, the development of relative costs, economies of scale, etc.;
- (c) Information on enterprises that might be interested in a process of co-operation strategy at the level of the firm, excess capacity, etc.

Information on existing inter-enterprise agreements

The process of co-operation would certainly be facilitated through better knowledge of all concerned of existing inter-enterprise agreements, the successes and set-backs already encountered, and the lessons that can be drawn from them. Such knowledge, accompanied by a critical analysis of the results obtained by using the various types of approach, could guide future negotiators and give them confidence in the possibilities open to them.

For this purpose, one might consider how such information could be kept up to date and whether appropriate research work on the subject should not be encouraged. The indispensable starting point is goodwill on the part of those concerned in giving access to basic information. It is desirable that this should be discussed seriously during the meeting.

3. Methodology for the determination of mutual advantages

A decisive stage in the process of co-operation is the determination of the precise point at which mutual advantages can emerge between enterprises in different political, economic and technical contexts. The hypothesis has been put forward above that this research should be carried out not at the level of the major branches but at the level of products, components or even the elementary phases of the production process. When the appropriate level has been determined, it will be seen that co-operation between two particular enterprises is of real mutual interest and the practical process of consultation and negotiation can begin. Some lines of research may be indicated in the field:

- The development of technico-economic analysis techniques that would make it possible to cut up the production process into elementary operations, with quantification of the cost of each one and determination of comparative advantages in the two different environments.
- The improvement of the knowledge of existing enterprises (industrial profiles, economic and financial analysis, determination of excess capacity and deficiencies in capacity) and knowledge of the technical environments in the various branches and the different countries.

4. Ways and means of making contacts

The above points are only preliminaries; they concern knowledge that can lead to action. In order to assist action, what are the most appropriate methods to establish personal contacts between executives of the enterprises concerned at an adequate level and at the correct time? Consideration of ways and means of encouraging these contacts and of promoting co-operation, should be one of the subjects to be discussed during the meeting.

I. A CO-OPERATIVE PROGRAMME OF INTERNATIONAL INDUSTRIAL DEVELOPMENT

If the discussion of the questions examined above leads at least partially, to positive conclusions, it will be appropriate to consider whether it is possible to take a further step and to examine the type of institutional machinery that could promote international industrial co-operation. It is clear that the essential aim of such machinery should be to assist enterprises in the developing countries wishing to venture into the field of inter-enterprise agreements. Such enterprises are initially in a rather unfavourable situation as far as access to information, the range of choice open to them, negotiating capacity and relative strength are concerned.

One of the first objectives of this meeting would be to make a census of the machinery that is already in operation, particularly machinery set up by the participating organizations, which exists at the sectoral, national, regional and international levels. Some machinery is related to a particular type of relationship, such as subcontracting or licensing agreements. Other types can serve several purposes, such as information services or promotion machinery.

Mutual information, and a critical examination of existing institutions may be useful.

UNIDO would be very glad to submit to such examination its industrial information system, its activities concerning licences, and its international subcontracting programme. It would also wish to study with the participants how, given certain adjustments, related programmes such as investment promotion or co-operation between development banks can be used for the purposes examined here.

Another subject of discussion could be the action to be taken to ensure better liaison in the framework of existing machinery. Is it expedient to consider the establishment of new agencies, either specialized or general? Is it not more realistic to aim at better integration of existing agencies? Is it possible to consider federating these efforts in a sort of co-operative programme of international industrial development? Is it necessary to use for that purpose existing professional or national structures or call for individual membership of enterprises endeavouring to participate in inter-enterprise agreements and wishing for that purpose to use the services that such an agency could provide? Should such services be confined to information and technical study? Should they cover the promotion of contacts and assistance during negotiations? Could one consider working out a system of a new type of guarantees taking into account the special characteristics of each type of co-operation?

It will obviously not be possible to provide final answers to all these questions during the meeting. It would be useful if discussion could at least begin and if some guidelines could take shape regarding priorities in the action to be taken. The international organizations, and UNIDO in particular, await suggestions and advice regarding the part that they might play in promoting the process of co-operation in a practical manner.

VII. SUMMARY - PRINCIPAL OBJECTIVES

To sum up, it is suggested that the present meeting should set itself the following objectives:

- To make inventory of instances of inter-enterprise industrial co-operation, to evaluate the importance of such co-operation, analyse successful examples and draw lessons therefrom; this would be done mainly by the study of some instances of international industrial co-operation already operating in the automotive industry; these cases would be presented by the partners themselves and discussed by the participants.
- To try to specify, still in the case of the automotive industry, the fields in which mutual advantages can emerge, based on objective consideration of trends in the industry on a world-wide scale, and to examine under what conditions these mutual benefits can lead to practical co-operation agreements.
- To study the forms of inter-industrial relationship by means of which this industrial co-operation can be developed. International subcontracting and licensing agreements would be examined in detail in the light of the experience of the participants. Their advantages and disadvantages would be analysed, and conditions for improving their operation would be studied. Then, the prospects offered by other more elaborate forms of co-operation would be examined.
- At the express request of the participants themselves, to arrange group or bilateral discussions on the spot with particular reference to the automotive industry, dealing with the conditions for industrial co-operation that are peculiar to the branch.

- To examine how the trends indicated could be promoted by the establishment of a co-operative programme of international industrial development aiming to assist enterprises in different countries in their search for mutual advantages. To consider how to organize the collection and dissemination of the necessary information and how to set up machinery for communication and analysis that would make it possible to increase the effectiveness of contacts between enterprises that might co-operate with one another. Recommendations could be made concerning action to be taken by governments and the enterprises themselves to promote this process.
- To submit suggestions on the part that the international organizations and UNIDO in particular can play in promoting this process of co-operation. In order to achieve these objectives, the time-table prepared includes meetings for general discussion and discussion in smaller groups, and confidential bilateral meetings, which are provided for in the programme at the specific request of the participants

The organisers hope that each of the participants will derive from the meeting, planned in this way, direct practical benefit that will not cause him to regret the time and effort expended on attending it. It is also hoped that it will be possible to highlight some lessons and conclusions of a general nature that might guide the action of the various parties interested, Governments and industrialists, both in the developed and the developing countries. The international organizations and UNIDO in particular also expect to be enlightened on the manner in which they should continue their activity in the vast field of international industrial co-operation. Without any doubt, that is an ambitious programme for five days of joint work. Owing to the importance of the problem posed and the growing interest that it arouses, it can be hoped that substantial results can be achieved.





5 . 8 . 74