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1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes that proper record-keeping is essential for transparency and accountability, particularly in financial matters. The text notes that without reliable records, it becomes difficult to track expenses, revenues, and overall performance over time.

2. The second section focuses on the role of technology in modern record-keeping. It highlights how digital tools and software solutions have revolutionized the way data is stored, accessed, and analyzed. These technologies not only reduce the risk of human error but also provide real-time insights into various metrics, enabling more informed decision-making.

3. The third part of the document addresses the challenges associated with data security and privacy. As organizations collect and store vast amounts of sensitive information, ensuring its protection becomes a top priority. This involves implementing robust security protocols, such as encryption and access controls, to prevent unauthorized access and data breaches.

4. Finally, the document concludes by underscoring the long-term benefits of a well-maintained record-keeping system. It states that consistent and accurate records can provide valuable historical data for trend analysis, budgeting, and strategic planning. By investing in effective record-keeping practices, organizations can enhance their operational efficiency and ensure compliance with regulatory requirements.



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CASE STUDY NO. 4

TECHNOLOGY AGREEMENT IN THE FIELD OF FOOD INDUSTRIES (MEAT) ✓

by

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✓ The views and opinions expressed in this paper are those of the author and do not necessarily reflect the views of the secretariat of UNIDO. This document has been translated from an unedited original.

This is the case study of Argentine enterprise C, which was set up in 1969 with a company capital of \$US200,000 to manufacture cold cuts/sausages and canned meat-spread products.

French enterprise F holds 49 per cent of the company capital and, in addition, has signed with C a licensing contract relating to trademarks and the provision of technical assistance for an indefinite period of time.

This contract provides that the licensee shall undertake to use only the licensor's trademarks, which were unknown in the local market at the time of signature of the contract.

In exchange for the right to use the trademarks and for technical assistance, enterprise C agrees to pay a royalty of 4 per cent on the gross wholesale price of the products it sells (calculated before deduction of discounts).

At the time of signing the contract, the enterprise expected to achieve the following figures (in thousands of United States dollars) during the first five years of operation:

| | <u>Sales</u> | <u>Total profits</u> | <u>Royalties</u> | <u>Profits of national shareholders</u> | <u>Profits for enterprise F, plus royalties</u> |
|-------|--------------|----------------------|------------------|---|---|
| 1970 | 792 | 77 | 32 | 39 | 70 |
| 1971 | 864 | 102 | 35 | 52 | 85 |
| 1972 | 943 | 84 | 38 | 43 | 79 |
| 1973 | 1,100 | 98 | 44 | 50 | 92 |
| 1974 | 844 | 76 | 34 | 39 | 71 |
| Total | 4,543 | 437 | 183 | 223 | 397 |

The authority which evaluated this contract expressed a fundamental objection to it. The reason for this objection was the obligation it established for the licensee to use the licensor's trademarks, in the long term totally preventing the licensee from evolving an independent marketing policy, especially with regard to external markets.

In 1975, enterprise C is already in a disadvantageous position as regards its relationship with F. The disadvantage arises out of the fact that C operates exclusively using trademarks belonging to enterprise F. The prominence which F's

trademarks have gained in the course of time is attributable, not to investment made by F in the trademarks before the contract took effect, but, precisely, to the "investment" in advertising made by C after the contract took effect.

It is not clear what solution could be found to this, if indeed any is possible. It will be sufficient here to list the causes of this situation:

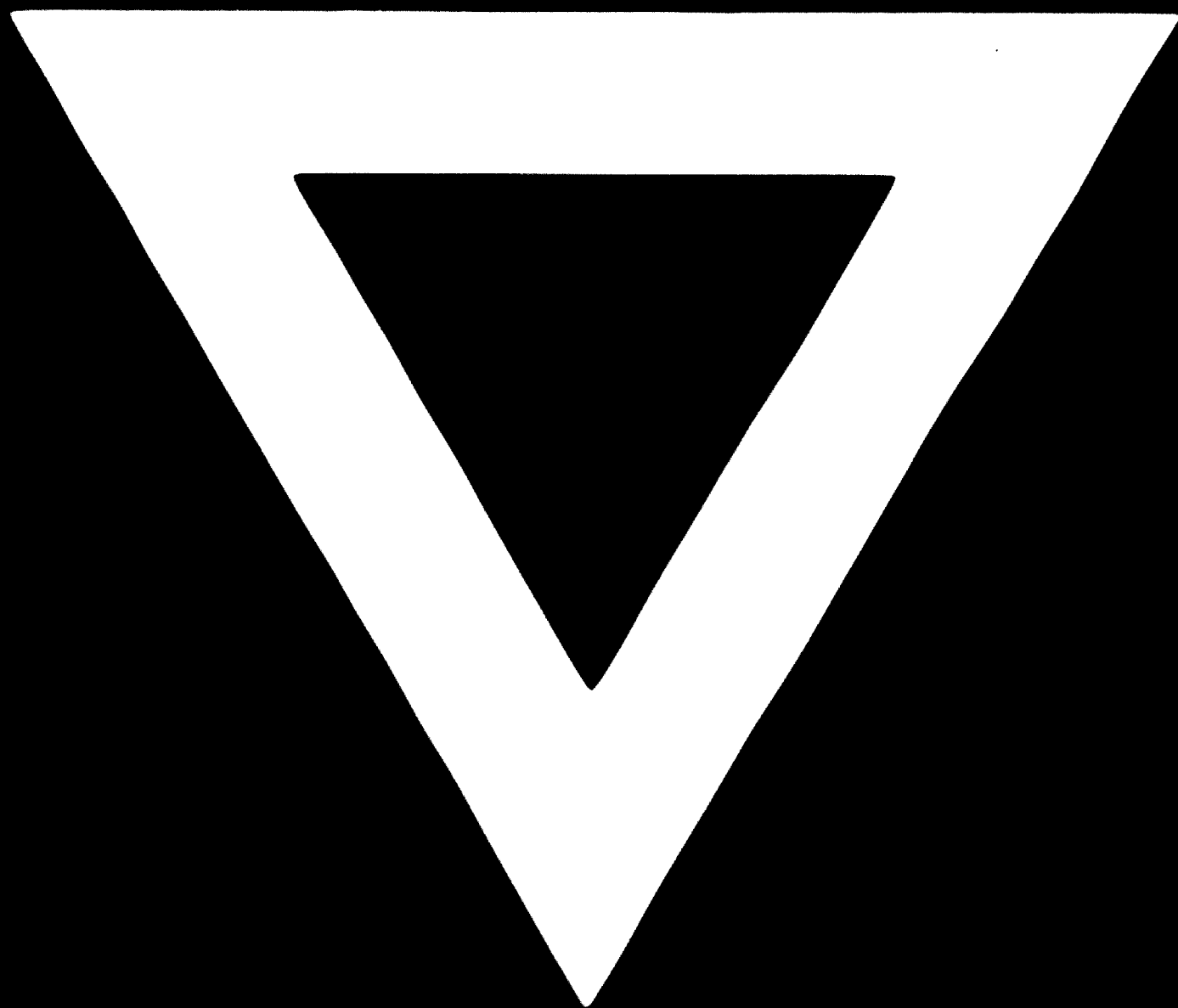
- (1) The inclination of the local firm to acquire the right to use intangible assets which were non-existent in its territory, since they were unknown there;
- (2) The acceptance by the licensee of the prohibition concerning the use of other trademarks;
- (3) Its readiness to assume the full economic burden of developing a reputation for the trademark.

It should be pointed out here that the section on technical assistance in the contract was of very little significance, and was not even mentioned during the discussions.

Government technicians gave the impression that it would be easy to acquire the technology concerned in the international market.



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