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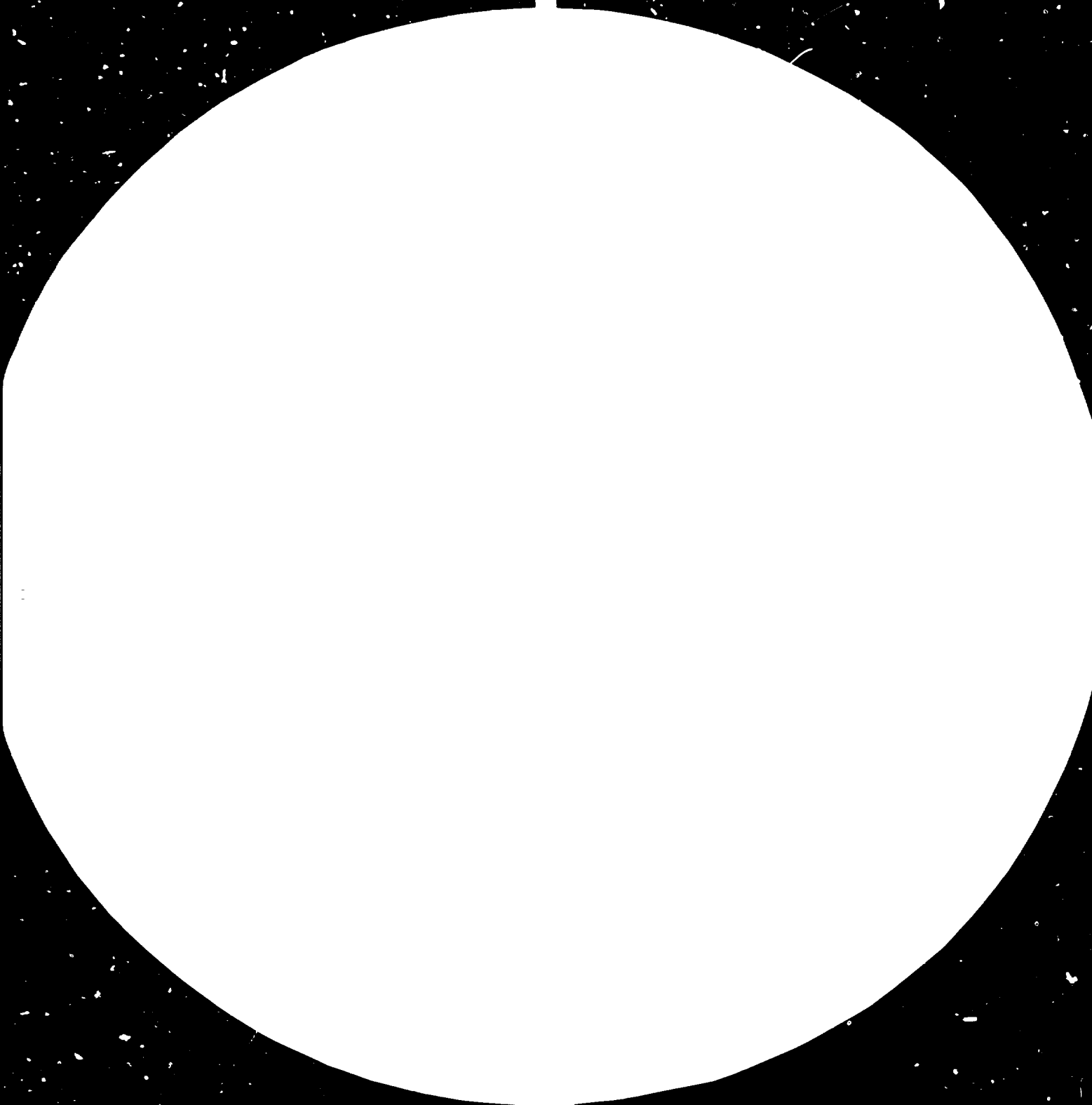
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Resolution Test Chart  
1.0 1.1 1.25 1.4 1.6 1.8 2.0 2.2 2.5 2.8 3.0 3.5 4.0



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High-Level Policy Meeting of ASEAN on  
the Regulation of Technology Transfer

Vienna, Austria, 28-30 September 1981

Lisbon, Portugal, 1-4 October 1981

THE POSSIBILITIES AND FEASIBILITIES OF ASEAN REGIONAL CO-OPERATION  
IN TECHNOLOGY TRANSFER \*

Note by the secretariat of UNIDO

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INTRODUCTION

The ASEAN (Association of South-East Asian Nations) is a political and economic integrated group of countries consisting of Malaysia, Thailand, Singapore, Indonesia and the Philippines.

The purposes of establishing ASEAN in 1967 are spelled out in the so-called ASEAN Declaration as reproduced below:

"First, the establishment of an Association for Regional Co-operation among the countries of South-East Asia to be known as the Association of South-East Asian Nations (ASEAN).

Second, that the aims and purposes of the Association shall be:

(1) To accelerate the economic growth, social progress and cultural development in the region through joint endeavours in the spirit of equality and partnership in order to strengthen the foundation for a prosperous and peaceful community of South-East Asian Nations;

(2) To promote regional peace and stability through abiding respect for justice and the rule of law in the relationship among countries of the region and adherence to the principles of the United Nations Charter;

(3) To promote active collaboration and mutual assistance on matters of common interest in the economic, social, cultural, technical, scientific and administrative fields;

(4) To provide assistance to each other

in the form of training and research facilities in the educational, professional, technical and administrative spheres;

(5) To collaborate more effectively for the greater utilization of their agriculture and industries, the expansion of their trade including the study of the problems of international commodity trade, the improvement of their transportation and communication facilities and the raising of the living standards of their peoples;

(6) To promote South-East Asian studies;

(7) To maintain close and beneficial co-operation with existing international and regional organization with similar aims and purposes, and explore all avenues for even closer co-operation themselves."

In the Declaration of the ASEAN Concord, certain specific areas were picked-up for closer co-operation like basic commodities, industry, trade, etc. thus forming the base for gradual economic integration.

The Declaration of the ASEAN Concord agreed also to establish the ASEAN institutions in the form of the ASEAN Secretariat and working committees wherein matters pertaining transfer of industrial technology COIME<sup>1/</sup> is of paramount importance, with COST<sup>2/</sup> playing the substantive role.

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<sup>1/</sup>COIME - Committee on Industry, Minerals and Energy.

<sup>2/</sup>COST - Committee on Science and Technology.

Brief Overview of Technology Transfer in the ASEAN

All of the ASEAN countries pursue rather vigorously industrialization and therefore all of the member-countries are importing large amounts of foreign technology for industrial purposes.

The imports of technology take place either in the form of direct foreign investments, or imports of plants and machineries or through various licensing and know-how arrangements.

It is at present difficult to estimate the total annual direct payments for technology by all ASEAN countries, however, they may run to anything between US\$100-US\$200 million<sup>1/</sup>, moreover, the value of imports of machineries and equipment and value of direct foreign investments (DFI) is much higher<sup>2/</sup>.

The difficulties in the precise estimation of the value of technology imports stems inter-alia from the fact that only the Philippines and Malaysia have presently the mechanism for government control over imports of technology and therefore no full data for all ASEAN countries are available. The total imports of technology by the Philippines amounted to ca US\$14.5 million in 1975 and in 1980 ca US\$36 million, a similar data for Malaysia indicates also substantial growth.

Of what was possible to ascertain from the field missions by UNIDO and the other organizations to all ASEAN countries the prices paid for technology are often inflated and in many instances clauses in contracts still contain many restrictions, thus reducing positive impact of such imports on economies and industry of individual member countries<sup>3/</sup>.

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<sup>1/</sup> Only payments for licensing, know-how, etc..

<sup>2/</sup> See, L. R. Bautista's paper on Technology Transfer in the Philippines.

<sup>3/</sup> See, H. A. Janiszewski's "Technology Transfer Issues - The Preliminary Survey of Indonesia"; UNIDO/IS.245 and "Issues and Guidelines in Controlling Technology Transactions": by Mingsarn Santikarn.



As already mentioned (see other conference papers), at present only the Philippines and Malaysia do explicit control over the inflows of technology through specialized offices and the achieved results can be called very satisfactory.

From what was possible to ascertain, both Thailand and Indonesia are seriously considering to introduce similar systems by gradually more direct control by the Government aiming at achieving better terms and conditions of imports of technology and thus improvement and acceleration of industrial development.

It should be observed that while regulatory measures serve on a short term, the interests of protecting local industry, cutting the costs of technology imports and elimination of restrictions, on a long term they should be oriented towards the gradual development of indigenous technological capabilities thus reducing dependence on foreign technology.

Some Suggestions for ASEAN  
Cooperation in Technology Transfer

One of the immediate problems facing the ASEAN countries is the high cost of technology transfer as well as often one-sided conditions imposed by the foreign licensors.

In order to improve the existing situation and strengthen the bargaining position of these developing countries, UNIDO has designed and developed the TIES<sup>1/</sup> system in which at present ca twenty-five (25) countries participate including two (2) ASEAN member countries, that is the Philippines and Malaysia.

It is therefore urged that other countries of ASEAN join the TIES system as soon as possible, thus gaining access to up-dated information on contractual terms and conditions of individual technology transactions.

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<sup>1/</sup> Technological Information Exchange System

In view of the above collaboration within ASEAN, UNIDO suggests also the development of the ASEAN Technological Information System (ASTIS) which in principle will be a similar system to TIES but limited to ASEAN member countries and linked with TIES.

This way, information of particular interest to ASEAN member countries may be exchanged fast and with assurance of confidentiality as to the nature of exchanged information<sup>1/</sup>.

The ASTIS will be based on five (5) focal points in each ASEAN member countries, using the software developed for TIES by UNIDO. However, in order to have the system operational, all countries should establish central focal points similar to the Technology Transfer Board (TTB) of the Philippines, which will collect and disseminate such valuable information.

Another area worth considering for closer cooperation is consideration of national policies vis-a-vis foreign suppliers of technology in such crucial areas as pricing, export rights, use of local R and D, etc..

While individual markets of ASEAN member countries may be considered as relatively small, the combined ASEAN constitutes a very promising large market for any supplier of technology, thus coordinated approach towards conditions of technology acquisition may serve perfectly to improve the bargaining strength of ASEAN corporations.

The acquisition of modern and often complex technology requires highly qualified and educated staff, it is therefore suggested to organize among the ASEAN member countries training courses in these areas; UNIDO assistance in the organization of such programmes could be requested.

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<sup>1/</sup>See also a project proposal by UNIDO entitled "Strengthening of Regulatory Mechanisms in the Transfer of Technology in the ASEAN Countries". Other aspects of cooperation could be the subject for these project proposals.

Finally, as ASEAN undertakes certain joint industrial projects for execution, a common approach in the area of technology transfer should be used securing rights for the use of technology for the whole sub-region.

In this connection it is suggested consideration of a possibility to acquire technology for such joint project on a basis of one single agreement providing exclusive rights for all ASEAN member countries, with the possibilities of sub-licensing arrangements in case such needs arise.

This way, it is hoped, it will be possible to avoid repetitions of purchasing similar technologies in the future.

It is our desire that the above considerations will be discussed in more details by the High Level Meeting and that recommendations for action by the ASEAN member countries and the ASEAN Standing Committees may be formulated, thus securing concrete outcome in a relatively short time.

The above enumerated suggestions should not be treated as exhaustive but rather as an indication towards the direction where closer cooperation may be possible.

