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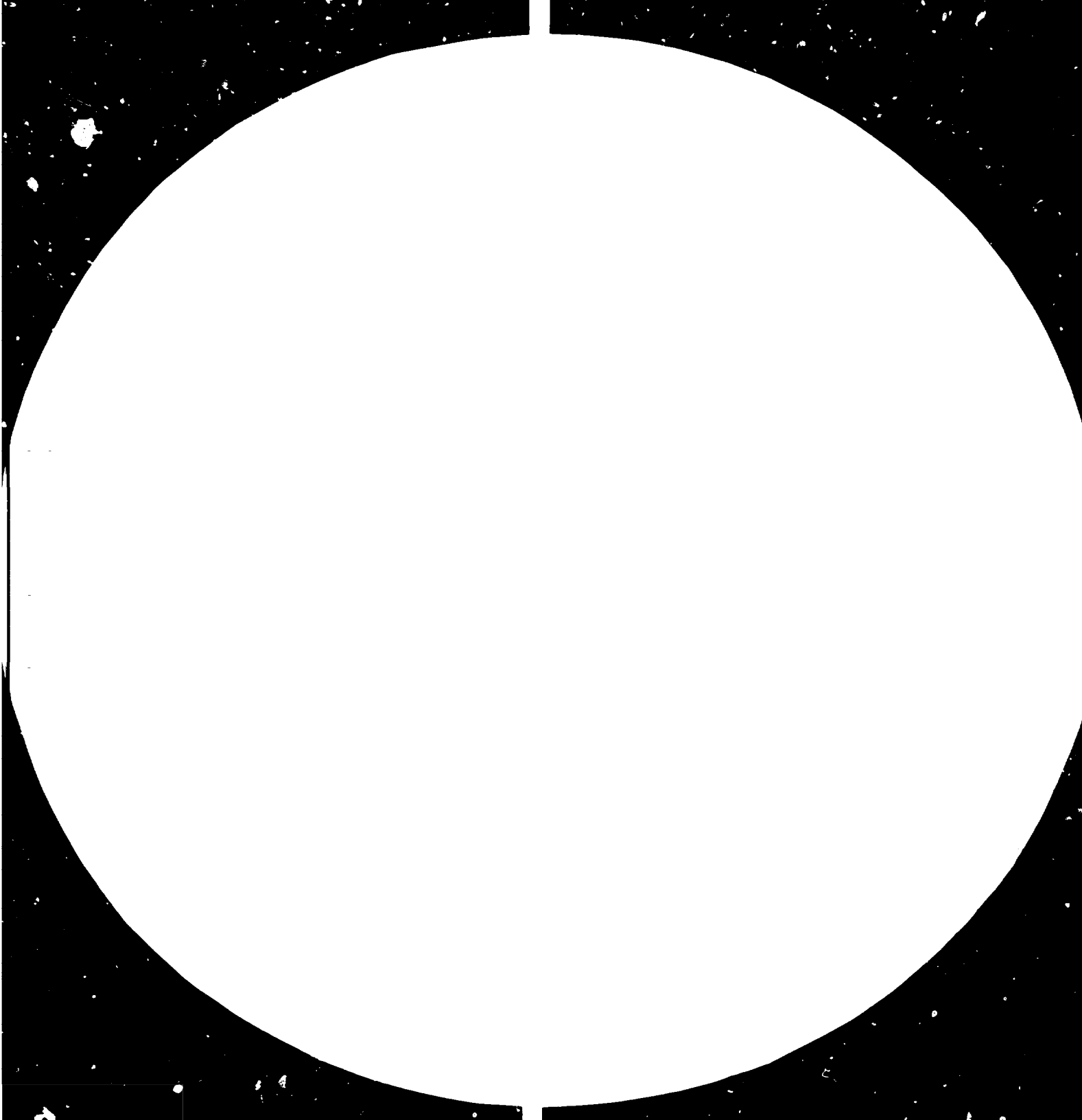
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TECHNOLOGICAL INFORMATION EXCHANGE SYSTEM (TIES)

Progress Report*

prepared by
the Secretariat of UNIDO

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I. INTRODUCTION

This document will report on the progress made with TIES and TIES related activities since the last meeting of the Heads of Technology Transfer Registries held in December 1981 in Manila, Philippines. The report will cover in detail five interrelated TIES activities, namely:

- TIES Information Exchange
- TIES Newsletter
- Technological Advisory Services
- Technical Assistance to Registries
- Co-operation with International Organizations

A brief description of each activity over the 1981-1982 period will be given and some consideration will be given to future developments of the TIES systems.

With regard to the active participation in the TIES information exchange, we are pleased to report that the following institutes have been actively involved:

- Technology Transfer Board of the Philippines
- Instituto Nacional de Tecnología Industrial of Argentina
- Superintendencia de Industria y Comercio of Colombia
- The First Ministry of Machine Building of the People's Republic of China
- Foreign Investment Authority of Egypt
- Technology Transfer Centre of KAIST, Republic of Korea
- Ministry of Trade and Industry of Malaysia
- Foreign Investment Institute of Portugal
- Ministerio de Industria y Energía of Spain
- Superintendencia de Inversiones Extranjeras, Venezuela

In addition, the Instituto Nacional de Propiedad Industrial of Brazil, the Department of Industrial Development of India and the Secretaria de Patrimonio y Fomento Industrial of Mexico have been co-operative with respect to special requests for information. The Governments of Poland, Bolivia, Ecuador, Ethiopia, Thailand and Nigeria have indicated that they will actively participate in the near future. Furthermore, interest to be associated with TIES activities has been expressed by the Governments of Indonesia, Saudi Arabia, Iraq, Kenya and Costa Rica, but no decision as to active TIES participation has been made.

As TIES has been operating for three successive years, a revision of the TIES information paper became necessary. This revision has been published in

English, French and Spanish^{1/} and will be distributed through the UNDP Resident Co-ordinator to all member countries of the Group of 77. It may be worth mentioning that the Group of 77 held a meeting of Heads of Science and Technology Agencies of Developing Countries at New Delhi from 3 to 6 May 1951 at which it recognized the importance of the TIES system and that UNIDO should bring before this forthcoming meeting of TIES specific proposals for enlarging its membership and enhancing its activities whilst taking into account other ongoing activities of UNIDO such as training and advisory services for the acquisition of technology.

II. TIES INFORMATION EXCHANGE

The information exchanged through TIES can be sub-divided into three categories, namely:

1. Information on technology transfer contracts (TIES license)
2. Information on service agreements (TIES service)
3. Detailed information on special requests

A new sub-division between TIES licenses and TIES services has been introduced in the recently revised TIES Coding Manual and reads as follows:

TIES license agreements will cover all contracts which involve technology transfer through the license of a patent, trademark, transfer of know-how, models and drawings, either associated with a service or not.

TIES service agreements will cover all contracts which involve a technology transfer and which are not covered within the scope of license agreements, such as studies, engineering services, one-shot technical assistance, routine technical assistance, assistance to equipment maintenance, training etc.

In addition, the following changes have been introduced in the revised coding manual:

- Revised tape specifications
- ID Key expanded to six characters
- Revision definition recipient company type
- Updated country code listings
- Condensed recipient company name field
- Condensed supplier company name field
- Revised comments section
- Collaboration types

Furthermore, a new chapter on coding instructions for service agreements has been introduced. The instructions were prepared after consultations with the TIES members on the draft instructions prepared by the UNIDO Secretariat. All comments received were circulated among the various active TIES members and subsequently introduced in the revised coding manual.

Upon the request of various TIES members, the TIES secretariat has prepared a draft outline for the modus operandi on the ad hoc exchange of information on technology transfer contracts. This draft has been circulated among the TIES members and reads as follows:

1. TIES participant informs TIES secretariat
2. TIES secretariat informs other TIES participants and in the meantime, searches TIES file
3. TIES secretariat confirms receipt telex and sends information from TIES file
4. TIES participants inform directly requestor and sends information copy to TIES secretariat
5. Requestor acknowledges receipt of information from TIES participants and advises about approved financial terms when it concerns an evaluation
6. Further information on the contract be exchanged on a bilateral basis.

In addition, it was proposed that such a request would contain at least the following elements in order to facilitate the search for the required information:

Origin of request:	Country
Specification of information required:	Payments, technology supplier, name and address, restrictive practice, conditions such as warrentee, guarantee, contract duration, foreign holding
Contract collaboration type:	License, service agreement
Technological details:	Product, plant capacity
Purpose:	Evaluation, pre-negotiation advice
Time limit:	Time within which information received has value.

TIES License

	<u>July to December 1981</u> No. of Contracts	<u>January to June 1982</u> No. of Contracts
<u>TIES I (license)</u>		
Philippines	36	n.a. ^{4/}
Malaysia	n.a.	n.a. ^{4/}
<u>TIES IIA (license)</u>		
Peoples Rep. of China ^{1/2/}	6	
Portugal ^{1/}	160	139
Spain	n.a.	n.a. ^{4/}
Argentina	269	
<u>TIES IIB (License)</u>		
Venezuela	82	n.a. ^{4/}
Colombia ^{1/}	22	54
Egypt ^{3/}	1	4
Rep. of Korea ^{4/}	130	n.a. ^{4/}

- ^{1/} Have also produced TIES I tables
- ^{2/} First Ministry of Machine Building
- ^{3/} Foreign Investment Authority
- ^{4/} As per 1 November 1982

TIES Service

Because of the late submission of the revised TIES coding manual, as per 1 November 1982 no TIES service agreements were received for the period January to June 1982, which was the first period of coverage for the exchange of service agreements. From the above statistics it may be observed that little progress has been made towards the aim that all active TIES members provide information at the TIES I level. Furthermore, Spain and Venezuela have not reported any data. It must be mentioned that in this connection recent management changes in the Malaysian registry has been the main reason for the delay in information supply, while in Spain the changeover of the Registry Information System from manual to computer handled data processing has limited the access to the data required for TIES.

As to the system of special requests, all TIES active members have participated in the exchange of information through special requests. Some 17 requests have been processed and the level of information exchanged has in some cases been very detailed. The sources of information utilized has been the TIES master file, individual registries and UNIDO's Industrial Technological Information Bank (INTIB). In the cases that information was required from developed countries for, e.g., Macdonalds franchising arrangements in Europe, independent sources were utilized when available. However, it must be noted that although this type of information is important, neither TIES nor UNIDO have the infrastructure to obtain such information easily.

With respect to feed back of the information supplied to the requester, little progress has been made. It is hoped that through the adoption of a standard procedure, the feed back of the information supplied will improve. By the term feed back, it should be understood that when information on royalty rates is requested for the purpose of a contract evaluation, the countries which supplied relevant information should be informed of the results to which this information had been put.

Although a similar number of requests have been processed in 1982, as in 1981, the TIES secretariat believes that a better use could be made of this service. In particular, when registries are advising the private investors during the negotiation process, information obtained through this service could be of extreme importance.

III. TIES NEWSLETTER

During the last twelve-month period six issues of the TIES Newsletter were circulated amongst TIES members and other subscribers, and to date the circulation stands at around 360 individuals and institutions. It was noticeable, however, that the majority of new additions to the circulation list were from the developed countries, whereas those from the developing countries had not increased as much as hoped. This trend has already been brought to the attention of the Sixth Meeting of TIES in Manila last year.

From amongst the many ongoing UNIDO activities, those that were reported upon were mainly of direct interest to TIES members and the readers of the Newsletter. The direction of work of the Technology Programme was, as last year, focussed on the impact that the new and emerging technologies would, or could have on the developing countries. Work in the areas of micro-electronics and genetic

engineering has progressed in that many countries have shown considerable interest in the setting up of an International Centre for Genetic Engineering and on the mechanism of software production development in the developing countries. The Newsletter also reported on the preparation of model contracts for the fertilizer and petrochemical industries which was one of the tasks being undertaken in order to create better conditions for the developing countries to achieve an increased share in the world's industrial production. In the area of information exchange, the Newsletter informed its readers of the preliminary discussions on the creation and operation of a technological information exchange network amongst the industrial development finance institutions. Also covered during the last twelve months were technology forecasting, selected problems of technology transfer to developing countries, technological co-operation among developing countries, evaluation procedures for financial compensation to licensors, the Technological Advisory Service, as well as reporting on various meetings held during 1982, studies carried out jointly with other institutions and study tours.

Recent legislation was also published from material sent to us from Bangladesh, Mexico, Saudi Arabia and Spain.

The Secretariat wishes on this occasion to express its thanks for the continuous support and co-operation of the TIES members in respect of the Newsletter, but nonetheless we would urge our members to steadily keep us informed of their work, changes in legislation and major events of interest to the Newsletter's readers. Finally, we should like to suggest that members provide us with names and addresses of individuals or organizations in their respective countries who may be interested in receiving the TIES Newsletter.

IV. TECHNOLOGICAL ADVISORY SERVICES

TAS has entered into the fourth year of its operation and provided assistance so far to two countries in 1982. As can be recalled, TAS services are available to provide any or all of the following assistance:

- i. Preparation for negotiation of major contracts in the area of joint ventures, turn-key deliveries, licenses, know-how, management and franchising services including financial arrangements;
- ii. Assistance in drafting of agreements enumerated under i. above;
- iii. Advice during negotiations or re-negotiations of contracts enumerated under i. above;
- iv. Other contractual areas.

Some registries render this type of service to the local business community, but the majority of the TIES members only provide advice after the contract has been negotiated.

The TIES secretariat is of the opinion that the TAS services could be of extreme importance for those registries which have the intention of providing potential investors with negotiation advice, as a means for enlarging the scope of the services provided, e.g. the TAS services provided to the Malaysian counterpart concerning the re-negotiation of foreign collaboration contracts for several motor vehicle assembly plants and for the production of associated parts. The excellent collaboration between the Malaysian counterpart, UNIDO and the various TIES member countries resulted in a well documented advice.

V. ASSISTANCE TO REGISTRIES

The project proposal INT/81/027, which was endorsed by many of the TIES members and had as its immediate development objective the improvement of the registries' operations through the concept of economic co-operation amongst developing countries, did not receive the response from UNDP that had been expected. However, in recognition of the positive results of the TIES members' efforts to co-operate in the field of technology acquisition, UNIDO's own financing system has approved several small-scale technical assistance projects which were aimed at reinforcing the registries, notably:

- The Ethiopian Technology Centre with assistance in the development of an information system for technology transfer contract registration with particular emphasis on the eventual linkage with TIES.
- The Ministry of Industry of Thailand with assistance in various aspects for the setting up of a registry.
- The Superintendencia de Inversiones Extranjeras (SIEEX) with assistance in the establishment of a computerised information system for technology transfer contract evaluation.

In addition to the three aforementioned projects financed by UNIDO, it must be mentioned that UNDP is financing two large-scale technical assistance projects, namely in the Philippines and Nigeria, both of which have been in implementation for several years already. Wherever possible, the experience gained by the various registries associated with TIES has been or will be used in connection with these technical assistance requests.

From the technical assistance projects mentioned above, the following major bottlenecks have been observed:

- Problems associated with the proper operation of a registry information system, either computerised or manually operated;
- The development of proper evaluation and monitoring criteria;
- Training opportunities for registry staff.

The TIES secretariat has initiated various activities over the past year to assist the registries in these areas by developing some common approaches. In this connection the development of some criteria for technology payment evaluation^{1/} may be mentioned, as well as UNIDO's paper on national registry information systems^{2/}. Furthermore, some guidelines are in preparation for the negotiation of joint venture arrangements and in association with which a training manual will be published which will cover training material in this area.

VI. CO-OPERATION WITH INTERNATIONAL ORGANIZATIONS

United Nations Centre for Transnational Corporations (UNCTC)

The UNCTC has received TIES masterfile information on contractual arrangements between public and mixed enterprises with external technology suppliers. As agreed in the TIES Manila meeting, only information was supplied on state equity ownership, host country, home country, sector, product, type of contract and duration. The UNCTC has formally thanked the TIES member countries for this contribution to the study on public enterprises.

In addition, information has been supplied on trends in technology transfer flows from various TIES member countries whenever possible and within the limitations of the TIES procedures. However, various TIES members have brought to UNIDO's attention the question of unco-ordinated requests for information on technology transfer flows from the UN system. With respect to a direct request from the UNCTC, one TIES member stated that for the purpose of co-ordination and for making it easier for the TIES members to comply with their tasks, it would be advisable to contact the TIES secretariat in Vienna.

On the other hand, information on Transnational Corporations collected by UNCTC which was regarded as being extremely useful by the registries, has not been requested through the TIES secretariat. Such a modus operandi had been suggested by various TIES members at Manila.

1/ ID/WG.383/1
2/ ID/WG.383/2

Licensing Executive Society (LES)

Upon the initiative of UNIDO a joint meeting of LES International and representatives of various registries was held in Vienna on 22 June 1982. The discussions were centered around four papers presented by the representatives of India, Spain, Portugal and Egypt.

This exchange of views between licensing executives representing many important multinational licensors and licensing approval authorities from developing countries has proved to be an extremely useful exercise for both parties involved. UNIDO was requested to explore the possibility of continuing this exercise at a regional level, but at this stage proper financing of such activities is not yet clear.

Andean Technological Information System (Andean Pact)

Taking into consideration the importance of technological information, the Commission of the Agreement of Cartagena approved Decision 154 which established the Andean Technological Information System (SAIT). The system is intended to function as a co-operating mechanism of sub-regional joint action between the Andean countries in the area of technological information, and strengthening the technological capabilities.

The objectives of SAIT can therefore be summarised as follows:

- (a) To obtain the necessary information to implement a sub-regional technology development policy and to apply the Decision 24 on the Common Treatment on Foreign Capital Investment and on Trade Names, Patents, Licenses and Royalties and the Industrial Property Regulation;
- (b) To strengthen the negotiating capacity of the responsible institutions and enterprises in the sub-region with respect to foreign investors and technology suppliers;
- (c) To generate information flows between institutions which prepare and execute technology and investment policies;
- (d) To adopt technology information selection, acquisition and diffusion criteria, strengthening of the national information institutions through permanent co-operation and strengthening of the national information institutions by adapting technical information, its selection, acquisition and diffusion;

- (e) To promote the commercialization of indigenous technologies;
- (f) To establish relations with other information systems or nationals, be it sub-regional, regional or international, with the objective to support other developing countries' efforts in this field.

SAIT has concentrated its activities on nine projects out of which four are concerned with the establishment of information exchange networks in various areas:

- Foreign investment ... SAIT project I
- International prices ... SAIT project II
- Technology Transfer ... SAIT project III
- Industrial property ... SAIT project IV

Taking into consideration that the immediate development objectives of SAIT project III, namely the establishment of an information exchange system on technology transfer contracts for the Andean region and those of the UNIDO Technological Information Exchange System (TIES) are compatible, the first meeting of SAIT recommended that a close relationship with TIES should be developed. For that purpose an exploratory mission of UNIDO has been organised to discuss in detail the possible areas of co-operation between the two systems.

Such co-operation would entail a reciprocal, confidential and mutually beneficial exchange of information between TIES and SAIT member countries.

Detailed suggestions for the modus operandi for such co-operation are prepared and will be discussed at the next TIES meeting.

VII. CONCLUSIONS AND RECOMMENDATIONS

1. The revision of the TIES Coding Manual, based on the recommendations of the Manila meeting, will be the basis for the modus operandi of the exchange of information of technology transfer contracts.
2. The TIES member countries have to adopt a standard procedure for the exchange of information on request.
3. Although a steady increase in the number of contracts registered in the TIES master file can be observed, little progress has been made towards enlarging the number of countries actively participating at the TIES I and II levels.
4. The recently introduced exchange of information on service agreements, is a valuable addition to the TIES system, but can only be maintained if sufficient data is supplied by the member countries.

5. Registries will disseminate methods for utilising the Technological Advisory Services amongst potential investors in their own countries.
6. Requests for information on technology transfer contracts from the UNCTC will be channelled through the TIES secretariat.
7. SAIT/TIES co-operation will be regarded as an integral part of TIES and proposals for co-operation in all TIES and its related matters will be welcomed for consideration.



