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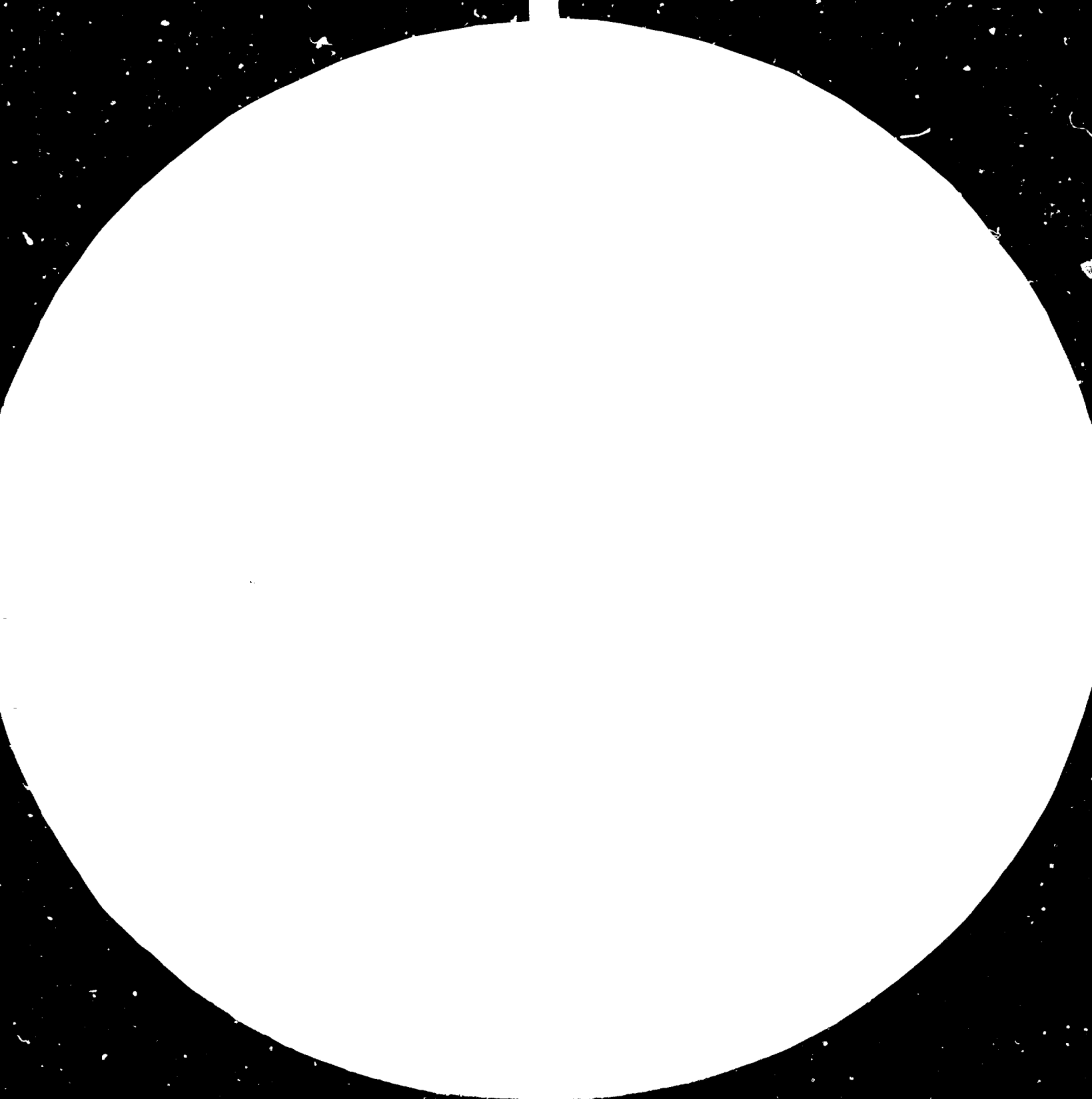
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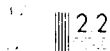
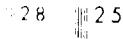
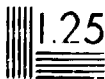
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Second Consultation on the
Agricultural Machinery Industry

Buenos Aires, Argentina, 17-22 October 1983

Vienna, Austria.

Issue Paper No. III

MAIN ITEMS TO BE INCLUDED IN MODEL CONTRACTS FOR THE IMPORT,
ASSEMBLY AND MANUFACTURE OF AGRICULTURAL EQUIPMENT, INCLUDING TRAINING;
MODEL LICENSING AGREEMENT*

Prepared by:

The UNIDO secretariat

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V.83-59042

1. Background

The First Consultation on the Agricultural Machinery Industry held in Stresa, Italy, in October 1979, issued inter alia the recommendation to "prepare for the next Consultation model contracts to deal with import policies, licencing for local manufacture and joint ventures, taking into account, wherever appropriate, the model contracts under preparation within the framework of the UNIDO System of Consultations".^{1/}

A meeting of experts held at UNIDO Headquarters in Vienna, February 1981, recommended that the elaboration of model contracts be included among the subjects to be discussed during the Second Consultation on this sector.

A draft of the Document referred to below was prepared by the UNIDO Secretariat and submitted for general comments to an Ad Hoc Informal Expert Group Meeting held in Vienna, 22-25 March, 1983. The document was then revised for submission to the Consultation.

2. Document

The document distributed under item 3: "Main items to be included in model contracts for the import, assembly and manufacture of agricultural equipment including training: model licencing agreement" was preferred by the UNIDO Secretariat; its objectives and structure are detailed in its Preface. The text contains draft clauses and general guidelines for the negotiation and drafting of contractual arrangements applicable to different requirements.

This work constitutes a first phase in the implementation of the recommendation adopted at the First Consultation "to prepare model contracts"; it was deemed essential to agree first on the main elements of such contracts before being able to proceed to the elaboration of model contracts for several types of contractual arrangements in this sector.

The document is submitted as a working paper to this Consultation in order to allow a broad exchange of expert opinion and comment on the content and wording of a text that should ultimately serve both developing and developed countries in achieving mutually beneficial agreements. The document gives particular attention to the less experienced party who requires more detail, more information and more transparency in negotiating and drafting contracts in this particular sector.

^{1/} Report ID/239

3. The Issue

Issue No. I^{2/} (ID/WG.400/3) focuses on the scope for international co-operation taking into account the overall outlook for this sector, and the strategies and potentials of the different actors in both developed and developing countries; Issue No. II^{3/} (ID/WG.400/5) raises the question of integrated development of agricultural machinery and capital goods at various levels of industrialization; the present issue relates to the necessary legal framework for co-operation.

Such legal framework should respond to the requirements of partners to agree on increasingly complex industrial arrangements; the objective is to create an instrument that draws equally on practical experience acquired in drafting contracts in this field and on the will to improve the basis for the establishment of mutually beneficial co-operation in the interest of industrialization of the developing countries.

Participants, notably those concerned with legal matters, are invited to review and discuss the working document with a view to establish:

- (a) Whether the document contains all elements deemed essential for the drafting of contracts for the import, assembly and manufacture of agricultural equipment including training, and for licencing agreements;
- (b) Whether the presentation of the content of this document, combining model clauses, guidelines and explanatory notes within the same volume is convenient and appropriate for guiding negotiating parties through the process of drafting contractual arrangements. This presentation constitutes a departure from the practice established for legal documents of the System of Consultations where usually model clauses are clearly separated from guidelines or annotations.^{4/}
- (c) Whether the present document constitutes a sufficient base for the preparation of "Model Contracts" as recommended by the First Consultation.

^{2/} The World Agricultural Machinery Industry: Scope for International Co-operation.

^{3/} The Integrated Manufacture of Agricultural Machinery and Capital Goods: Alternatives and Consequent Industrial Arrangements.

^{4/} See e.g. Model Petrochemicals Doc. PC.50/Rev.1 also Model - Fertilizer Doc. PC/25, PC/26 and related guidelines contained in Doc. PC/40, PC/41.



