

PREPARATIONS FOR THE FOURTH SESSION OF THE MINISTERIAL CONFERENCE

Proposal for the Establishment of a Working Group for the Study of the

Inter-relationship between Trade and Transfer of Technology

the mainstay of many developing country economies. Technology is also a major contributor to higher value addition in manufacturing. Technological improvement is perhaps the only way for developing countries to improve their terms of trade in traditional manufacturing exports. Otherwise they will remain locked into low value-added production and exports.

3. Importance of technology is even greater in the services sector where innovation and informatics play a critical role. Developing country participation in the production, supply, export of competitive services is quite limited and will remain so without access to relevant technologies and information networks.

4. There is a real danger that in the "new economy" the old division of haves and have-nots will be replaced by a division between "knows and know-nots" with developing countries permanently locked into an unequal trade and economic relationship with developed countries. This is a major challenge to the international trading system, which should effectively address the issue of transferring technology to developing countries to ensure that they become equal partners in the global effort for world prosperity.

Transfer of technology and the WTO

5. The Marrakech Agreement recognizes the need for special efforts designed to ensure that developing countries, and particularly the least developed among them, secure a share in the growth

14. The Group's work should be identify both needs and the constraints which will include:
- Carrying out assessment of needs of developing countries for transfer of technology;
 - Identifying the problems and constraints faced by developing countries in gaining access to the needed technology available in developed countries including pricing policies.
 - Examining all the WTO Agreements to identify any constraints that certain provisions in these Agreements may be creating against transfer of technology to developing countries;
 - Assessing the implementation by developed countries of all WTO provisions related to transfer of technology to developing countries with a view to identifying the needs for appropriate changes/strengthening of these provisions; and
 - Studying the design of instruments and incentives, including tax incentives, that developed countries could grant to enterprises and institutions in their own territories in order to disseminate and transfer technology to developing countries.
 - For examining channels including foreign direct investment for transfer of technology.
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