

**IMPLEMENTATION OF ARTICLE 66.2: INFORMATION FROM
DEVELOPED COUNTRY MEMBERS**

Addendum

SWITZERLAND

The present document reproduces information on the implementation of Article 66.2 of the TRIPS Agreement by the Permanent Mission of Switzerland.

The following information complements the statement made by the Swiss Delegation in the meeting of the TRIPS Council held on 1-2 December 1998 (see doc. IP/C/M/21).

1. Developed country members have undertaken to provide information regarding their activities relevant to Article 66.2 of the TRIPS Agreement, namely, the promotion and encouragement of technology transfer to least-developed country Members (LLDCs) in order to help them to create a sound and viable technological base.
2. There are mainly two Swiss government agencies involved in the provision of incentives, either directly or indirectly, for Swiss as well as for other developed country Members' enterprises and institutions to engage in activities involving technology transfer to LLDCs. These two agencies are the Swiss Agency for Development and Co-operation (SDC) and the State Secretariat for Economic Affairs (SECO). Their activities relevant to Article 66.2 of the TRIPS Agreement are present in the Swiss Official Development Assistance Programme (ODA-Programme).
3. Swiss ODA-Programmes incorporate bilateral, regional and multilateral initiatives. They are mainly focused on a selected group of priority countries in Latin America, Africa as well as Central and South-East Asia. Many of these programmes incorporate projects which contract Swiss as well as other developed country Members' enterprises and institutions to provide their knowledge and technology in assisting the development of human capital, infrastructure and private sector enterprise in LLDCs.
4. Switzerland supports various bilateral and multilateral projects in order to promote investments as well as the efficiency and the effectiveness of trade. In the field of investment promotion the incentives of Swiss ODA aim at mobilising private capital, know-how and technologies to strengthen the financial intermediation system in developing countries as well as know-how and technology transfer to foster investments or joint ventures. Concerning trade promotion, Switzerland co-operates mostly with other bilateral or multilateral agencies.

5. Recently Switzerland concentrated a lot of efforts in the promotion of transfer of environmentally sound technologies. Therefore a comprehensive programme for the establishment of so-called Cleaner Production Centres has been set up. These centres aim at offering to private companies as well as to the public sector in developing countries a wide range of services including general information, implant assessments, workshops, demonstration projects, capacity building and support for the preparation of bankable projects. The centres provide these services with the support of Swiss and other developed country Members' technical institutes, universities and industries.

6. Switzerland supports as well programmes in the field of energy efficiency, which aim at mitigating CO₂ emission globally and controlling air pollution locally. These projects are related to the traffic and transport sector and to the small and medium size industry (foundry, glass and brick industry). The main objective is to strengthen local partners (capacity building) and to pool international expertise in order to develop locally adequate solutions (technology package). These pilot programmes are then evaluated, documented and disseminated at the national level. In addition we support transfer of know-how, training and infrastructure in the field of environment monitoring and chemicals management. A specific programme is dedicated to the transfer of technology in the small scale mining sector in the Andean region. Finally we provide assistance to the private sector at large, through a NGO, in the field of eco-efficiency in North Africa and the Middle East.

7. Another more traditional activity of the ODA-Programme concerns mixed financing. Mixed financing allows developing countries to have access to long-term investment credits for the purchase of Swiss goods and services, contributing thereby to their sustainable development. Mixed financing consists of a grant from the Swiss government and a commercial credit from Swiss commercial banks. The grant portion varies between 35 and 50 per cent depending on the country concerned. Eligible are infrastructure projects that are commercially non-viable (e.g. in transport, rural telecommunication, electrification of remote areas not connected to the national grid, water treatment, public sewage and garbage). The project needs to have a positive social and/or environmental impact.

8. As part of its new strategy for promoting investment in developing and emerging countries, Switzerland provides a certain number of instruments for the private sector. The aim is to support countries which, over the past few years, have made an effort to combat inflation, to reduce their budget deficit, to privatise large areas of the economy and to make their countries more attractive to outside investment, but where this investment is not yet forthcoming owing to persistent risk. It is mainly by sharing this risk with the private sector, but also by improving awareness of business opportunities in these countries, that Switzerland is trying to encourage collaboration between companies in this country (and in our neighbouring countries) and those in developing and emerging nations. The guiding principle behind the policy of collaboration with the private sector is to share the investment risk, rather than to offer subsidies. These measures involve a certain degree of bias in favour of small-to-medium-sized enterprises (SMEs), insofar as there is a ceiling on the amount of finance granted, and also the fact that transaction costs are reimbursed for smaller projects. Once the project has been drawn up, the investor has to find a partner in a developing or emerging country who fulfils the necessary technical and financial conditions. With its vast network of partner organisations, the Swiss Organisation for Facilitating Investments (SOFI) is in a position to help find foreign partners and to negotiate a joint venture agreement (or other form of partnership) which is to the advantage of both parties. When the realisation stage has been reached the investor may need a source of funding. The Swiss Development Finance Corporation (SDFC), or one of the partnership funds or venture capital funds of which the Swiss Government is a member, may provide part of the necessary funding as well as financial services for securing the remaining funds. Finally, the Swiss Government is involved in launching a mechanism which will enable the provision of financial support for vocational training programmes set up by the private sector, in order to encourage them to extend the scope of such programmes beyond their immediate needs.

9. Switzerland is also active in the field of trade-related technical co-operation (TRTC). The main objective of Switzerland's TRTC-activities is to integrate recipient countries into the multilateral trading system. To reach this goal, Swiss supported programmes have at least to aim at one of following three targets: i) strengthening trade policy formulation and implementation, ii) raising the efficiency of trade operations, iii) facilitating market access (Swiss and neighbouring markets of the recipient countries). Programmes and projects should promote the private sector and should complement efforts by recipient countries. The Government of Switzerland attaches importance on making use of complementarity between neighbouring countries and developing South-South and East-East trade as first steps towards economic integration. In the programmes special attention is given to the maximum participation of women, to the sustainability of the programmes and to the enforcement of local capacities (e.g. training of trainers, use of local consultants). As the Swiss Government is mainly working with external institutions and organizations so as to implement its TRTC-activities, Switzerland attaches high importance on international coordination between international executing agencies.

10. Finally, Switzerland will launch a pilot program in the field of intellectual property protection (Vietnam). This technical assistance program aims not only at strengthening the framework of intellectual property protection but also at promoting the use of IPR by local enterprises, individuals and communities encouraging transfer of technology and investment by foreign enterprises.

11. At the multilateral level, Switzerland also contributes to a variety of technical assistance trust funds with the World Bank Group and the Regional Development Banks. These funds are available to project managers of these Banks seeking founding for technical assistance and technology transfer.
