

**REPORT ON THE IMPLEMENTATION OF ARTICLE 66.2
OF THE TRIPS AGREEMENT**

SWITZERLAND

Addendum

The following communication, dated 6 November 2003, has been received from the Permanent Mission of Switzerland pursuant to paragraph 1 of the Decision on Implementation of Article 66.2 of the TRIPS Agreement.

I. INTRODUCTION

1. In paragraph 11.2 of the Decision on Implementation-Related Issues and Concerns (WT/MIN(01)/17), adopted in Doha on 14 November 2001, developed-country Members reaffirmed their commitment to provide enterprises and institutions incentives to promote and encourage technology transfer to least-developed country Members (hereinafter: LDCs), pursuant to Article 66.2 of the TRIPS Agreement. In its decision of 19 February 2003, the Council for TRIPS agreed that developed country Members shall submit annually reports on actions taken or planned in pursuance of their commitments under Article 66.2. Furthermore, it was agreed that new detailed reports shall be delivered every third year and that updates shall be provided in the intervening years.

2. According to this obligation, taking the decision of the Council for TRIPS into account, Switzerland herewith submits an update of the report that was submitted to the TRIPS Council in 2002 (IP/C/W/388/Add.3 of 14 November 2002). Reference is also made to information Switzerland submitted to the TRIPS Council on this issue in earlier contributions (document IP/C/W/132/Add.5 of 26 April 2000 and JOB(01)/158 of 22 November 2001).

3. Switzerland's understanding of 'technology transfer' includes, in addition to incentives and activities directed at the provision of technical equipment in the industrial sector, capacity building in LDCs, technology transfer in the health sector and development of administrative institutions. Therefore, Switzerland provides incentives in numerous sectors and is actively engaged in the field of training and research activities contributing to sustainable development in LDCs. Switzerland believes that assistance in sustainable development of LDCs should be comprehensive and not be limited to certain areas.

II. GOVERNMENT AGENCIES INVOLVED IN THE PROVISION OF INCENTIVES FOR TECHNOLOGY TRANSFER

4. 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 LDCs. These two agencies are the Swiss Agency for Development and Co-operation (SDC) and the State Secretariat for Economic Affairs (SECO). They are jointly responsible for the formulation and implementation of Swiss international development cooperation policy. While the SDC assumes the overall coordination function in matters pertaining to development, SECO is a competence centre for economic development and the integration of developing and transition countries into the world economy.

5. Another agency involved in technology transfer activities of Switzerland is the Swiss National Science Foundation (SNSF). Acting on a mandate issued by the Swiss Federal Government, the SNSF supports research inside and outside universities and fosters young scientific talent. On an international level, the Swiss National Science Foundation aims with its research programmes, to make a positive contribution to scientific research in the relevant areas of the world and to promote research co-operation between these areas and Switzerland. At present, the Swiss National Science Foundation has a project in collaboration with the SDC focused on research partnerships with LDCs (see Annex II).

III. LEVELS OF SWISS ACTIVITIES PROMOTING TECHNOLOGY TRANSFER TO LDCS

6. Switzerland's activities and incentives regarding technology transfer aim at increasing the flow of technology to developing countries and at building up capacities which enable beneficiary countries to assess, adopt, manage and apply technologies. The activities supported by the Swiss government embrace projects at the bilateral, regional and multilateral levels.

7. SECO and SDC activities relevant to Article 66.2 of the TRIPS Agreement are carried out under the Swiss Official Development Assistance Programme (ODA-Programme). The Swiss ODA-Programme includes bilateral, regional and multilateral initiatives and is primarily aimed at a selected group of priority countries in Latin America, Africa, Central and South-East Asia and Southeastern Europe. Many of the projects 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 enterprises in LDCs.

8. At the multilateral level, Switzerland 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 funding for technical assistance and technology transfer. Besides cooperation with these financial institutions, Switzerland is also engaged in the development projects of many other international organizations such as WHO, UNIDO, WIPO, UNDP, FAO, IFAD and CGIAR.

9. Switzerland supports various bilateral and multilateral projects in order to promote investment as well as the efficiency and effectiveness of trade. In investment promotion, the incentives of the Swiss ODA aim at mobilizing private capital, know-how and technologies to strengthen the financial intermediation system in LDCs as well as transferring know-how and technology to foster investments or joint ventures. Concerning trade promotion, Switzerland cooperates mostly with other bilateral or multilateral agencies.

IV. INSTRUMENTS FOR THE PROMOTION OF TECHNOLOGY TRANSFER

10. One of the main goals of Switzerland's economic and trade-related co-operation with developing and transitional countries is the transfer of modern technology and of capital to those countries, to better enable them to upgrade their production facilities to the requirements of world markets and to become more competitive in the global economy. The promotion of investment and of co-operation agreements between the private sectors in the North, South and East is an important instrument of development policy, which is primarily intended to help these countries reach a sustainable level of development.

1. Support of Private Sector Investments in LDCs

11. Switzerland promotes technology transfer to LDCs by supporting small and medium-sized enterprises (SMEs) in several ways. For instance, it provides localized technical support for SME's domiciled in LDCs, particularly Bangladesh, Benin and Mali. In Bangladesh, Switzerland spends about CHF 13 million annually for development projects, part of which on technical and financial support for SMEs.

12. Switzerland also encourages Swiss SMEs to invest in LDCs in order to enhance technology transfer to LDCs. The role of the Swiss Organization for Facilitating Investments (SOFI) is to promote investment projects between companies in Switzerland and OECD countries and counterparts in developing and transition countries, and to enable the transfer of capital, technological know-how and managerial expertise through this process. SOFI has framework agreements with 60 countries (located in Africa, the Middle East, Latin America, Asia, Central Europe, Eastern Europe and the CIS) where it is mandated to promote investments. SOFI is a one-stop shop providing SMEs with the full range of services required to meet the challenges they face when investing in LDCs. SOFI has actively supported SME activities in LDCs or countries in transition through more than 300 projects, such as mango processing in Burkina Faso or coffee processing in Zambia.

13. In addition, the Swiss Government created a private equity investment company in 1999 called the Swiss Development Finance Corporation (SDFC). It has currently CHF 55 million of committed capital available for investment on behalf of a group of major Swiss based corporations and the Government of Switzerland. The SDFC provides financing on a commercial basis for projects in developing and transition countries in which primarily Swiss SMEs, but also SMEs from other OECD countries, act as direct investors, suppliers or purchasers of goods and services. The SDFC, founded in March 1999, concentrates on investment projects in the domains of energy, telecommunications, water supply, public health, light industry and food production in LDCs.

14. Switzerland is one of the investors of the "Fonds de Garantie des Investissements Privés en Afrique de l'Ouest (GARI)". The goal of this fund is to facilitate access of private enterprises to loans by guaranteeing the risks for such operations. The fund provides guarantees to enterprises active in industrial manufacturing, agro-industry, fishery, mining, tourism, agriculture and services. Eligible to the fund are enterprises from, among others, Benin, Burkina Faso, Cape Verde, Gambia, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Sierra Leone.

15. Switzerland granted CHF 5.4 million to the African Project Development Facility (APDF) and CHF 5.4 million to the Mekong Project Development Facility. Both organizations assist SMEs in a variety of areas such as business planning, identifying potential lenders or investors, marketing strategy, technical and operational assistance, quality control and certification, accounting and management information systems, etc. Beneficiaries of both funds are the enterprises in LDCs in the Sub-Saharan and Mekong (including Laos and Cambodia) regions.

16. Finally, the Swiss Government invested CHF 4.5 million in the Mekong Enterprise Fund. The fund is intended for equity investments in private-sector, small and medium sized enterprises in Viet Nam, Cambodia and Laos. It also provides a broad range of technical assistance to the investee companies such as skill development, improvements in financial and accounting systems, assisting in marketing and distribution, risk assessment, implementing IT systems, etc.

2. Commercial Establishment of LDCs Companies in Switzerland and other Developed Countries

17. With its "Swiss Import Promotion Programme" (SIPPO), Switzerland supports commercial establishment of companies from LDCs in Switzerland or other industrialized countries. By its trade promotion activities, SIPPO helps SMEs in emerging countries and countries in transition to improve their market access to Switzerland and the European Union. It also assists Swiss importers find new products and sources. For example, as a result of the partnership between the SIPPO and Bangladesh, products from Bangladesh benefit from improved market access in Switzerland. Additionally, in order to promote consumer awareness for such products, Switzerland provides services such as marketing consultancy, business partner search, training in export marketing and support for participation in trade fairs to companies domiciled in LDCs.

3. Mixed Financing and Export Risk Guarantees

18. Another more traditional activity of the ODA-Programme is mixed financing. Mixed financing allows LDCs to have access to long-term investment credits for the purchase of Swiss goods and services, contributing thereby to their sustainable development and technology transfer. Mixed financing consists of a grant from the Swiss government and a commercial credit from a Swiss commercial bank. The grant portion varies between 35% and 50%, depending on the country concerned. Eligible projects are commercially non-viable, infrastructure projects (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.

19. The Swiss Export Risk Guarantee Agency (ERGA) provides a system of export risk guarantees for goods and services destined for LDCs. Export risk guarantees facilitate exports to LDCs and ensure a constant technology transfer. Moreover, Switzerland also grants credit guarantees that function as export risk guarantees for goods and services supplied to LDCs which are not entitled to an export risk guarantee because of the high risk involved.

4. Promotion of Environmentally Sound Technologies

20. Recently, Switzerland concentrated much effort on promoting the transfer of environmentally sound technologies. A comprehensive programme for the establishment of so-called "Cleaner Production Centres" was set up. The aim of the centres is to offer private companies and the public sector in LDCs a wide range of services including general information, in-plant 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. Two four-year programmes in the amount of US\$1 million each have been recently established in this field with Cambodia and Laos.

21. Switzerland also supports programmes in the field of energy efficiency which aim at mitigating CO₂ emissions globally and controlling air pollution locally. These projects are related to the traffic and transportation sector and to small and medium size industries (e.g. foundry, glass and brick industries). The main objective is to strengthen local partners (capacity building) and to pool international expertise in order to develop locally adequate solutions (technology packages). 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.

22. Recognizing that the Kyoto Mechanisms (Joint Implementation, Clean Development Mechanism and International Emission Trading) can facilitate greenhouse gas emissions reduction in non-Annex I countries by providing financial incentives for Annex I investment in climate protection projects outside their national borders, Switzerland and the World Bank jointly launched the National Strategy Study Programme in September 1997. The aim of the Programme was to assist non-Annex I countries in defining their negotiation positions and to develop national strategies regarding these emerging international market incentive instruments, which will facilitate technology transfer to developing and transition countries, including LDCs.

5. Training

23. Another important focus of Swiss know-how transfer activities is the teaching of personnel from LDCs. Capacity building is an important part of every technology transfer project; in addition, Switzerland is carrying out training programmes specifically to benefit LDCs. For example, qualified applicants from LDCs regularly attend an intellectual property training course normally held every year for three months in three successive places: first at the WIPO headquarters in Geneva, then at the "Centre d'Etudes Internationales de la Propriété Industrielle" in Strasbourg and finally at the Swiss Federal Institute of Intellectual Property in Berne.

24. The Swiss Tropical Institute offers a postgraduate diploma course titled "Health Care and Management in Tropical Countries". More than half of the participants in this course regularly come from LDCs. Their participation is possible thanks to the scholarships offered by the Swiss Government.

6. Research Activities

25. Another kind of technology transfer which Switzerland engages in is collaborating with international organizations and/or with LDCs directly in research, particularly in the public health domain. For example, the Swiss Tropical Institute and other Swiss institutions provide advice and assistance to WHO for its "Roll-Back Malaria" programme. The programme aims at halving the world's malaria burden by the year 2010.

7. Other Instruments

26. In addition to the activities mentioned above, Switzerland has also engaged in capacity building and technology transfer to developing and least developed countries according to the Convention on Biological Diversity (CBD) and its provisions on access and benefit sharing (ABS). Switzerland is also supporting UNCTAD's BioTrade initiative, which shall promote trade and investments in products and services derived from the sustainable use of biodiversity.

V. DOMAINS OF SWISS TECHNOLOGY TRANSFER ACTIVITIES

27. Switzerland promotes technology transfer in domains that are of most importance to the LDCs. Specifically, the Swiss government fosters technology transfer to LDCs in the fields of public health, drinking water supply, agriculture, food industry, machine industry, textiles, chemical industry, ecotechnology and intellectual property protection. For an overview of ongoing projects, see Annex II.

28. Switzerland also promotes technology transfer to LDCs in domains in which it has special expertise. These include the machine industry as well as the manufacturing of precision instruments and chemical products. The promotion of transfer of environmentally-sound technologies to LDCs is another domain in which Switzerland is active. Here, the goal is to transfer both knowledge and methods which help meet environmental standards. This programme focuses particularly on technology transfer in the metal, paper, cement, food and textile industry.

29. In the public health sector, the Swiss Government encourages technology transfer between Switzerland and other LDCs in various ways including research funding, consulting and assistance. Switzerland spends about CHF 35 million annually on technology transfer to Mozambique, particularly in the domains of public health and sustainable water supply.

30. Finally, Switzerland offers LDCs assistance in preparing and enforcing laws on the protection of intellectual property rights. It also supports the LDC domestic offices executing these tasks. The Swiss Federal Institute of Intellectual Property offers state-of-the-art searches free of charge for LDCs, and, by doing so, encourages innovative enterprises and industries in LDCs to use the patent system, to benefit from the information which can be gathered through this system as well as to protect their own inventions, encouraging thereby the building of technological capacity in LDCs. During the period 2000/2001, Burundi, Mali and Senegal took advantage of this offer. Switzerland is also actively involved in the exchange of information regarding the protection and administration of intellectual property rights with LDCs. In March 2001, the Swiss Federal Institute of Intellectual Property gave a presentation of its intellectual property rights system to representatives of African countries including Zambia, Mozambique and Uganda.

VI. CONCLUDING REMARKS

31. Concluding, Switzerland would like to confirm again its commitment to actively engage in the provision of incentives for an enhanced technology transfer to LDCs and its willingness to continuously improve its activities in this regard. However, it should also be kept in mind that government incentives to provide technology transfer to third countries are only one of many factors relevant to companies' decisions on where to direct their foreign investments and to transfer their technology. Some of the other decisive factors are favourable overall macro- and micro-economic terms and conditions, a safe legal framework, (including adequate protection of intellectual property rights, an accountable judicial system and a well-functioning government administration) and market potential at the national level in a third country. These factors are often directly related to the level of development in a specific country. Multilateral initiatives to relieve countries of heavy debts and with clear policies for poverty reduction and economic development are also conducive to technology transfer and capacity development. The PRSP and HIPC processes of the Bretton Woods Institutions therefore are probably the most important precondition for LDCs to be able to actively participate in technology transfer and capacity building initiatives under Article 66.2 of the TRIPS Agreement.

ANNEX I - SWISS INCENTIVES FOR TECHNOLOGY TRANSFER IN LDCS BY COUNTRY

Comment: The activities supported by the Swiss government embrace projects at the bilateral, regional and multilateral levels. The following table contains exclusively bilateral projects because it is difficult to depict Switzerland's individual contribution to multilateral projects (ex. fund).

Country	Field	Knowledge/ Technology	Mechanism	Annual budget 2002
Bangladesh	Water and sanitation (Public health)	Prevention and treatment of infectious diseases, by University of Basel	Scientific collaboration with national institution Training courses in Basel	CHF 140,000
Bangladesh	Water and sanitation (Public health)	Arsenic mitigation in water. Arsenic free water harvesting technologies by SAKT, test kits by EAWAG	Local adaptation of technologies with support from SKAT and EAWAG Research in Switzerland in collaboration with Bangladeshi partners	CHF 50,000 paid to EAWAG
Bangladesh	Trade	Promotion of products from Bangladesh to Switzerland and other OECD countries	Provision of services such as marketing consultancy, business partner search, training in export marketing and support for participation in trade fairs	CHF 32,000
Benin	Public health	Public Health Expertise, by IUED	Participation in reorganising Benin's Health System at different levels; main focus on local level	CHF 950,000
Burkina Faso	Waste water	Technology and Know-how in waste water management, by the Swiss Federal Institute of Technology, Lausanne	Training Courses in Lausanne Participation of consultants in programme in the country	CHF 300,000
Burkina Faso	Water and environment	(Waste) Water management, by Swiss Federal Institute of Technology, Lausanne	Education of engineers and technicians, in Switzerland and Burkina Faso	CHF 1,450,000
Burkina Faso	Agriculture		Support for creating a mango vinegar factory in Burkina Faso. Advice for the structuring and financing of the investment project,	CHF 200,000

Country	Field	Knowledge/ Technology	Mechanism	Annual budget 2002
			including training of future workers, transferring equipment and starting production	
Burkina Faso and Mali	Decentralisation, rural development	Expertise and know-how by SEREC	Consultants work with local staff and rural population	CHF 2,150,000
Madagascar	Rural development	Participatory bottom up approaches (Know-how and expertise) by IC	Consultancy project management	CHF 3.5 Mio
Mali	Vocational training	Know-how in school management, curricula development, particular professional know-how by Swisscontact	Development of vocational training centres in Burkina Faso Support to association of handicraft groups Consultants work with national staff Project management by Swisscontact	CHF 550,000
Mali	Promotion of trade in organic cotton	Marketing knowledge Establishment of direct links between producers in Mali and importers in Switzerland	Consultants work with the marketing boards and with local producers.	CHF 710'000
Mozambique	Health system	Reform of health system. Expertise and know how in local health systems, by Solidarmed	Consultancy	CHF 7 Mio
Mozambique	Potable water	Management of rural drinking water supply systems by Helvetas and SKAT	Consultancy	CHF 4.2 Mio
Mozambique	Rural development	Reorientation of rural development based on private initiatives. Expertise and know-how by LBL	Conceptual input, backstopping	CHF 2 Mio
Mozambique	Governance	Reform of police force. Expertise and know-how by consultancy group from Basel (ex-director of police)	Conceptual input, backstopping	CHF 0.8 Mio
Mozambique	Governance	Decentralisation – support to local administrative structures, by	Conceptual input, backstopping	CHF 1.2 Mio

Country	Field	Knowledge/ Technology	Mechanism	Annual budget 2002
		University of Bern (Prof. Linder)		
Nicaragua	Electricity	Support to the reconstruction Nicaraguan's economy in the aftermath of Hurrican Mitch by providing financial means for the importation of electrical equipment	Balance of payment operation	CHF 1 Mio
Niger	Rural development	Establishment of funds for local investments in rural development, by SEREC	Consultants work with local staff and population	CHF 1,550,000
Tanzania	Health	Reform of health system in city of Dar-es-salam; Prevention of tropical diseases (Malaria). Technologies and expertise by the Swiss Tropical Institute (Basel)	Training courses in Basel; Consultancy, backstopping	CHF 7.7 Mio
Tanzania	Transportation infrastructure	Construction of bridges and roads. technologies and know-how by ITECO	ITECO staff in Tanzania, consultancy	CHF 6.5 Mio
Chad	Basic health, health systems	Know-how and expertise by Swiss Red Cross	Consultancy, collaboration with organisations in Chad	CHF 200,000
Zambia	Coffee	Support to the expansion of coffee processing facilities and agricultural machinery, factory equipment and transportation vehicles purchased	Provision of a loan to two Zambian companies	CHF 5.5 Mio
In General	Project management, Know-how and expertise (planning, implementation, monitoring, evaluation)	By Helvetas, IUED, InterCooperation		

ANNEX II - RESEARCH PARTNERSHIP OF SNSF WITH LDCS

In 1999, the Swiss National Science Foundation (SNSF) and the Federal Agency for Development and Cooperation (SDC) announced a new programme of research partnerships. The SNSF and the SDC jointly assessed the proposals for scientific value and relevance to development and for compliance with the requirements of a true research partnership. Finally, nine projects were approved. A new programme of research partnerships will be announced next year.

Approved research partnerships with LDCs (as of May 2000)*Humanities and Social Sciences*

Title of research partnership	Coordinator, Switzerland	Coordinator, developing country
Local social security and gender in India and Burkina Faso. (36 months)	de Jong, Wiillemijn, Department of Anthropology, University of Zurich	Kinda, Fatoumata, Department of Sociology, University of Ouagadougou, Burkina Faso
The challenge of education in Mozambique between tradition and innovation. (18 months)	Berthoud, Gérald, Institut d'anthropologie et de sociologie, Université de Lausanne	Castiano, José P., Universidade Eduardo Mondlane, Unid. Formação em ciencias sociais, Mozambique
Learning processes and platforms for negotiating Sustainable Resource Management (SRM): Potentials and constraints of "Autodidactic Learning for Sustainability" (ALS) in an intercultural perspective. (36 months)	Wiesmann Urs Institute of Geography University of Berne	Delgado Burgoa Freddy Agroecology Programme University of Cochabamba Bolivia
Interface between cities and rural areas in Ecuador: Towards a territorial integrated development (Preproject).	Bolay, Jean-Claude, Institut de recherche sur l'environnement construit EPF, Lausanne	Arq. Diego Carrion, Facultad de Arquitectura y Diseño Pontificia Universidad Catolica del Ecuador, Quito

Mathematics, Natural and Engineering Sciences

Title of research partnership	Coordinator, Switzerland	Coordinator, developing country
Studies of mathematical and numerical models involved in Sahelian irrigation: Application to water resource management and to pollutant transport in saturated and non-saturated porous media. (36 months)	Besson, Olivier Institut de mathématique Université de Neuchâtel	Niane, Mary Teuw UFR de mathématiques appliquées et informatique Université Gaston Berger Saint-Louis, Sénégal

Biology and Medicine

Title of research partnership	Coordinator, Switzerland	Coordinator, developing country
Healthy milk for the Sahel: Improved milk quality as a contribution to income generation, food security and public health. (36 months)	Zakaria, Farah, Institute of Food Science, ETH Zurich	Alfarouk, Idriss, Institut du Sahel Bamako, Mali
A spatial analysis of the impact of insecticide-treated nets for malaria control in Tanzania. (36 months)	Lengeler, Christian, Swiss Tropical Institute, Basel	Abdulla, Salim, Ifakara Health Research and Development Center Ifakara, Tanzania
Identification of genetic markers associated with virulence of <i>Leishmania Viannia</i> . (36 months)	Fasel, Nicolas, Institute of Biochemistry University of Lausanne	Gonzalez Alcides CNDR, Nicaragua
Conservation of biodiversity in Lama Forest: Role of forest plantations for the viability of natural forests. (36 months)	Nagel, Peter, Institut für Natur-, Landschafts- und Umweltschutz (NLU)-Biogeographie, University of Basel	Sinsin, A. Brice Faculté des Sciences Agronomiques, Université Nationale de Bénin