

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

AUSTRALIA

Addendum

The following communication, dated 22 October 2007, from the Delegation of Australia is being circulated pursuant to paragraph 1 of the Decision on Implementation of Article 66.2 of the TRIPS Agreement. It was circulated as an advance copy for the TRIPS Council meeting in October 2007.

1. The following report is submitted by Australia in accordance with paragraph 1 of the Decision of the Council for TRIPS of 19 February 2003 on "Implementation of Article 66.2 of the TRIPS Agreement" (IP/C/28) which provides that developed country Members submit annually reports on actions taken or planned in pursuance of their commitments under Article 66.2.

I. TYPE OF INCENTIVES

2. Technology transfer is interpreted broadly in this report to include training, education and know-how¹. Australia's transfer of technology to least developed countries (LDCs) occurs through export-related activity as a normal product of market forces, through the facilitation of a strong intellectual property environment in LDCs, and through incentives that form part of the Government's bilateral and regional development assistance programme.

3. At the same time, the Australian Government has in place programmes designed to promote innovation and competitiveness in the Australian economy which in turn can contribute to increased transfers of technology in export markets including LDCs. For example, technology transfer may occur through exports and outward or direct investment by Australian firms in other countries. This transfer of technology may occur in joint ventures between Australian firms and overseas companies or governments.

4. Australia recognises that technology transfer, economic growth and poverty reduction are best fostered in an efficient, open and market-based economy. Fundamental to this framework is good governance. Australia provides extensive governance assistance to LDCs (the preliminary figure for 2006-07 is approximately US\$307.3 million²) which includes programmes aimed at improving

¹ Definition used in previous reports from Australia.

² Note that "\$" elsewhere in this report refers to Australian dollars. A\$1=US\$0.87 as at 26 September 2007

economic and financial management, strengthening the rule of law and justice, increasing public sector effectiveness and developing civil society and human rights.

5. Australia considers that the education of LDC nationals at Australian (and other) universities and their training in the use and management of technological equipment comprise two of the most effective means of transferring technology and know-how to which Australia has access. Consequently, a significant portion of Australia's assistance is directed at providing education and training. A detailed account of some Australian activities and funding is provided below, including a table showing the Australian aid programme's assistance to least developed countries with a major technological transfer component during 2006-07.

II. GOVERNMENT AGENCY MAKING THE INCENTIVES AVAILABLE

6. This report focuses on information on activities that promote technology transfer carried out by the Australian Agency for International Development (AusAID).

III. ELIGIBLE ENTERPRISES AND INSTITUTIONS PROVIDING INCENTIVES

7. The vast majority of Australian development assistance activities are implemented by organizations and individuals selected through a competitive tendering process. Australian aid to LDCs has been untied since 2001 and has been untied to all countries since 2006, allowing non-Australian organizations to bid for contracts to supply goods and services under the aid programme.

IV. APPROPRIATE TECHNOLOGY

8. For sustainable development, it is critical that technology transfer be appropriate to the needs of the particular country. In order to ensure this, Australia jointly develops country strategies with all major partner countries to form the basis of development assistance. Country strategies are informed by a country-specific analysis of development needs and dialogue with partner governments as to the most effective way for Australia to help address those needs. Australia has working partnerships with a range of international and community organisations to ensure harmonisation of resources and appropriately targeted assistance.

V. MONITORING AND EVALUATION

9. Monitoring and measuring the effectiveness and results of development assistance are key concerns for the Australian aid programme. A range of mechanisms and experts are used to ensure effectiveness of monetary incentives including the AusAID Audit Committee, High Level Advisory Groups, the Aid Advisory Council, the Committee for Development Co-operation, peer reviews and corporate reviews. To ensure that Australia is at the forefront of global efforts to improve development effectiveness, AusAID's Office of Development Effectiveness was established in 2006.

VI. DETAILS OF INCENTIVES FOR TECHNOLOGY TRANSFER TO LDCS

A. AUSAID: BILATERAL PROGRAMMES

10. Australia provided approximately A\$352.2 million in development assistance to LDCs in 2006 -07. Many of these activities carry a technology transfer or investment component. Examples of activities for which technology transfer or investment is a major component or the primary aim have been included below.

1. Solomon Islands – Economic Reform Programme

11. Since 2004, the Regional Assistance Mission to Solomon Islands (RAMSI) has been supporting the Solomon Islands Government to develop and implement economic reform through a specialised Economic Reform Unit based in the Ministry of Finance and Treasury. Working with local counterparts, advisers from Australia and New Zealand (including the Australian Treasury) have assisted the Solomon Islands Government to introduce a new Foreign Investment Act and State Owned Enterprises Act; improve efficiency and equity in the tax system through a reduction in tax and duty exemptions; and facilitate increased competition in the aviation sector.

2. Lao PDR – Integrated Framework

12. Australia is funding an Integrated Framework Facilitator Specialist position in Laos to assist in the implementation of the Integrated Framework. The Integrated Framework process aims to mainstream trade into national development plans such as the National Growth and Poverty Eradication Strategy, and to assist in the coordinated delivery of trade-related technical assistance in response to needs identified by the Government of Lao PDR.

3. Vanuatu – Governance for Growth

13. Australia is supporting the Government of Vanuatu through the \$33.2 million Governance for Growth initiative from 2007-2012 to improve the delivery of government services in rural areas. The initiative will help the Government of Vanuatu to improve the quality of its budget to better reflect national priorities for service delivery and investment, and to use the budget process as a tool for policy implementation. The initiative will also strengthen the basis for performance assessment to provide a better sense of whether funding is being well-used by line ministries to deliver services and investment to the community.

B. REGIONAL AND GLOBAL PROGRAMMES

14. In addition to bilateral assistance, the Australian aid programme provides LDCs with transfer of technology through various regional and global programmes. In most cases, it is difficult to separate expenditure specifically to LDCs through these programmes; however, LDCs are included as beneficiaries.

1. ASEAN-Australian Development Cooperation Programme

15. The ASEAN-Australian Development Cooperation Programme (AADCP), with a budget of A\$45 million (2000-08), has a programme stream that includes: customs capacity building; legal infrastructure for e-commerce; assistance in private sector competitiveness and SME development; quality assurance systems for fruit, vegetables, fish and fishery products; animal and plant health management and quarantine; and risk assessment in support of food safety measures.

2. Trade Analysis and Reform Project

16. This initiative is a \$6.3 million, 3 year activity that aims to assist participating economies of the Mekong region (Cambodia, Lao PDR, Vietnam and Thailand) to meet the challenges of, and benefit from, global trade liberalisation and regional economic integration. In particular, the activity aims to enhance awareness of WTO Agreements and provide technical and advisory assistance with WTO accession and implementation issues.

3. World Organisation for Animal Health Project to Strengthen Veterinary Services to Combat Avian Influenza and Other Priority Diseases in South East Asia

17. Australia partners with the World Organisation for Animal Health (OIE) to support veterinary services in developing countries to meet international standards on quality. Australia is contributing up to A\$3 million to combat avian influenza and other priority diseases in South-East Asia through the provision of an international scientific advisory and technical exchange programme for avian influenza and regional capacity building.

4. South East Asia Foot and Mouth Disease Campaign

18. This programme is implemented by OIE and involves the coordinated control of foot and mouth disease by eight ASEAN countries. The long-term objective of the campaign is to facilitate and promote the international trade of animals and animal products by creating foot and mouth disease-free areas in the region. This includes improving veterinary standards and adding value to the regional control programme. Australia has provided nearly A\$4 million for the programme since 1996.

5. Asia Regional Sanitary and Phytosanitary Capacity Building Programme

19. Australia is providing A\$3.9 million towards this programme, implemented by the Department of Agriculture, Fisheries and Forestry, to enhance the capacity of ASEAN countries to meet international SPS standards consistent with the WTO Agreement on the Application of Sanitary and Phytosanitary (SPS) Measures.

6. Pacific Regional Trade Facilitation Programme

20. Australia is providing A\$2.5 million over five years to 2009 to support capacity building and institutional strengthening through the Regional Trade Facilitation Programme, with the aim of improving the region's ability to operate in the global trading environment. The programme includes a quarantine component delivered by the Secretariat of the Pacific Community, a customs component delivered by the Oceania Customs Organization and an Integrated Food Standards Project delivered by the World Health Organization and the UN's Food and Agriculture Organization.

7. Pacific Islands Climate Predictions Project

21. Economic and social activities in Pacific island countries (PICs) rely heavily on the natural environment. Effective weather services and the capacity to issue longer-term client-targeted predictions will therefore be a great benefit to PIC economies. This initiative will strengthen PIC capacity in climate prediction. It aims to expand and enhance the prudent use of climate predictions by PICs in both national meteorological services and in client departments, including health, agriculture and water utilities. Australian input to this project is technical, including tailored climate prediction software and training in its use. This A\$3 million phase (2007 - 2009) of the project, builds upon the achievements of the initial phase (A\$2.3 million; 2003-2006) and expands the project to include Papua New Guinea.

8. Australia Pacific Technical College

22. This project works in partnership with industry and regional governments in the Pacific, and aims to increase the number of skilled Pacific Island graduates as well as to improve the quality of their training to meet Australian standards of vocational and technical education. The intention is for Pacific Island economies to benefit from larger, better skilled workforces to support economic growth, and for graduates to benefit from improved employment opportunities at home and in an increasingly

international labour market. Initial funding of A\$149.5 million will provide for the establishment and operation of the college for the first four years between 2007 and 2011. Training will be undertaken in Fiji, PNG, Samoa and Vanuatu. It is expected to graduate around 3,000 students in the first four years in the areas of hospitality and tourism; automotive, construction, electrical and manufacturing trades; and health and community services.

9. WTO Global Trust Fund

23. Australia contributes A\$500,000 annually to the WTO Global Trust Fund, with total contributions to date over A\$2.46 million. The Trust Fund provides trade-related technical assistance to developing country Members of the WTO to participate in the Doha Round of multilateral trade negotiations.

10. Australian Scholarships

24. Australian Scholarships are awards for long-term study in Australia and seek to promote education cooperation and development. The programme, which comprises Australian Development Scholarships, Australian Leadership Awards, and Endeavour Scholarships, provides appropriate and cost-effective training to developing country nationals to equip them with qualifications and skills that will assist development in their home country. From 2006, Australian Scholarships will provide approximately A\$1.4 billion over five years. LDCs targeted under the Australian Scholarships programme include: Afghanistan, Bangladesh, Bhutan, Cambodia, Kiribati, Lao PDR, Lesotho, Malawi, Maldives, Mozambique, Nepal, Samoa, Solomon Islands, Tanzania, Timor-Leste, Tuvalu, Uganda, Vanuatu and Zambia.

11. Australian Centre for International Agricultural Research (ACIAR)

25. The Australian Centre for International Agricultural Research (ACIAR) provided A\$23.9 million in 2006-07 for joint technical and policy research projects with developing countries, mainly in the Asia-Pacific region. ACIAR works both bilaterally on research programmes that link Australian research institutions with developing country institutions, and multilaterally on research through grant and project specific funding to International Agricultural Centres. Projects include technology adoption, knowledge transfer and capacity building in areas including: agriculture, fisheries and forestry productivity and sustainability; animal nutrition and health; agricultural innovation, training and institutional reform; and invasive pests and diseases.

VII. AUSTRALIA'S AID PROGRAMME: ASSISTANCE TO LEAST DEVELOPED COUNTRIES WITH A MAJOR TECHNOLOGICAL TRANSFER COMPONENT 2006-2007

(Preliminary figures for AusAID's bilateral & regional programmes only)

Least Developed Country	A\$
Afghanistan	20,257,246
Asia Economic & Transboundary	30,451,875
Australia Pacific Technical College	7,071,947
Bangladesh	21,331,722
Bhutan	1,096,418
Burma (Myanmar)	2,630,760
Cambodia	25,603,089
East Timor	32,320,814
Kiribati	6,525,028
Laos PDR	12,577,931
Maldives	2,799,665
Nepal	3,437,106
Pacific Regional	704,721
Pacific Regional Governance	129,365
Regional South Asia	11,441,663
Regional & Other Africa	33,581,731
Samoa	12,900,572
Solomon Islands	101,828,832
Tuvalu	3,333,792
Vanuatu	22,141,791
Total	352,166,068

Source: AusAID Financial Reporting System
