

## **Japan Business Federation(Nippon Keidanren)'s Views on the Review and Assessment of the Effectiveness on the implementation of Article 4, Paragraph 1(c) and 5, of the Convention**

To stem climate change, it is important that we disseminate and make maximum use of existing technologies and to this end industrial countries must actively provide technical assistance to developing countries. Because such technical assistance leads to improved energy efficiency in developing countries, it will also help encourage participation by developing countries in a post-2012 international framework.

### **1. Business-based technology transfer**

There are a wide range of methods for transferring technology to developing countries, including export of products, local manufacture of products through direct investment, and licensing of intellectual property rights, and a great deal of technology transfer is already taking place via these routes. It is important to encourage and remove impediments to such business-based technology transfer to ensure that technology transfer continues over the long term.

### **2. Removal of barriers to technology transfer and use of public funds**

According to the IPCC's special report, Methodological and Technological Issues in Technology Transfer (October 2000), the factors that currently impede the smooth transfer of environmentally sound technologies include the following:

- Tariff barriers to the import of equipment and materials necessary to technical cooperation
- Complex administrative procedures for concluding technology transfer agreements
- Lack of knowledge or capable personnel in recipient countries
- Disincentives to the provision of technology owing to insufficient protection of intellectual property rights in host countries

It is necessary first of all to remove such barriers. Where necessary, support through public funding should be considered to facilitate the removal of impediments to technology transfer.

### **3. Appropriate Protection of Intellectual Property Rights**

It has been suggested that compulsory licensing or purchase of intellectual property rights should be considered as a way to promote technology transfer. However, such measures have a high potential for causing major damage by undermining incentives for the development of innovative

technologies, which are most needed to address climate change over the long term. We can best tap the research and development potential of the private sector in a market environment in which intellectual property rights are protected and those who invest in R&D can expect an adequate return on their investment. Nor are such compulsory measures truly effective in promoting technology transfer. In order for technologies for preventing climate change to be used in practice, people need to have know-how to manage the technologies, as well as the intellectual property rights of the technologies. Even if a host country acquires the intellectual property rights through compulsory licensing or purchasing, it has little hope of putting the technology to good use unless it has the know-how to use it effectively thereafter. Another problem is that, because any given technology is an aggregate of intellectual property rights and various types of know-how for which there is no standard market price, it becomes difficult to define what is to be compulsorily licensed or purchased and what value should be assigned. For this reason we are opposed to compulsory licensing or purchase of intellectual property rights.

#### **4. Sectoral approach to technical assistance**

It can sometimes be effective to approach technical assistance to developing countries to prevent climate change as a cooperative effort between the private sector, which possesses the technology, and the public sector, which can support the private sector's efforts. In this connection the Asia-Pacific Partnership on Clean Development and Climate (APP) has been successful as a framework in which the public and private sectors of industrial and developing countries participate in practical activities to promote technical assistance, including the dissemination of best practices. In the post-2012 international framework, it is important to utilize the experience of public-private cooperation in the APP. Based on the views of private experts of each sector, we must share information on best practices and the diffusion of technology, carry out analyses on the potential for emissions reduction resulting from the adoption of technologies or practices and improvements in their application, and study assistance measures using all this information. In addition, it is important that there be due recognition of the private sector's role in international technical assistance, including personnel contributions.

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