

Technology Justice In Trade and Commerce

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Economic Rationale For International Technology Transfer



Technology and Neoclassical Growth

- Inherent Limitation to Factor Driven Growth
- Higher capital accumulation leads to lesser avail, growth tends to become sluggish in the long run
- Technological advancement - tendency to offset the fall in the marginal product of capital

Technology and Green Economy

- In the contemporary era technological advancements are also viewed a means through which environmentally friendly development could take place

Modern Technology Originates Predominately in the 'Global North'. International Trade and Commerce is a primary mechanism through which the 'Global South' gains access to new technology

International Technology Spillover

Disembodied

Worker Mobility

Student Exchanges

International
Conferences/ Journals



Embodied

Trade in Capital Goods

Trade in Consumer
Goods

Foreign Direct Investment

- Back word linkages
- Outsourcing
- Worker mobility

Current Sri Lankan context

Chart 5.11

Inflows to the Capital and Financial Account

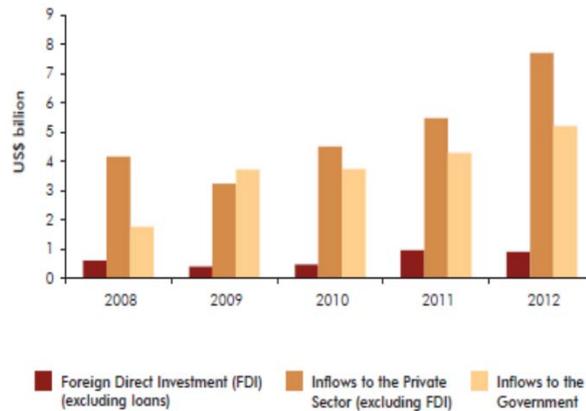
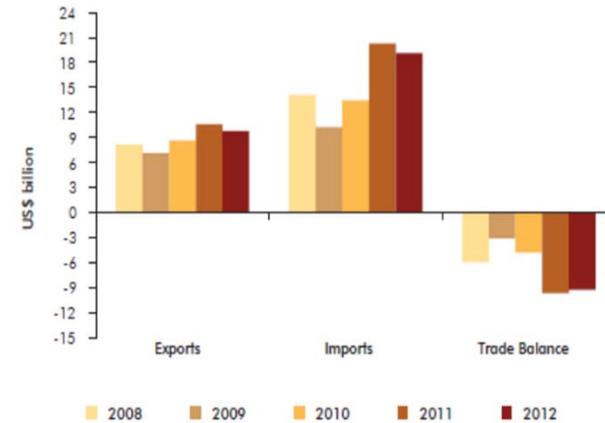


Chart 5.5

Exports, Imports and the Trade Balance



ODA

Major lenders are:

- Export and import bank of China
- Government of Japan
- Asian development bank
- Government of India
- China development bank cooperation
- International development association
- Export development bank of Iran
- Government of republic of Korea
- European investment bank

Major projects

- Road construction
- Airport construction
- Seaport construction
- Clean energy
- Water supply
- Livelihood development:
- Agriculture

Area of interest in green technology transfer: Agriculture

Overview

- 12.% of GDP
- 28.9% of national export earnings
- 33% of the countries workforce
- 65% of cultivatable land
- 7.7% of import expenditures are on food and beverages
- Major importers of Sri Lanka are: Netherlands, UAE, India, UK, Japan, Mexico, France, USA, Italy, Germany and Maldives
- From export perspective: 9th place in vegetable products and planting materials, 49th place in cut flower and plants, 52nd place in fish products , 74th place in edible fruits and nuts and 77th place in vegetable, roots and tubers



Area of interest in green technology transfer: Agriculture

Investment incentives

Category	Exception period (years)	Applicable tax rate (after tax holiday)
Undertaking with no investment	None	12%
Small scale (New enterprises)	4	12%
Medium scale (new enterprises)	4-6	12%
Large scale (new enterprises)	6-12	12%
Strategic import replacement (new undertakings)	5	12%
Expansion of existing undertakings	Qualifying payment relief or concessional rate (12%) for 5 years	



Area of interest in green technology transfer: Agriculture

Taxes and Levies

Applicable for company

- Cooperate tax
- NBT
- Economic service charges
- Withholding tax on dividend
- VAT

Applicable for imports

- Custom duty
- VAT
- NBT
- Port and Airport development levy
- Cess
- Excise duty



Area of interest in green technology transfer: Renewable energy

Overview

- Demand for electricity increases annually by 7-8%
- 200MW to be added to the system each year
- 60% by CEB 40% private
- Depends on hydro (52.6%), thermal (42.6%) and renewable is : 0.8%
- Expected by 2020 is 20% generated from renewable energy
- Wind power: North Western coastal region, from the Kalpitiya Peninsula to mannar island, the Jaffna Peninsula and in central highlands



Area of interest in green technology transfer: Renewable energy

Priority areas of investments

- Hydro power
 - Capacity: 1200MW
 - Peak demand is 2032 MW
- Establishment of solar power parks and wind power parks
 - Hambantota, by Japan and Korea
 - 900KW
- Energy management and conservations
 - Current transmission and distribution loss is 15%



Area of interest in green technology transfer: Renewable energy

Investment incentives

Category	Exception period (years)	Applicable tax rate (after tax holiday)
Medium scale (new undertakings, up to 200 Mn. Rs)	4-6	28%
Large scale (new undertakings, 300-2500 Mn. Rs)	6-12	28%
Medium and large scale (expansions, >50 Mn. Rs)	Qualifying payments relief	



Area of interest in green technology transfer: Renewable energy

Taxes and Levies

Applicable for company

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Applicable for imports

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However,

- A major requirement for successful agreement in technology transfer is the guarantee of intellectual property rights (IPR).
- Access to capital is limited and costly
- Availability of FDI is limited and unevenly distributed around the world
- Substantial tariff barriers remain in many cases for imports of foreign technologies
- Economic incentives for donors are weak
- National interest groups such as powerful extraction and construction companies can influence technology choices in favour of conventional technologies
- Institutional and administrative difficulties exist to develop technology transfer contracts



Thank you

