

## CHAPTER SIX

### 6.1 Conclusion & policy recommendations

Though it is common for the developed countries to protect their intellectual property through various IP law channels, but to what extent should IPR protection can be extended to the developing nations remain ambiguous. The issues concerning FDI, trade and technological transfer via R&D activity in developing countries are confronted by the weak IPRs protection. The mode or choice of entry which was hidden (from the empirical analysis) by hosts countries is indeed unique.

There at least two main explanations. First, the protection viewed from the host's countries perspectives and secondly, from the investors perspectives. Some countries provide stronger IPRs protection to comply with the minimum standard which is put in order by the international treaties. Fully comply with the standard will provide them better foundation and benchmark to promote economic development within highly protected business environment.

International investors however need to scrutinize their *modus operandi*. Highly protected market (stronger IPRs) provided by host's countries had been proved as a favorable strategies (Gould and Gruben, 1996) however IPRs itself is not

the ultimate factors for a main attractions of FDI (Park and Lippoldt, 2003). This however becomes a superior strategy for investors to identify newly potential market and provide an opportunity for mutually benefited innovative activity between nations.

Over several decades inflow of FDI to the developing nations by means of R&D activity however, not only reflected by a stronger patent protections. The gaming situation for developing countries during the compliance periods of TRIPS agreement is proved by the success attained by the developed (OECD) nations. For the periods of 1996-2000, evidently shows that developed countries have benefited from such protections as one of the instrument and strategy to attract FDI.

The decisions are now left to developing nations to freely decide the appropriate strategy (instead of offer stringent patent protection) to attract FDI and at the end to promote better economic conditions. For those countries, the joint strategies for attracting FDI are still remaining in questions. However, there are at least three possible options; (1) move towards providing efficient patent protections (this option are freely to choose either by upper middle income and lower middle income countries.) (2) Stimulates the intensity of technological research and development (i.e. freely to choose by low income countries) and (3) working towards combating illegal activity (i.e. the only option left for non-OECD countries excluding Israel).

The arguments of the abovementioned (or proposed) strategy are based on several reasons. (1) Short term cost of offering efficient intellectual property protections (2) the benefits gained to the nations induced by research and development and (3) to promote highly efficient market and safeguard to an increase in technological research activity.

Developing countries should work together to change the current trends toward standardized, and all encompassing multilateral system. They should strive to make IPR policies more favourable to them in the short and long term period. Since adequate protection and enforcement of IPRs is important to enhance economic development, policymakers should seriously consider differentiation in terms of the level of development and industrial sectors. Government should adopt a strong patent protection framework to 'guaranty' the monopolistic profits of the innovator. As a result, the domestic economy will grow faster and the productivity will improves and the countries will gain competitiveness.

In conclusion, to be dynamic, developing countries should keep upgrading their knowledge base by investing in human resource development. More studies should be needed to improve the understanding of the implications of the IPR regimes for the magnitude and composition of FDI inflows and their impact on developing countries. Developing countries should be proactive in taking advantage of the technologies available elsewhere and at the same time invest

in in-house R&D efforts to work on imported technologies and to challenge increasingly sophisticated technologies in the process of industrialization.