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Openness to Foreign Technology to Acquire and Develop Competitive Advantages in Developing Economies.

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Abstract

Developing economies face significant challenges as a result of the opening and integration of the global market, which has resulted in strong economic and competitive pressures in the global economy.

The purpose of this study is to try to assess the global economy by highlighting some of the distortions, especially those related to unequal trade, and focusing on the role of FDI in the case of management to achieve technological resettlement and competitiveness development in developing economies.

Keywords: Economic openness, Global market integration, FDI, Technology.

ملخص

تواجه الاقتصاديات النامية تحديات كبرى في ظل الانفتاح والاندماج بالسوق العالمي وما يعنيه ذلك من الضغوط الاقتصادية والمنافسة الحادة التي يشهدها الاقتصاد العالمي ، وقد أصبحت عملية بناء وتطوير القدرة التنافسية ضرورة ملحة لرفع قدرة الاقتصاديات النامية على تحسين أدائها في ظل الانفتاح على العالم الخارجي وتحقيق استدامة النمو الاقتصادي والرفاه الاجتماعي، نحاول في هذه الدراسة تقييم الاقتصاد العالمي من خلال القاء الضوء على التشوهات التي تشوبه خاصة تلك المتعلقة بالتبادل اللامتكافئ والتركيز على دور الاستثمار الأجنبي المباشر– في حالة ادارته بشكل مناسب – في الحصول وتوطين التقانة لتنمية القدرات التنافسية في الاقتصاديات النامية.

الكلمات المفتاحية: التقانة، الميزة النسبية،الاستثمار الاجنبي، الاقتصادات النامية.

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1. INTRODUCTION

There are many avenues where the integration of developing economies into the global economy can succeed and create greater access to world markets. One of the most realistic ways - from our point of view - is to rethink the acquisition of competitive advantages - other than traditional ones - that would enable developing countries to achieve greater integration into the global economy, especially at this stage characterized by the increasing role of international relations compared to domestic economic activity , This transition from the traditional international system, which seemed to lose many of its fundamentals and elements to a new world order based on specialized international economic institutions and multinational corporations, blocs and economies.

These transformations have given rise to a new concept of economic relations at the global level, which continues to generate widespread controversy in terms of its implications and dimensions: the concept of globalization, which can be accommodated only in the context of increasing interdependence, changing the map of world trade and capital movements and deepening the technological and media revolution , Creating new patterns of division of international labor, through the emergence of a new dynamic of international economic relations focused on achieving a high degree of intensity and speed in the dissemination of information, goods, services and financial gains, in the framework of this new dynamic, external factors in determining the fate of the country's constituents in this integrated global cycle through the process of economic adoption and the expansion of competitiveness, which is one of its main interlocutors or, in particular, that the centers of the capitalist system influence and are influenced by the variables of the world economy, To influence them. This is one of the fundamental characteristics of the dependency situation in which they deal with the global economy (Zaki:, 1983, p85.).

Based on this, this study attempts to answer the following main question:

What are the ways of opening up to foreign technology to gain a competitive edge in developing countries?

In order to cover the various aspects of the subject, the study was divided into the following axes:

- The effects of the liberalization of world trade and the establishment of the WTO on developing countries.
- Channels of openness to foreign technology.

FDI as a strategy to open up to foreign technology

2. Effects of the liberalization of world trade and the establishment of the World Trade Organization on developing countries:

The accession of the developing countries to the World Trade Organization and to it (GATT) is not without positive consequences, the most important of which is the stimulation of work, production and self-sufficiency, the improvement the quality of the product and the intensive use of resources to maintain their local markets, to penetrate foreign markets and to compel local businesses to discipline. Local prices are close to cost and reduce distortions created by local monopoly forces, in addition to international investment opportunities, especially foreign direct investment. In general, the provisions of the agreements, rules, principles and principles constitute a guarantee. Better than before, the World Trade Organization (WTO) was to protect the commercial rights of developing countries, be they protective measures or subsidies and dumping policies (El-Ghafouri, 2000, p.155), And give them preferential treatment to protect their national industry and enable them to develop and have the ability to compete, but that seems difficult in light of economic backwardness and the accumulation of debt ($ 2000 billion)(Vesky, 2000, p40) , The spread of ignorance and the weakness of the basic structures and the flight of capital and investments due to the abuse of the laws of the neighborhood ($ 1400 billion of Arab investments abroad) (Center for Political and Strategic 2004, p88) , The benefits of these advantages depend, therefore, on the fairness of the global economic decision - particularly on the part of the World Trade Organization - and on the readiness of each country and the extent to which economic and trade reforms can be adapted.

GATT and then the World Trade Organization adopted classical and neoclassical ideas in the area of free trade and applied them to the level of trade at the global level, It has succeeded in achieving several achievements in lifting barriers to trade, but these achievements have remained truncated from many issues related to the interests of developing countries, Although the GATT in its call for developing countries to join the dynamics of liberalization and opening up markets depended on the liberalization of foreign trade creates the economic development sought by all these countries.

The exclusion of the most important areas in which developing countries have a comparative advantage. In this regard, agricultural trade and the trade in textiles and ready-made garments are a central cause of the vulnerability of developing countries' foreign trade as a logical consequence of the selective approach of global trade transactions. Trade barriers to products produced and exported by developing countries traditionally remain higher than barriers to products produced and exported by developed industrialized countries, due to policy sensitivity to trade liberalization in agricultural products Agriculture accounts for about 27% of GDP in developing countries, a similar proportion of exports and 50% of employment, Labor-intensive manufacturing industries such as textiles, ready-made garments and primary commodities that are dependent on revenue.

Primary commodities faced stagnation in demand and were affected by volatile prices, And agriculture and manufacturing industries are heavily protected not only in developed countries but also in developing countries, limiting trade between developing countries (South-South exchanges),The ratio of regional trade to African countries is 9.4%, 6.6% for the Middle East, 76% for Western European countries, 36.2% for North American countries and 50.2% as a High percentage(Barth, 2000, p.45.),The average tariff in developing countries is 14% and in the least developed countries 17.9% compared to 5.2% in industrialized countries (Lanks, 2002, p8.) Although most of the tariffs in industrialized countries are low, they are still applicable to many groups of commodities, Customs duties applied to many agricultural consumer products and labor-intensive products are high compared to the overall level of tariffs in developed countries, The United States of America applies customs duties on clothing and footwear imports ranging between 11% and 40%. The EU charges 17%, While tariffs on raw materials rarely exceed 5% (IMF, 2002, p.14.) Suggesting that manufacturing-dependent developing countries in their exports face high tariffs of four to five times as high as developed countries.

What affects the competitiveness of agricultural products of developing countries is the support provided by industrialized countries to the agricultural sector in order to achieve the initial objectives justified by the protectionist regime, such as increasing competitiveness (Krugman, 1999, pp.17-36.) by developing the productive performance of local farmers, in the OECD countries total agricultural support totaled $ 311 billion in 2001, In addition to domestic support and border measures (import tariffs and export subsidies), it was estimated to be about one-third of the total agricultural income (Lancus , 2002 , P10), The agricultural support programs implemented by the European Union, the United States and Japan have clearly contributed to the increase in agricultural production in these countries, which has led to a decline in global demand for agricultural products, which has led to lower prices and non-economic price controls that lead to wasteful use of available resources efficiently, And the loss of trade opportunities from developing countries that have a traditional comparative advantage in agricultural trade due to weak domestic support in this area. Statistics indicate the losses of developing countries due to price distortions in agricultural trade estimated on the basis of 1997 data: $ 24 billion.

The situation in the manufacturing of ready-made products and garments is not different, although several factors have contributed to developing economies being highly competitive in the production and export of textiles and ready-madegarments

Enabling them to access the markets of industrialized countries and increase their share of world exports in this field, Its share in textiles reached about 50% in 1998, while its share in clothing reached 70% despite the high rate of tariffs applied in developing countries in this field (16%).

This growing weight of trade in developing countries in textiles and garments has led developed countries to make special arrangements that frame global trade in this sector through the AMF to provide a favorable climate of protection by reducing the risk of foreign competition In this area, The application of quotas on textile and clothing imports in industrialized countries further distorts trade in this sector, with the loss as a result: 19 million jobs due to quotas and customs duties and a loss of $ 40 billion from export earnings

The most important challenges facing developing economies for effective participation in the global trading system are erosion of trade preferences, The developing countries enjoyed preferential treatment in their trade with the industrialized countries. However, these transactions are eliminated as soon as they join the World Trade Organization in accordance with the MFN principle (that is, the establishment of international trade relations on the basis of non-discrimination, Equal treatment with all of its trading partners) (Al-Najjar:, 2001, p.151), The erosion of all preferential transactions in the form of lower customs duties, larger quotas or more flexible rules of origin leads to the loss of additional market access opportunities by developing countries because of the erosion of the price advantage (D'arvisen , 1999, p.64) Which gives preferential treatment to countries whose exports depend on this advantage to compete sharply from the most efficient suppliers in conjunction with the expansion of global trade liberalization, lack of compensation mechanisms, lack of technical and financial assistance to improve infrastructure and productivity and to develop the systems necessary to achieve compliance with technical standards And health, As a strategic solution to the benefit of developing countries from the opportunities offered by the global trading system under the selective situation that characterizes global business transactions - as explained - is the creation of new comparative advantages mainly related to technology and high technology, In order to increase their share in the global market in addition to their traditional advantages.

3. channels of openness to foreign technology:

The openness to foreign ideas and technologies is an important factor in enabling developing countries to join the developed economies and successfully integrate the global economy, Technical performance can be improved through several channels for the transfer of global technology. Technological flows are reflected in the movement of factors of production (expertise and technical management) and trade flows (the movement of goods containing technology) or the acquisition of favors and concessions.The most important channels of openness to foreign technology can be highlighted in the following (C S S, 2000, pp. 411-415.):

- **Buying new equipment**: Buying new equipment is a straightforward way to get new technology.
- **FDI:** Developing countries need to direct polarized FDI to export production rather than as a strategy for sale in the domestic market, Foreign direct investment provides important scientific knowledge of production and marketing, and allows manufacturing through the best production function by substituting human capital in place of absent domestic production factors.
- **Technology Access Licenses:** High-tech access licenses, whether related to the right to own equipment or the details of production processes, are a strategic option to bridge the technical gap, It provides developing countries with significant opportunities to improve their production levels, especially if they are obtained at

relatively low cost compared to the local research expenditures that are provided.

- **Transfer of non-owned technology:** The free or cheap transfer of non-owned knowledge becomes easier when an economy of economies begins manufacturing efforts in labor-intensive sectors using relatively old machine design and production techniques, as it is easy for labor-intensive industries to obtain and absorb information from customers Need for a large group of skilled technicians.
- **Acquiring information from buyers:** In the case of an incomplete exchange of information, the information provided by the buyers of one of the economies can be very important, Where buyers want to obtain products at the lowest cost and best quality from the major suppliers, and to do so they transmit secrets about proprietary information to their other suppliers (often from developed countries).
- **Knowledge derived from returning citizens:** by attracting citizens trained in the advanced industrial countries to work in their countries, especially in the countries supported by raising wages, Which leads to the transfer of an important aspect of the best methods used in industry, and the importance of this source of scientific knowledge in the decoding of scientific knowledge that may be embodied in patents and licenses or the use of non-commercial specialized equipment.

Scientific research: through increased expenditure on research and development activities, expansion of the human resource base and completion of the infrastructure of the science and technology system, In addition to exporting technical knowledge to other developing countries in the form of consulting services, with the aim of improving the overall efficiency of production and increasing the efficiency of industries and increasing the competitiveness of products and raising their quality (Fadil, 2000, pp. 148-150).

4. : Foreign direct investment as a strategy to open up to foreign technology:

Channels relating to the possibilities of openness to and absorption of foreign technology - described above - for developing countries are an important source of scientific knowledge associated with production and marketing, The higher costs of obtaining licenses from technology-owning companies and the scarcity of information provided by buyers, The relatively high costs of research and development activities and the high emigration of cadres make foreign direct investment the most realistic option in opening up to global technology and catching up with foreign technology.

Technological development is the backbone of multinational corporations. In terms of management, we find the greatest need for the information and communication revolution, Which is the main financier - after the state - for research and development, we spend a lot of money in the field of research and technological development in Germany: 60.2%, in Japan 68.2%, and in the United States 58.7%, which is a proportion of the total spent on **R & D**.

FDI projects contribute to building expertise in the local economy through the expenditure of these companies on the training of the local workforce, especially if the labor force contains a significant percentage of human capital, which increases its productive efficiency, The higher levels of cognitive skills allow workers to adopt and modify technology, so foreign companies' contributions to training and development interact with local human capital to provide a rapid stage to catch up with foreign technology, increasing local value added. As investments mature Where weak links between foreign direct investment and the local economy lead to a shortened investment life, as well as relative scarcity of administrative personnel, skilled labor and highly qualified suppliers, and that the positive abundance created by successful projects encourages more investment from establishing more projects, purchasing machinery, improving production methods and modernizing their technologies to keep pace with international markets and international competitiveness, as well as providing the bulk of the tax base needed to finance the development of infrastructure and infrastructure, And local development.

4. CONCLUSION

In light of the above, we can say that the transfer and resettlement of modern technology through foreign investment means that local companies benefit from new ideas and technologies and contribute to the development of human resources and enhance export competitiveness, this remains linked to the State's ability to attract long-term foreign investment as a base for export-oriented production through the provision of infrastructure, the elimination of bribery and crime, and that the choice of export-oriented FDI policy is aligned with the overall development strategy of the State.

In parallel, selective encouragement promotion strategy should be pursued by encouraging companies that demonstrate economies of scale and learning from experience through targeted use to encourage projects with strong performance (especially export performance), that can offset the loss of comparative advantage.

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