

**INTELLECTUAL PROPERTY AND TECHNOLOGICAL DEVELOPMENT  
IN CENTRAL AND EASTERN EUROPE**

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By  
Catalin Cosovanu  
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## **Abstract**

The current trend towards stronger intellectual property regimes in developing countries has been shaped mostly by international pressures rather than by domestic considerations of technological and economic development. In Central and Eastern Europe, this trend has failed to deliver on the much-touted promises of increasing high-technology foreign direct investment and faster development of domestic information-intensive industrial sectors. In this context, my thesis will focus on the software industry, given its central importance in the information technology revolution. Considering the economics of developing and marketing software products, a stronger protection of copyright in emerging markets provides little benefit to local programmers, and this situation is not likely to change soon. For the same reasons, the technological level of foreign investment and its global pattern (advanced research and development in the core, unsophisticated and low margin work in the periphery) is also unaffected by the level of copyright protection in developing countries. At the same time, piracy proves to be a necessary evil for the critically important diffusion of software that is priced beyond the reach of most local users. Price discrimination could provide a solution for this conundrum, but, although the much-feared parallel imports are less of a problem than expected, there are other important economic and political factors that support the status quo. Nevertheless, there are significant technological and cultural developments that should make the actors involved less comfortable about the current situation. Therefore, under certain circumstances, open source software may prove to be a better alternative for technology transfer and development in emerging markets.

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