

Innovation in the Life Science Community through Trade

By Mark Elliot

This is a unique time for trade policy in the United States. Congressional renewal of Trade Promotion Authority (TPA), an absolute prerequisite for the United States to enter into a new trade agreement, is moving forward in Congress.

The Trans-Pacific Partnership (TPP) trade agreement between the United States and 11 other nations is patiently waiting in the wings for final negotiations once TPA moves forward.

Also under negotiation is the Transatlantic Trade and Investment Partnership (TTIP), a trade pact being discussed between the United States and the 28-member states of the European Union.

These pending trade initiatives offer the world an opportunity to set new global standards in a number of areas, but perhaps nowhere is that needed more than with intellectual property (IP) policies.

The 2015 International IP Index, produced by the U.S. Chamber of Commerce's Global Intellectual Property Center (GIPC), recently showed a wide disparity in the 30 IP environments it examined from around the world.

Out of a possible score of 30, the United States leads all other economies at 28.53, while Thailand sank to the bottom at 7.1. This significant gap shows there is much work to do, and trade agreements are perhaps one of the greatest opportunities to ensure everyone reaps benefits from the protection of intellectual property.

But why does it matter? Why should countries around the world want to have strong IP environments?

The GIPC Index found 15 significant, positive correlations between the strength of IP environments and common socio-economic indicators, like job creation, innovation, and biomedical

investment. This also includes access to creative content or information and communication technology (ICT)-based services. In doing so, the analysis goes beyond looking at broad measurements of economic activity to measure tangible, deep-rooted benefits to economies that relate to IP rights.

The data found in the GIPC Index relates directly to the timely issue of trade. Here's how: trade agreements tear down barriers between nations and open the flow of goods and services across borders. Agreements like the TPP—which will cover 40% of world trade—and TTIP—which encompasses the world's largest economic relationship—offer incredible opportunities to create regional innovation blocs which unleash homegrown innovators and attract investment from IP-intensive multinationals.

Trade agreements serve as one tool to provide the legal certainty necessary before making significant investment decisions.

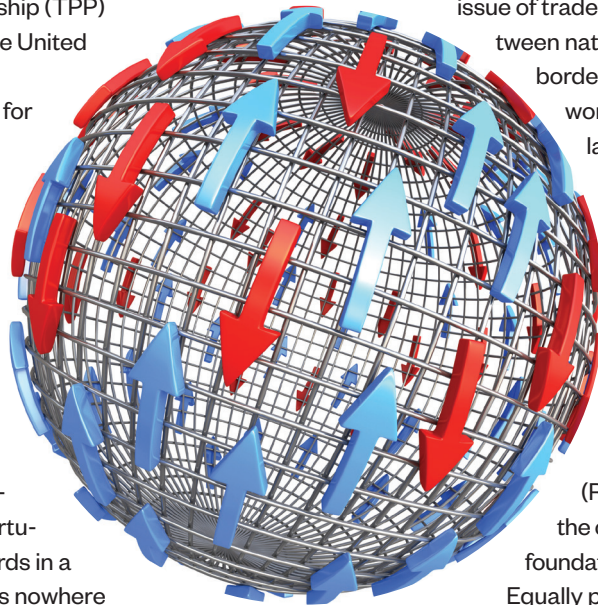
The data in the GIPC Index also found that companies in countries with advanced IP rights are 40% more likely to invest in research and development (R&D) in those markets. Increased R&D not only allows the company to expand its global reach, but also provides a foundation for long-term economic growth in the country itself. Equally pertinent to the innovative organizations and associations is the correlation between robust IP systems and R&D spending. For example, economies with supportive life sciences regimes experience roughly 2-6 times more biopharmaceutical R&D investment than do countries whose IP systems lag behind. In order for countries to attract this investment, strong IP protections, oftentimes made possible by trade agreements, must be in place.

Both TPP and TTIP provide an opportunity to reinforce high standards for IP protections, which will provide countless new business opportunities for innovative companies of all sizes and nationalities.

However, essential to the conclusion of each of these agreements is the passage of TPA.

We hope that our allies in the life-sciences industry will stand with us to ensure that the U.S. Congress swiftly passes this legislation in order to unleash the many benefits which trade provides. ▼

Mark Elliot is executive vice president of the U.S. Chamber of Commerce's Global Intellectual Property Center.



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