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How to Craft an Innovation Maximizing T-TIP Agreement

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The Information Technology and Innovation Foundation (ITIF)

- ITIF is a Washington, D.C.-based think tank that seeks to design novel innovation policies and examine how innovation will create new opportunities to boost economic growth and improve quality of life. We focus on:
 - Innovation “verticals”: energy, life sciences, telecom, manufacturing, and Internet and IT transformation
 - Innovation “horizontal”: trade, tax, talent, and tech policy
 - “Innovation economics” as an alternative to mainstream economics



■ The Need for the T-TIP

1. Boosting economic growth

- The Center for Economic Policy Research estimates that a T-TIP would generate economic gains for the EU of \$155 billion per year and for the United States of \$124 billion per year, while increasing GDP across the rest of the world by \$130 billion annually.

2. Saving the soul of the global trading system

- Beijing v. Washington Consensus

3. Maximizing innovation in the T-TIP region

■ Innovation-Maximizing T-TIP

1. Ensuring the largest possible markets

- Eliminating tariffs
- Curtailing non-tariff barriers
- Strengthening digital trade
- Reducing barriers to FDI

2. Limiting non-market based competition

- Non-discriminatory government procurement
- Eliminating forced offsets
- Encouraging market based competition

3. Ensuring strong IP protections

- Data exclusivity and free movement of knowledge
- Trade secret protection

■ Eliminating Tariffs

T-TIP Party	Avg. ICT Tariff, (%) 2011	Monitors, (%) 2011	Television/Digital Cameras & Video Recorders, (%) 2011
European Union	3.9	14.0	5.4
United States	0.8	2.1	1.7
T-TIP Average	0.24	8.05	3.55

■ Curtailing Non-Tariff Barriers

Sector	EU	USA
Aerospace and Space Industry	56.0	55.1
Medical, Measuring and Testing Appliances	49.3	44.5
Biotechnology	46.1	50.2
Chemicals	45.8	53.2
Communication Services	44.6	27.0
Office, Information and Communication Equipment	37.9	32.3
Automotive Industry	34.8	31.6
Electronics	30.8	20.0
Pharmaceuticals	23.8	44.7
ICT Services	20.0	19.3

■ Non-Discriminatory Government Procurement

- 13 states are not signatories to the GPA: Alabama, Alaska, Georgia, Indiana, Nevada, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, South Carolina, Virginia and West Virginia
- EU 2004 *Utilities Directive*: covers purchases in the water, transportation, energy, and postal services sectors.
 - Discriminates against bids with less than 50 percent EU content that are not covered by an international or reciprocal bilateral agreement

■ Ensuring Strong IP Protection

1. Data Exclusivity

- 12 years of data exclusivity for biologics

2. Ensuring Free Movement of Knowledge

- Freely transfer ownership and access rights for IP to foundation affiliates across and between EU and US
- Workforce mobility for employees with STEM degrees
- Bilateral R&D model

3. Trade Secret Protection

- No common legal framework across all the different EU member states
- Adopt a common definition, criminalize willful theft of secrets

Thank You

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