

WTO IP Waiver Would Irreversibly Damage American Innovators and USG Strategic Engagement

- A controversial proposal to the World Trade Organization (WTO) Council for Trade-Related Aspects of Intellectual Property Rights (TRIPS) would suspend WTO obligations to protect intellectual property (IP) on a broad range of COVID-19-related technologies. This would set a [dangerous precedent](#) on IP protection at the international level, flying in the face of a Biden Administration stated priority when it comes to protecting American proprietary innovations.
- This proposal would result in the transfer of critical U.S. technology to major economic competitors like China and Russia without increasing vaccine supply or distribution. Unfortunately, the Biden administration said it supports the proposal.
- Indeed, China lists the biopharmaceutical sector as a key industry that it is targeting for global domination in its Made in China 2025. Turning over cutting-edge technology that can be used for a whole range of products beyond COVID-19 would help cede the United States' competitive advantage over China.
- The U.S. government's own Section 301 [report](#) details exactly how China aims to gain domestic capabilities. Beijing outlined that Chinese "companies should target and acquire foreign technology. Methods of 'introducing' foreign technology that are specifically referenced include: technology transfer agreements, inbound investment, technology imports, establishing foreign R&D centers, outbound investment, and the collection of market intelligence by state entities for the benefit of Chinese companies."
- China's own officials have [said](#) that the country's domestic vaccines "don't have very high rates of protection." With the recipes and intellectual property from American companies' highly effective vaccines, China could gobble up vaccine supplies and technology.
- It is also important to note that efforts to target U.S. technology leadership at the WTO began long before COVID-19. The sponsors of the proposal have long sought to obtain U.S. technology and are using the COVID-19 pandemic opportunistically to advance longstanding industrial policies that are incompatible with America's global innovation leadership and prosperity.
- The TRIPS waiver would reverse decades old U.S. policy to stop foreign government efforts to acquire these technologies through any means possible. For instance, countries such as China, Russia and others force disclosures by making companies, especially small U.S. entities which want to sell or manufacture in these markets, with domestic partners who learn everything relating to the underlying technologies.
- China has a history of targeting high-value industries. The country is spending billions of dollars to build up their domestic semiconductor industry with the goal of producing 70% of all chips needed for local consumption. According to a [CNBC story](#), the U.S. share of global semiconductor manufacturing capacity has been cut in half to just 12% over the past 20 years

and is forecast to fall to 10% by 2023, despite U.S. government concern over losing a strategic industrial asset.

- Last summer, the U.S. Department of Justice [indicted](#) two Chinese nationals for hacking into the computer systems of companies, governments and NGOs to steal data on COVID-19 medicines on behalf of the Chinese government. There are dozens of news stories about hackers from [Russia](#), [North Korea](#), [Iran](#) trying to do the same.
- The IP waiver proposal in front of the WTO would simply give these governments a green light and would run counter to long-standing Democrat values and [advocacy](#) to rein in China and its intellectual property theft, including an anticipated [bipartisan package](#) in Congress led by Senate Majority Leader Chuck Schumer.
- At the same time, the TRIPS waiver proposal would not significantly speed up vaccine distribution to the rest of the world. If anything, it could slow down production as nations and manufacturers compete for raw material, disrupting an already complex and stressed supply chain.
- Thus, the best way for the United States to help fight COVID internationally without endorsing technology transfer to Beijing and undermining its global leadership position is to provide support to vaccine distribution, including through COVAX, and supply chain programs. The model put forth by the [Quad agreement](#) – working together with Australia, Japan and India – could serve as a great blueprint for other developing markets.