

SPEAKING POINTS

"Intellectual property rights and how they are served by EU trade policy"

Introduction:

Trade policy pursues a clear economic goal: more growth & jobs

Ladies and gentlemen,

All my actions as Trade Commissioner have been taken in the wider context of our **growth, jobs and world affairs agenda**. This is why I am happy to be here today to explain why and how the European Commission attempts to better protect intellectual property inside and especially outside the European Union.

High standards of intellectual property protection are essential in a knowledge-based economy, such as ours, if we want to create an enabling environment that protects and promotes our innovation capacity. Furthermore, this ambition will help us out of the current economic crisis.

Evidence of the importance of intellectual property rights is all around us and supported by data. In 2009, the value of the top 10 brands in EU countries amounted to almost 9% of GDP. Employment in "knowledge economy" industries increased by 24% between 1996 and 2006, compared to 6% for other industries.

Let me focus in particular on our actions outside the EU:

In the coming 5 years, it is expected that 90% of world growth will take place outside the EU. This provides opportunities for the EU, but also represents a huge challenge: to enable EU companies to enhance their competitiveness, they must be able to operate internationally without the risk of their intellectual property rights being abused.

Widespread violations of intellectual property rights in certain third countries show that infringers take advantage of technological advances, and of weaknesses in IPR systems, to produce and distribute illicit goods across borders.

Therefore, our IPR enforcement efforts outside the EU matter even more than before and the European Parliament recognises this.

The industry representatives present in this room are well aware of the **economic damage that IPR infringement may cause** to the economy. It is particularly worrying that such infringements are increasing – as evidenced by the increased number of shipments detained by EU customs for suspicion of intellectual property right violations. Within one year only, these are almost twice as high: almost 80,000 in 2010, or 220 each day.

You may then ask: what solutions do we put in place to deal with this problem?

Well, there is no single course of action that will alone effectively address the problem. For this reason, we combine a variety of tools to address this issue:

- The Commission is actively engaged in defending the EU's interests in **multilateral** fora such as the *World Intellectual Property Organisation* or the *World Trade Organisation*. The EU has been one of the leading proponents for the conclusion of the *Anti-Counterfeiting Trade Agreement* ("ACTA") which I will come back to in a moment.
- On a **bilateral level**, the Commission is engaged in the conclusion of several *trade agreements* (with Singapore, India, Canada, etc.) which aim to include a comprehensive IPR chapter. The free trade agreement concluded with Korea recently entered into force, and the EU will soon launch the ratification procedures for bilateral trade agreements with Central America, Colombia and Peru.

While the IPR chapters we negotiate should, as far as possible, offer identical levels of IPR protection to that existing in the EU, we take into account the level of development of the countries concerned, and adapt our levels of ambition accordingly.

- **We are also pursuing** more informal activities such as:
 - "**Intellectual Property Dialogues**" with the authorities of key third countries, such as China, Russia, Turkey, Brazil or Thailand, and
 - "**Technical assistance**" projects to promote capacity-building in certain countries lacking basic IPR resources and skills.

Intellectual Property Dialogues allow us to engage in result-oriented discussions with our counterparts, to share IPR best practices and also to resolve particular problems faced by EU companies, which are closely involved in the preparation of these dialogues.

Looking forward

The world of intellectual property is not standing still; **many changes** are taking place, which we are addressing. Let me mention **two** of them: internet and the development dimension.

- Firstly, **internet** carries considerable advantages for companies and individuals, but may also be misused to enable large-scale infringement of intellectual property rights. Its global reach represents a challenge for the current (territorial) IPR systems.

Our approach towards internet infringements must be based on the principle that internet users have rights, such as freedom of expression, but also obligations, such as respecting the laws that apply in the "real" world as opposed to virtual cyberspace.

- Secondly, the **development dimension** is particularly challenging. Although intellectual property remains very technical, it is only a slight exaggeration to say that everybody has a view on it these days, especially regarding the links between IPR and development, which touch upon sensitive issues such as access to medicine.

Developing countries and many NGOs have sceptical views on intellectual property rights, which some of them see as weapons used by foreign companies to sweep into the domestic markets or poorer economies unchallenged by competition. That being said, many developing countries still provide weak IPR protection and are therefore hosting industries that unfairly – and illegally -rely on copying our goods. In the specific case of medicine patents, the infringement is an important but secondary consideration when considering the public health risks involved!

The situation of developing countries however varies considerably, which justifies differentiated approaches.

Emerging countries represent a particular challenge, as they play an increasing role in the world economy and some of them maintain lax IPR enforcement regimes resulting in high infringement rates. As such countries are now moving into areas where our innovative industry relies heavily on IPR protection, this threat requires a firm response.

Weak intellectual property protection is not inherently in the interest of developing countries. Effective IPR regimes would enable them to:

- promote the value of their own intangible assets such as music and other cultural expressions, or agricultural products protected as geographical indications;
- gain access to investment and voluntary transfers of technology from developed countries, allowing them to legitimately move to higher added value sectors of the economy; and
- fight fake goods presenting risks for the health and safety of local populations such as counterfeit consumer goods, foodstuffs or medicines.

These are some of the issues which will be developed in a forthcoming Commission **Communication** defining a *revised IPR strategy vis-à-vis third countries*, which my staff is currently preparing, and which should be adopted next year.

This Communication will offer good opportunity to review our current strategy and means of action, and to engage in discussions with a broader range of stakeholders.

Another hot topic for the coming months will be the debate about the consent vote by the European Parliament on ACTA:

ACTA will help our European export businesses, of all sizes, to protect their work from violations - especially in the arts, culture, agriculture, *industry* and science sectors and so maintain their competitiveness and jobs. It is important that the European Parliament is seen as standing unequivocally for these objectives. Europe cannot credibly speak of trade and innovation leadership if it allows others to illegally take away our intellectual assets.

This being said, ACTA strikes an appropriate balance between the need to protect innovation and creations, on the one hand, and the rights of *citizens and concerns of stakeholders such as consumers or internet providers*, on the other. The Commission listened to the proposals made by the Parliament and other stake-holders in the last couple of years. ACTA contains the necessary guarantees to safeguard access to medicine or internet freedom.

Also, **ACTA is fully compatible with the existing EU legislation.** It does not create or expand obligations with regard to legislation adopted at EU level in recent years such as the Enforcement Directive, the Customs Regulation or the E-commerce Directive, and which received a broad support in the European Parliament.

Before concluding, let me **emphasise the need for your support** to our efforts. We are increasingly faced with often unfounded arguments against intellectual property, that create a difficult environment within which to make progressive policy change that helps business and consumers.

We need you to help us to help you in **making a case for IPR**, towards policy makers, local public authorities and civil society, including within the European Parliament, bearing in mind that this instrument is fundamental to protect and promote European innovation, competitiveness and jobs.

I thank you for your attention.