



# World Trade Organization (WTO)

# MUNUC 34



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## CHAIR LETTER

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Dear Delegates,

I would like to warmly welcome you to the World Trade Organization at MUNUC 34. My name is Aidan Grogan, and I will serve as your committee chair for this conference, along with my friend Josh Terry. Josh and I are beyond excited to meet you all this February in Chicago!

I am currently a third-year undergraduate student at the University of Chicago majoring in economics and creative writing. Last year at MUNUC 33, I served as an Assistant Chair for the GM Board of Directors and Josh served as an Assistant Chair for Interpol. On campus, I write for *The Gate* and *Firebird Magazine*, UChicago's undergraduate political and music publications, respectively. I am also a member of Promontory Investment Research, a value investing club, and Pareto Solutions, a pro-bono strategy consulting organization.

Our committee will focus on two issues of growing importance for the WTO: trade-related aspects of intellectual property rights and building trade capacity in developing countries. As the global economy shifts towards knowledge-based industries like information technology and pharmaceuticals, integrating intellectual property rights into the multilateral trade system has become a central challenge for the WTO. Similarly, as globalization has erased the national boundaries of economic activity, the WTO has become more focused than ever on helping developing countries participate effectively in international trade. In both topics, you will consider the opportunities and challenges posed by technological change and globalization, with an eye to how the WTO can promote a more fair and balanced multilateral trade system.

As you research these topics over the next few months, I hope you will come to find them fascinating and begin to develop your own ideas for policy prescriptions. As an economics and creative writing major, I was tempted to insert a joke about how I hope you all propose *creative* solutions to the *economic* problems facing the WTO. In all seriousness, Josh and I hope to make this conference a fun and educational experience. Enjoy the research process and feel free to reach out to me or Josh if you have any questions. Looking forward to meeting you all!

Warm regards,

Aidan Grogan

[agrogan@uchicago.edu](mailto:agrogan@uchicago.edu)

Hi everyone,

Welcome to WTO at MUNUC 34! My name is Josh Terry and I will be serving as one of your co-chairs for the conference, with my friend Aidan Grogan as the other. We are looking forward to meeting you all in person this year. Given the ongoing situation of COVID, we hope that you are all staying healthy and making the most out of your high school experience.

A little bit about me: I am a third-year majoring in Business Economics and minoring in English and Creative Writing. Outside of MUNUC, I am a member of Drinkers With a Writing Problem (DWAWP) and the Trott Business Program (TBP). I am also a participant in the UChicago Japanese Animation Society (UCJAS), which is basically a more professional way of saying Anime Club. If you have any questions about the University of Chicago or the college admissions process, I am happy to answer them.

With the advent of new technology and COVID, the world has become even more interconnected. As such, we believe that the WTO has become one of the most relevant MUNUC 34 committees. Countries worldwide will engage in trade through different means than before. They will encounter new challenges and considerations regarding the benefits and costs related to such action. \*A short disclaimer: We will not be discussing COVID as our primary focus, as to avoid touching upon a sensitive topic. However, we will be discussing other topics which have increased in relevance over the past few years related to technology. With biotechnology, tension between countries has become an issue over Intellectual Property Rights. As communication technology advances and becomes more necessary, the challenges to help developing countries with trade will become more pressing as well.

For both me and my co-chair, this is our second year of involvement with the MUNUC program. I was on the INTERPOL Committee last year as an AC, and my co-chair Aidan was on the General Motors Board of Directors Crisis Committee. Our moderator, Jack Huguenin, has been involved even longer.

Model UN has given me the opportunity to develop my public speaking, presentation, and leadership skills. Above all else, it has given me the opportunity to connect with a group of incredibly talented and enthusiastic people. We hope that by coming to MUNUC 34, you develop these same skills and

bonds which spurred me to take up the role as one of your chairs. Our email addresses are listed below. Feel free to reach out with any questions you have about position papers, the conference, or Netflix/Crunchyroll recommendations. We look forward to meeting you all!

Sincerely,

Josh Terry

[josherry@uchicago.edu](mailto:josherry@uchicago.edu)

## HISTORY OF THE COMMITTEE

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The World Trade Organization (WTO) is the largest intergovernmental organization devoted to regulating and facilitating trade between nations. Its founding in 1995 marked the culmination of eight years of trade negotiations known as the Uruguay Round conducted between signatories of the General Agreement on Tariffs and Trade (GATT).<sup>1</sup> In founding the WTO, the GATT signatories sought to create an organization capable of regulating trade in a globalized economy.

Born out of the Bretton Woods System in 1947, GATT was a legal agreement aimed at reducing and eliminating trade barriers such as tariffs and quotas. While GATT provided a foundational set of rules for international trade, it lacked a system for enforcing the rules and mediating trade disputes between countries.<sup>2</sup> Another key concern for GATT signatories was that the agreement did not cover trade in services and intellectual property, which accounted for a growing proportion of global trade flows throughout the 20th century.<sup>3</sup> With these issues in mind, GATT signatories launched the Uruguay Round of trade negotiations in 1986. Eight years later, the negotiations culminated in the creation of the WTO, which subsumed GATT and extended the multilateral trade system into several new areas.<sup>4</sup>

The activities of the WTO fall into five broad categories: trade negotiations, implementation and monitoring, dispute settlement, building trade capacity, and outreach.<sup>5</sup> Through trade negotiations, WTO member governments have reached agreements aimed at liberalizing trade in goods, services, and intellectual property. Member governments must submit proof that they are implementing these agreements to WTO councils tasked with monitoring their compliance. When one country accuses another of violating these agreements, WTO-appointed independent experts settle the dispute by issuing a judgement on the matter. To build trade capacity in developing countries, the

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<sup>1</sup> "WTO | Understanding the WTO - The Uruguay Round," accessed November 27, 2021, [https://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/fact5\\_e.htm](https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact5_e.htm).

<sup>2</sup> Christina R. Sevilla, "A Political Economy Model of GATT/WTO Trade Complaints," The Jean Monnet Center for International and Regional Economic Law & Justice, accessed November 27, 2021, <https://jeanmonnetprogram.org/archive/papers/97/97-05.html>.

<sup>3</sup> "WTO | Understanding the WTO - The Uruguay Round."

<sup>4</sup> Ibid.

<sup>5</sup> "WTO | What Is the WTO? - What We Do," accessed November 27, 2021, [https://www.wto.org/english/thewto\\_e/whatis\\_e/what\\_we\\_do\\_e.htm](https://www.wto.org/english/thewto_e/whatis_e/what_we_do_e.htm).

WTO includes special provisions for developing countries in trade agreements, offers educational courses for governmental officials, and facilitates third-party investment in developing countries. Finally, the WTO conducts outreach activities with NGOs, politicians, and other international organizations, in addition to PR activities.

Our committee will simulate a meeting of the WTO's Ministerial Conference, which occurs biannually and brings together trade ministers from all 164 member states. These member states account for 98% of world trade and represent diverse economic, political, and social systems. All decisions must be made by consensus, which requires that no member formally rejects a resolution. Given the plurality of members' backgrounds, reaching a consensus requires a high-level of negotiating tact, a willingness to compromise, and a bit of ingenuity. That being said, **this committee does NOT require unanimous vote**. As long as the majority of non-abstaining votes are in favor, the draft resolution is passed. If a draft resolution passes, then subsequent draft resolutions will not be voted on. If otherwise, the next draft resolution introduced will be considered.

# TOPIC A: TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS

## Statement of the Problem

### *Introduction to the Problem*

Protecting **intellectual property rights** (IPRs) is central to facilitating international trade. Global trade flows are increasingly dominated by knowledge-intensive goods and services like software and pharmaceutical drugs, which IPRs protect from illegal imitation and piracy. Indeed, the flow of knowledge-intensive goods and services accounted for nearly one-half of total global trade flows in 2014 and is growing faster than the flow of capital- and labor-intensive goods and services.<sup>6</sup> Part of this increase is due to the growth of knowledge-intensive service industries, namely computer-related services (e.g., software and information processing), research and development (R&D) services, and professional services (e.g., legal, accounting, and advertising).<sup>7</sup> The proliferation of information technology has also created a vast digital economy reliant on IPRs to protect the apps, music and movie streaming services, and software packages we consume at the click of a button. For example, four of the world's five largest companies – Apple, Microsoft, Amazon, and Google-parent Alphabet – derive most of their revenue from selling digital products composed of units of data called bytes, rather than physical products composed of raw materials.<sup>8</sup> This seismic shift towards a global economy built on trade in knowledge and ideas has magnified the need for international cooperation in recognizing and enforcing IPRs.

As the largest intergovernmental organization tasked with regulating and facilitating trade, the World Trade Organization (WTO) seeks to build a balanced international IP system that all countries can benefit from. The foundation for this goal was laid by the WTO **Agreement on Trade-Related**

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<sup>6</sup> James Manyika et al., "Global Flows in a Digital Age" (McKinsey Global Institute, April 2014), <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/global-flows-in-a-digital-age>.

<sup>7</sup> Robert Johnson, "Five Facts About Value-Added Exports and Implications for Macroeconomics and Trade Research," *Journal of Economic Perspectives*, Vol. 28, No. 2, pp. 119–142 (2014).

<sup>8</sup> Published by M. Szmigiera, and Sep 10. "Biggest Companies in the World by Market Cap 2020." *Statista*, 10 Sept. 2021, <https://www.statista.com/statistics/263264/top-companies-in-the-world-by-market-capitalization/>

**Aspects of Intellectual Property Rights** (TRIPS), which established minimum standards for recognition and enforcement of IPRs. The TRIPS Agreement regulates the availability, scope, and use of seven forms of IPRs: copyrights, trademarks, geographical indications, industrial designs, patents, layout designs for integrated circuits, and undisclosed information (trade secrets).<sup>9</sup>

While the TRIPS Agreement laid a solid foundation for building IPRs into the multilateral trade system, it left many issues unresolved. Protecting **geographical indications** (GIs) and preventing **biopiracy** have emerged as two key issues for debate in the Doha Round. Though different in scope, both issues center around the protection of a region's unique cultural and biological resources under multilateral trade agreements. At the WTO's Ministerial Conference, delegates will seek to address these issues at their root, offering solutions that protect cultural and biological resources and bring the WTO's IP regime into the 21st century.

According to the World Intellectual Property Organization (WIPO), a GI is "a sign identifying a good as originating from a specific geographical area and possessing a given quality, reputation or other characteristic that is essentially attributable to that geographical origin."<sup>10</sup> Examples include "Florida oranges,"<sup>11</sup> "Mexican tequila,"<sup>12</sup> and "Swiss watches."<sup>13</sup> Similar to trademarks, which distinguish one company's products from another, GIs indicate the source of a good and are designed to protect consumers from lower quality imitations and benefit their authorized users economically. Given the power of GIs to benefit one region's producers over all others, there is intense disagreement between WTO member governments concerning which geographical names should be protected by GIs.

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<sup>9</sup> "Understanding the WTO - Intellectual Property: Protection and Enforcement." WTO, [https://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/agrm7\\_e.htm](https://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm7_e.htm).

<sup>10</sup> WIPO - World Intellectual Property Organization. [https://www.wipo.int/edocs/pubdocs/en/wipo\\_pub\\_941\\_2020.pdf](https://www.wipo.int/edocs/pubdocs/en/wipo_pub_941_2020.pdf)

<sup>11</sup> "Geographical Indications." United States Patent and Trademark Office - An Agency of the Department of Commerce, 11 Mar. 2021, <https://www.uspto.gov/ip-policy/trademark-policy/geographical-indications>.

<sup>12</sup> "European Commission." European Commission - European Commission, [https://ec.europa.eu/info/news/commission-approves-protected-geographical-indication-mexico-2019-mar-20\\_en#:~:text=The%20European%20Commission%20approved%20the,as%20EU%20spirit%20geographical%20indications](https://ec.europa.eu/info/news/commission-approves-protected-geographical-indication-mexico-2019-mar-20_en#:~:text=The%20European%20Commission%20approved%20the,as%20EU%20spirit%20geographical%20indications).

<sup>13</sup> Burkhardt Goebel - Wipo.int. [https://www.wipo.int/export/sites/www/meetings/en/2005/geo\\_pmf/presentations/pdf/wipo\\_geo\\_pmf\\_05\\_goebel2.pdf](https://www.wipo.int/export/sites/www/meetings/en/2005/geo_pmf/presentations/pdf/wipo_geo_pmf_05_goebel2.pdf).

Biopiracy refers to “the unethical or unlawful appropriation or commercial exploitation of biological materials (such as medicinal plant extracts) that are native to a particular country or territory without providing fair financial compensation to the people or government of that country or territory.”<sup>14</sup>

The WTO seeks to prevent biopiracy by protecting biological resources and traditional knowledge under the TRIPS Agreement.

## ***Current Situation***

### ***Geographical Indications (GIs)***

The protection of GIs internationally is characterized by a tapestry of national trademark laws, laws preventing unfair business practices, and **sui generis** systems. This lack of a unified framework for protecting GIs poses a significant barrier to free trade, and ultimately stems from the flexibility afforded to countries by existing international agreements. Specifically, the TRIPS Agreement mandates that countries provide a minimum level of protections to GIs, but does not specify the form those protections should take. Creating a coherent global system for GI protection will challenge the WTO to clean up the web of conflicting national laws by providing explicit guidance on a number of key issues. In particular, the WTO must determine how to reconcile competing national GI laws and whether and how to expand GI protections

(what criteria should exempt countries from recognizing certain GIs).

A significant number of disputes in recent years between WTO member governments have stemmed from conflicts over competing GI protection regimes. The most prominent example is the long-standing legal battle between the United States (U.S.) and the European Union (EU) over what names deserve protection and how to protect them. The conflict has a simple but up-to-now intractable root: both sides use fundamentally different legal systems to protect GIs. The U.S. protects GIs under existing trademark laws, while the EU employs a *sui generis* system. As a result, the two sides have different standards for what names qualify as GIs.

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<sup>14</sup> “Biopiracy.” Merriam-Webster, Merriam-Webster, <https://www.merriam-webster.com/dictionary/biopiracy>.

The U.S. incorporates GIs into trademark law, creating a system that works well in the U.S. but causes tension with the EU. The U.S. Patent & Trademark Office (USPTO) does not have a special designation for GIs, which are registered varyingly as trademarks, certification marks, and collective marks in the USPTO's electronic register of trademarks. **Trademarks** give producers exclusive rights to use the word, phrase, design, or combination that distinguishes their goods in the marketplace in order to protect consumers from confusion.<sup>15</sup> Importantly, U.S. trademark law does not protect marks that are merely descriptive or generic terms for a type of product.<sup>16</sup> Nor does it allow for the registration of geographic names that are descriptive but lack a "secondary meaning."<sup>17</sup> Certification marks are an exception to this rule, as they allow regional producer groups to protect their geographic brands by designating products that come from a certain region without requiring a "secondary meaning."<sup>18</sup> Registered certification marks currently protect both American GIs, like Idaho potatoes, and foreign GIs, like Roquefort cheese and Egyptian cotton, in the U.S. market.<sup>19</sup> The EU contends that this system imposes significant costs on foreign producers attempting to secure GI protections and excludes too many EU GIs from protection by labeling them generic terms.



Figure 1: Examples of Geographic Certification Marks in the U.S.<sup>20</sup>

<sup>15</sup> "Trademark, Patent, or Copyright." *United States Patent and Trademark Office - An Agency of the Department of Commerce*, 31 Mar. 2021, <https://www.uspto.gov/trademarks/basics/trademark-patent-copyright>.

<sup>16</sup> 15 U.S.C. §§1052, 1114

<sup>17</sup> U.S. Patent and Trademark Office, *Trademark Manual of Examining Procedure*, §1210, <http://tmepp.uspto.gov>.

<sup>18</sup> "Certification Mark Applications." *United States Patent and Trademark Office - An Agency of the Department of Commerce*, 31 Mar. 2021, <https://www.uspto.gov/trademarks/apply/certification-mark-applications>.

<sup>19</sup> Watson, K. William. "Reign of Terroir: How to Resist Europe's Efforts to Control Common Food Names as Geographical Indications." *Cato.org*, <https://www.cato.org/policy-analysis/reign-terroir-how-resist-europes-efforts-control-common-food-names-geographical#the-u-s-approach-nbsp>.

<sup>20</sup> "1306 Certification MARKS." *PRINT*, <https://tmepp.uspto.gov/RDMS/TMEP/print?version=current&href=TMEP-1300d1e585.html>.

The EU takes a more aggressive approach to GI protection and enforcement using a series of regulations instituted in the 1990s covering agricultural and food products, as well as wine and spirits. Contrary to the U.S. model of treating GIs as trademarks, the EU recognizes three different GI-specific IP designations. The primary designation is known as a Protected Designation of Origin (PDO) and applies to “agricultural products and foodstuffs which are

produced, processed and prepared in a given geographical area using recognized know-how.”<sup>21</sup>

PDOs protect GIs across the EU and cover products produced in many non-EU countries, particularly Asian and Eastern European nations. As of May 2016, over 4,500 food, wine, and spirit product names are registered across all GI designations in the EU. Nearly two-thirds are wine registrations and about one-fourth belong to non-EU countries.<sup>22</sup> PDOs often carry stringent production standards, requiring producers to use traditional production methods and ensure a minimum level of quality. The production standards for Parmigiano-Reggiano cheese, for example, stipulate how many hours per day farmers may milk their cows and how the milk must be stored, delivered, and processed.<sup>23</sup> Farmers not adhering to these standards may not brand their cheese with the Parmigiano-Reggiano GI even if there is no risk of confusing consumers as to the product’s source. Thus, the EU employs a stricter legal standard for protecting GIs than the U.S., where the test for trademark infringement is the less stringent “likelihood of confusion” test for consumers.<sup>24</sup>

The conflict between the U.S. and the EU is emblematic of the challenges to free trade posed by different national standards for protecting GIs. The U.S. considers the EU’s GI regulations protectionist and alleges they unfairly restrict use of generic terms for food and drink like parmesan cheese and champagne in order to advantage European producers from the regions where these terms originate. **Protectionism** refers to economic policies that restrict imports in order to shield domestic producers from competition. In 1999, the U.S. challenged the EU’s GI laws in the WTO’s

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<sup>21</sup> Johnson, Renee. “Geographical Indications in U.S-EU Trade Negotiations.” *EveryCRSReport.com*, [https://www.everycrsreport.com/files/20140328\\_IF00016\\_226f308f617e6dboa37913774896d6cebo398d94.pdf](https://www.everycrsreport.com/files/20140328_IF00016_226f308f617e6dboa37913774896d6cebo398d94.pdf).

<sup>22</sup> “Geographical Indications (GIs) in U.S. Food and Agricultural Trade.” *EveryCRSReport.com*, Congressional Research Service, 21 Mar. 2017, [https://www.everycrsreport.com/reports/R44556.html#\\_Ref452106030](https://www.everycrsreport.com/reports/R44556.html#_Ref452106030).

<sup>23</sup> Parmigiano-Reggiano Cheese Consortium, “Specification of the Parmigiano Reggiano Cheese,” [http://storage.parmigiano-reggiano.it/file/Parmigiano\\_Reggiano\\_specification\\_29\\_August\\_2011\\_en.pdf](http://storage.parmigiano-reggiano.it/file/Parmigiano_Reggiano_specification_29_August_2011_en.pdf).

<sup>24</sup> Watson, K. William. “Reign of Terroir: How to Resist Europe’s Efforts to Control Common Food Names as Geographical Indications.” *Cato.org*, <https://www.cato.org/policy-analysis/reign-terroir-how-resist-europes-efforts-control-common-food-names-geographical#the-u-s-approach-nbsp>.

Dispute Settlement court, a process known as “requesting consultation,” on the grounds that they violated the TRIPS Agreement by discriminating against U.S. GIs and failing to protect existing U.S. trademarks. The WTO Dispute Settlement Body, composed of ambassadors from every member government, ruled in favor of the U.S. in 2005 and advised the EU to amend its regulations to meet WTO rules. Unfortunately, this decision did not resolve the GI dispute between the U.S. and EU, which flared up again during negotiations for the failed Transatlantic Trade and Investment Partnership (TTIP) between the U.S. and EU in 2016.<sup>25</sup> Similar disputes between the EU and other nations, including Australia, over the EU’s GI protections continue to this day.

Another source of disagreement between WTO member governments centers around whether the WTO should increase GI protections. This disagreement stems from the higher level of protection extended to wine and spirits by Article 23 of the TRIPS Agreement compared to all other goods, which fall under Article 22. Article 22 prevents using GIs in a manner that (1) misleads the public as to goods’ true origins; or (2) constitutes an act of unfair business competition as defined by the Paris Convention of 1967.<sup>26</sup> Article 23, which only applies to wine and spirits, provides three significant additional protections. First, Article 23 prevents any use of a GI to market wine or spirits not originating in the geographical region protected by that GI, even when doing so does not mislead consumers about the drink’s geographic origin. Second, Article 23 mandates that negotiations be held on the creation of a multilateral register of all wine GIs. Under one proposal all WTO member governments would be required to recognize and protect the GIs contained in this register. Third, Article 23 protects the coexistence of homonymous GIs for wine. Homonymous GIs are those that are spelled or pronounced alike but identify products originating in different places.<sup>27</sup> For example, the name “Rioja” designates a region in both Spain and Argentina.

Many WTO member governments have pushed for extending Article 23 protections beyond wine and spirits. These countries, known as *demandeurs*, argue that the disparity between Articles 22 and 23 unfairly advantages producers of wine and spirits and contend that there exists no legal basis for

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<sup>25</sup> Michalopoulos, Sarantis. “Greece to Block Ttip Unless Geographical Indications Are Protected.” *Www.euractiv.com*, EURACTIV, 13 May 2016, <https://www.euractiv.com/section/trade-society/news/greece-to-block-ttip-unless-geographical-indications-are-protected/>.

<sup>26</sup> TRIPS Agreement, Article 22.

<sup>27</sup> “Frequently Asked Questions: Geographical Indications.” *WIPO*, [https://www.wipo.int/geo\\_indications/en/faq\\_geographicalindications.html](https://www.wipo.int/geo_indications/en/faq_geographicalindications.html).

protecting wine and spirits more than other goods. *Demandeurs* contend that the standard for GI infringement set by Article 22, namely that consumers are misled about a good's true origins, is too high of a legal bar and thus allows non-local producers to free-ride off internationally recognized local brands by using qualifying phrases, such as "American-style Parma Ham." In this example, the American producer of knock-off Parma Ham can brand his product with an esteemed label built up through centuries of labor. Parma-based prosciutto producers adhering to traditional production standards have little recourse against such uses of their GI. Some governments in favor of extension include Bulgaria, Cuba, Czech Republic, Egypt, the European Communities, Hungary, India, Jamaica, Kenya, Morocco, Pakistan, Slovak Republic, Slovenia, Sri Lanka, Switzerland, Thailand, and Turkey.<sup>28</sup> Members opposing extension include Australia, Canada, Columbia, Guatemala, New Zealand, Paraguay, the U.S., and Uruguay.<sup>29</sup>

### ***Biotechnology: Developed vs Developing Nations***

Biotechnology (biotech) is defined as technology which uses "biology to solve problems and make products<sup>30</sup>." Ranging from bioplastics in such products as sunglasses and phone cases to biofuel, many instances of biotechnology are present in everyday life; even alcohol is considered biotechnology. Yet biotechnology has a far wider scope: consider plant-based meat alternatives like Impossible Foods. Most prominent of all, are the production of pharmaceuticals and genetically modified organisms (GMOs). With genetic modification, the ability to modify DNA inside living persons is no longer a farfetched fantasy. Diseases that were once untreatable, like sickle cell anemia and certain cancers, may soon be addressed.<sup>31</sup> With such technological marvels, however, enormous funds are necessary for research and development (R&D). Not every drug reaches the market due to associated risks of inefficacy of the product. These costs are distributed across successful products,

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<sup>28</sup> Lang, Aaron C. "ON THE NEED TO EXPAND ARTICLE 23 OF THE TRIPS AGREEMENT ." <https://scholarship.law.duke.edu/>, <https://scholarship.law.duke.edu/cgi/viewcontent.cgi?article=1104&context=djil>.

<sup>29</sup> Ibid

<sup>30</sup> "Biotechnology." *Encyclopædia Britannica*, Encyclopædia Britannica, Inc., <https://www.britannica.com/technology/biotechnology>.

<sup>31</sup> Park, Alice. "CRISPR Gene Editing Is Being Tested in Human Patients." *Time*, Time, 6 Aug. 2019, <https://time.com/5642755/crispr-gene-editing-humans/>.

with the cost of the average drug requiring around \$2.7 billion to bring to market.<sup>32</sup> With such high risks and costs, the biotech industry requires some form of protection: patents.

TRIPS was intended to address some of these issues, and in Article 27 it defines patentable subject matter. Article 27 determines which inventions governments are to permit patenting, and which they may exclude from such a right. Under this article, plants, animals, and any other biological processes may be excluded to protect the resources of respective nations; however, the article also states that “members shall provide for the protection of plant varieties by patents<sup>33</sup>.” TRIPS has been successful for promoting innovation. In 2020, the global biotechnology market size was valued at nearly USD \$753 billion with an expected **compound annual growth rate (CAGR)** of 15.83% over the next seven years.<sup>34</sup> Biotechnology holds immense profit potential.

Given the incredible potential of biotech, it is important to recognize that the industry is not without its flaws. Such flaws arise from the gap between developed and developing nations with regards to intellectual property rights (IPRs). The first issue that IPR distinctions cause is related to biopiracy. The second is related to IPR during crises.

The patenting of “plant varieties” makes biopiracy a serious concern. Biopiracy is the unethical or unlawful use of biological materials without giving proper compensation to the people or government of the territory of origin.<sup>35</sup> Due to the differing levels of IPR among nations, nations with weaker IPR are vulnerable to exploitation by those that have stronger IPR.<sup>36</sup> For instance, there was a case in the U.S where a variety of Basmati rice was patented by American company Ricetec. However, India’s Basmati was used by a community of farmers rather than by a specific company with patented products.<sup>37</sup> Patented U.S. Basmati rice product would hurt India’s Basmati rice export

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<sup>32</sup> Herper, Matthew. “The Cost of Developing Drugs Is Insane. That Paper That Says Otherwise Is Insanely Bad.” *Forbes*, Forbes Magazine, 16 Oct. 2017, <https://www.forbes.com/sites/matthewherper/2017/10/16/the-cost-of-developing-drugs-is-insane-a-paper-that-argued-otherwise-was-insanely-bad/?sh=5aegb7of2d45>.

<sup>33</sup> “World Trade Organization.” *WTO*, [https://www.wto.org/english/docs\\_e/legal\\_e/27-tprips\\_o4c\\_e.htm](https://www.wto.org/english/docs_e/legal_e/27-tprips_o4c_e.htm).

<sup>34</sup> “Biotechnology Market Growth Analysis Report, 2021-2028.” *Biotechnology Market Growth Analysis Report, 2021-2028*, <https://www.grandviewresearch.com/industry-analysis/biotechnology-market>.

<sup>35</sup> “Biopiracy.” *Merriam-Webster*, Merriam-Webster, <https://www.merriam-webster.com/dictionary/biopiracy>.

<sup>36</sup> Goyes, David Rodríguez, and Nigel South. “Land-Grabs, Biopiracy and the Inversion of Justice in Colombia.” *OUP Academic*, Oxford University Press, 19 Aug. 2015, <https://academic.oup.com/bjc/article/56/3/558/2462587>.

<sup>37</sup> Rai, Saritha. “India-U.S. Fight on Basmati Rice Is Mostly Settled.” *The New York Times*, The New York Times, 25 Aug. 2001, <https://www.nytimes.com/2001/08/25/business/india-us-fight-on-basmati-rice-is-mostly-settled.html>.

to the U.S., whereas India's less developed patent system left its traditional plant wealth vulnerable. Ricetec ended up going to court for this incident, but it retained its patents, albeit with more limitations set upon them.

Moreover, even if biopiracy is not committed, biotech can create problems. The inequitable nature of biotech is always present in developing nations, but when the world undergoes disasters, progress must be deferred in order to deal with the present.<sup>38</sup> Developed nations can enter under the guise of humanitarian aid with GMOs, but GMO crops are patented, causing problems in the long run. It is difficult to return to the old status quo, so farmers must obtain their seeds from the company which originally distributed them. What was once aid becomes a perpetual chain of dependence. Another instance where IPR has caused issues with biotech is with the COVID pandemic. During the pandemic, wealthy countries supplied vaccines, but IPR allowed manufacturers to block access to the technology and production of their vaccines.<sup>39</sup> Over 4,000,000 people have died from COVID, many of which could have been prevented.<sup>40</sup> \*As a note for delegates, COVID-related topics will not be debated during this committee.

The issues that the WTO must resolve here are twofold. First, as evidenced by the economic success of biotech in developed countries, there needs to be greater balance between promoting research and innovation, and securing the livelihoods of billions of people. Many companies would be able to profit even with shorter patent life and more limited patents. Secondly, the WTO must also find a stronger stance on relinquishing IPR during world crises, through IPR waivers. Only with waivers of IPR can countries be effectively encouraged to distribute sufficient aid in times of need.

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<sup>38</sup> Goyes, David Rodríguez, and Nigel South. "Land-Grabs, Biopiracy and the Inversion of Justice in Colombia." *OUP Academic*, Oxford University Press, 19 Aug. 2015, <https://academic.oup.com/bjc/article/56/3/558/2462587>.

<sup>39</sup> Krishtel, Priti, and Rohit Malpani. "Suspend Intellectual Property Rights for Covid-19 Vaccines." *The BMJ*, British Medical Journal Publishing Group, 28 May 2021, <https://www.bmj.com/content/373/bmj.n1344>.

<sup>40</sup> "Coronavirus Death Toll." *Worldometer*, <https://www.worldometers.info/coronavirus/coronavirus-death-toll/>.

## History of the Problem

### *Biopiracy in the Colonial Period*

While the ability to manipulate genetics has been a recent development of the modern age, biopiracy itself has existed in various forms from the early days of colonialism. When the colonies were established, the world outside of Europe was unknown. For this reason there came both the need and opportunity of colonial science, which is simply defined as any science done in a colonial context. In particular this refers to the use of “colonial resources in addition to science done in areas that were part of Europe’s trading or territorial empires.”<sup>41</sup>

Colonial science was achieved in several capacities. First with trading companies, physicians were hired to “keep voyagers and settlers healthy in unknown lands,” where they “often doubled as medical botanists and naturalists.”<sup>42</sup> On longer journeys where supplies of various medicinal ingredients were limited, they needed to use the plants of the New World to properly fulfill their duties. Scientific societies, such as the Parisian Academie Royale des Sciences and the Society for the Encouragement of Natural History and Useful Arts took part. Many members of such societies also promoted colonial science through “private initiative,” as in funding. Even religious houses sponsored the pursuit, operating “across state authorities and commercial interests.”<sup>43</sup>

In the 1570’s a physician named Francisco Hernandez led the first colonial scientific expedition to the New World, where he collected plants in the area now known as Mexico. He hoped they might aid in curing European diseases and “depended on knowledgeable indigenous healers who guided him to medicinal plants.”<sup>44</sup>

The physicians with the trading companies followed suit in their roles as medical botanists and naturalists, taking the fruits of knowledge from the people of the New World and bringing it back to

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<sup>41</sup> Schiebinger, Londa. “The European Colonial Science Complex.” *JSTOR*, The University of Chicago Press on Behalf of The History of Science Society, <https://www.jstor.org/stable/10.1086/430677>.

<sup>42</sup> Ibid.

<sup>43</sup> Ibid.

<sup>44</sup> Ballvé, Teo. “Bioprospecting and Biopiracy in the Americas.” *NACLA*, <https://nacla.org/news/bioprospecting-and-biopiracy-americas>.

the old one, Europe. Credit to such people evidently did not follow. As with how explorers gave names to the lands they discovered, European scientists took credit for generations of trial and error.

As a matter of fact, more than “two thirds of all plant species are located in the Third World, attracting bioprospectors searching for medicinal plants.”<sup>45</sup> Bioprospecting “is the exploration for commercially valuable genetic and biochemical resources.”<sup>46</sup> The Third World was a term coined during the Cold War, encompassing the nations which remained unallied with either the U.S or the Soviet Union. In the modern age, the term developing nations is used rather than the Third World, which is considered a derogatory language. Developing nations are attractive to developed ones in part because many of them are located in such areas as Africa, Asia, and Latin America, all of which have a great portion of landmass close to the equator.<sup>47</sup> Around the equator in particular, there are far more plants, fungal, and animal species which have yet to be discovered, or used. Where better to search than these nations?

### ***Biopiracy: Post-Colonialism***

Several hundred years after colonialism, there came the first cases of modern biopiracy. In the late 1950s, with a plant known as the rosy periwinkle, the complexities of biopiracy were made clear. The rosy periwinkle was the source of “two cancer-fighting drugs vincristine and vinblastine.”<sup>48</sup> These drugs were tested and marketed by Eli Lilly, but none of the “substantial profits” ever reached the nation of Madagascar- the nation of origin for the rosy periwinkle. The problem was that this claim to origin was difficult to prove. The species was cultivated across six continents, and “thoroughly integrated into the folk healing traditions of countries as distant from one another as England, Pakistan, [and] Vietnam.”<sup>49</sup> Moreover, even these folk traditions were not necessarily related to the research involved in the production of the cancer-fighting drugs. How can biopiracy be proven in the

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<sup>45</sup> Dhillion, Shivcharn S, et al. vol. 31, Springer, 2002, pp. 491–493, *Bioprospecting: Effects on Environment and Development*, <https://www.jstor.org/stable/4315292>. Accessed 30 Sept. 2021.

<sup>46</sup> *Bioprospecting and the Convention on Biological Diversity*, [https://dash.harvard.edu/bitstream/handle/1/8965586/Torrance,\\_Andrew\\_oo.html?sequence=2](https://dash.harvard.edu/bitstream/handle/1/8965586/Torrance,_Andrew_oo.html?sequence=2).

<sup>47</sup> Nationonline.org, Klaus Kastle -. “Countries of the Third World.” *Nations Online Project*, [https://www.nationonline.org/oneworld/third\\_world.htm](https://www.nationonline.org/oneworld/third_world.htm).

<sup>48</sup> *Rosy Periwinkle and Related Patents*, <https://web.williams.edu/AnthSoc/native/rosyperiwinkle.htm>.

<sup>49</sup> Ibid.

increasingly global world? Given the wide breadth of traditional medicine from which new drugs might have profited, how can it be properly compensated for?

In the 1990s, the European Patent Office granted patent to W. R. Grace and Company, a chemical business based in the U.S., for their “discovery’ of fungicidal effects of neem oil.<sup>50</sup>” The neem tree and its properties had been well documented throughout the history of India, which allowed the government to defend its natural resources in a way which many developing nations are less able to achieve. This patent was challenged by the government of India and was annulled in September of 1997.

Certain design of IPR laws also makes cases of biopiracy difficult to resolve. Let’s look at an annulled American patent which granted for the “use of turmeric in wound healing.<sup>51</sup>” Although the application for the patent had recognized that tumeric was used in traditional medicine in India, this wasn’t what caused the patent to be annulled. The term **prior art** comes into play here, meaning any evidence that an invention was already publicly known or available before the effective filing date of a patent application.<sup>52</sup> In the U.S, “patent examiners are not required to accept evidence of traditional knowledge held outside [the] U.S as prior art,” only prior art from within the nation.<sup>53</sup> The only reason the patent was not allowed to stand, was because it did not demonstrate innovation of any sort. This case suggests that countries may face tremendous legal barriers in challenging biopiracy across borders.

### ***Geographical Indications***

The term Geographical Indication is relatively new, with the term first being used during the late 1980s and early 1990s with the Uruguay Round. GIs The concept of GIs, however, has been around for over a century.<sup>54</sup> During the 1990s, the EU initiated a series of regulations related to GIs, which

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<sup>50</sup> Castree, Noel. “Bioprospecting: From Theory to Practice (And Back Again).” *Transactions of the Institute of British Geographers* 28, no. 1 (2003): 35–55. <http://www.jstor.org/stable/3804566>.

<sup>51</sup> Ibid.

<sup>52</sup>

“What Is Prior Art?” *Henry Patent Law Firm*, 15 July 2020, <https://henry.law/blog/what-is-prior-art/#:~:text=In%20simpler%20terms%3A%20Prior%20art,still%20a%20fairly%20broad%20concept>.

<sup>53</sup> Ibid.

<sup>54</sup> DUTFIELD, GRAHAM. “GEOGRAPHICAL INDICATIONS AND THEIR FEASIBILITY.” *INTELLECTUAL PROPERTY TOOLS FOR PRODUCTS BASED ON BIOCULTURAL HERITAGE: A Legal Review of Geographical Indications, Trademarks and*

came in conflict with the development of GIs in the U.S. In the U.S GIs were used in the same manner as brands or trademarks, but in the EU, GIs were considered in more of a series of “established quality schemes.”<sup>55</sup> The primary difference between these two groups was the scope of the protections and the conditions for receiving those protections. The EU was determined to not be in compliance with the WTO’s guidelines on the issue, and was forced to change some of its regulations in 2006.<sup>56</sup> See the Past Actions section for further context on the history of this issue.

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*Protection from Unfair Competition*, International Institute for Environment and Development, 2011, pp. 14–21, <http://www.jstor.org/stable/resrepo1380.7>.

<sup>55</sup> “Geographical Indications (GIS) in U.S. Food and Agricultural Trade.” *EveryCRSReport.com*, Congressional Research Service, 21 Mar. 2017, <https://www.everycrsreport.com/reports/R44556.html>.

<sup>56</sup> Ibid.

## Past Actions

### **WTO Actions**

Negotiated during the 1986-94 Uruguay Round, the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) was the first major course of action taken by the organization, introducing intellectual property rules into the multilateral trading system for the first time.<sup>57</sup> The issues of the Current Situation first formed here with the spheres of biotechnology and GIs. Here are the past actions which were taken in attempts to address them.

To understand the actions of the WTO with regards to biotechnology, it is necessary to include the context of the Convention of Biological Diversity (CBD). Established in 1992 at the Earth Summit in Rio de Janeiro, Brazil, world leaders formed a strategy for sustainable development. Among CBD's three primary objectives is establishing "fair and equitable sharing of the benefits arising out of the utilization of genetic resources<sup>58</sup>." In some ways, the CBD can be considered a response to the TRIPS Agreement, as the very IPRs which TRIPS permitted to encourage biotech research are also responsible for the unequal distribution of its benefits.

As stated previously, one of TRIPS' primary coverage areas is patents. TRIPS' Article 27 determines which inventions governments are to permit patenting and which they may exclude from such a right. Under this article, plants, animals, and any other biological processes may be excluded, to protect the resources of respective nations; however, the article also states that "members shall provide for the protection of plant varieties by patents<sup>59</sup>." At first it appears that TRIPS is in alignment with the CBD, but this is not the case. IPR is about innovation anyways, so patenting of natural resources will still be done on innovations which use said resources.

The Doha Round was a round of trade negotiations among WTO membership launched in 2001 in Doha, Qatar, with the goal of reforming the international trading system through the introduction of

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<sup>57</sup> "WTO | Understanding the WTO - Intellectual Property: Protection and Enforcement," accessed November 27, 2021, [https://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/agrm7\\_e.htm](https://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm7_e.htm).

<sup>58</sup> Convention on Biological Diversity, "Introduction" (Secretariat of the Convention on Biological Diversity, January 16, 2012), <https://www.cbd.int/intro/>.

<sup>59</sup> "World Trade Organization." WTO, [https://www.wto.org/english/docs\\_e/legal\\_e/27-tprips\\_o4c\\_e.htm](https://www.wto.org/english/docs_e/legal_e/27-tprips_o4c_e.htm).

“lower trade barriers and revised trade rules.”<sup>60</sup> The Doha Round was responsible for adopting the Doha Declaration, which served to establish a variety of additions to the TRIPS agreement, including several on trade and environment, as well as public health.

Countries stressed implementing the TRIPS Agreement in a way which supported public health. This was to be achieved in the future by “promoting access to existing medicines and the creation of new medicines.”<sup>61</sup> In other words, by reducing protections on biotech. This can be achieved through the enforcement of **compulsory licensing**, where a government allows companies or individuals who are not the patent owner to use the rights of the patent without the owner’s permission.<sup>62</sup>

Compulsory licensing has always been a part of the TRIPS Agreement since its founding, but two new provisions were included with the Doha Round on behalf of developing countries. Initially compulsory licensing only applied for patents within a respective nation, but “ministers recognized that countries unable to manufacture pharmaceuticals should be able to obtain cheaper copies produced under compulsory licenses elsewhere if necessary.”<sup>63</sup> If there is a public health crisis in a member nation of the WTO, they have the right to obtain pharmaceutical products from other nations, including any “medicines, vaccines, and diagnostics” necessary to fight an epidemic, at least in theory. The regulatory framework is in place, but practical steps have not been fully developed.

Regarding paragraphs 31-33 of the declaration, the Doha Declaration brings the conversation to the relation between trade and the environment. When the Doha Declaration came into force in 2001, ministers agreed to start negotiations regarding the “relationship between existing WTO rules and specific trade obligations set out in **multilateral environmental agreements**” (MEAs).<sup>64</sup> MEAs establish principles that are agreements which participating parties are expected to consider when

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<sup>60</sup> “World Trade Organization.” WTO, [https://www.wto.org/english/tratop\\_e/dda\\_e/dda\\_e.htm](https://www.wto.org/english/tratop_e/dda_e/dda_e.htm).

<sup>61</sup> “World Trade Organization.” WTO, [https://www.wto.org/english/tratop\\_e/dda\\_e/dohaexplained\\_e.htm](https://www.wto.org/english/tratop_e/dda_e/dohaexplained_e.htm).

<sup>62</sup> “Compulsory Licensing: A Cure for Distributing the Cure?” *Compulsory Licensing: A Cure for Distributing the Cure?* | Center for Strategic and International Studies, 1 Oct. 2021, <https://www.csis.org/analysis/compulsory-licensing-cure-distributing-cure>.

<sup>63</sup> “World Trade Organization.” WTO, [https://www.wto.org/english/tratop\\_e/trips\\_e/public\\_health\\_faq\\_e.htm](https://www.wto.org/english/tratop_e/trips_e/public_health_faq_e.htm).

<sup>64</sup> “World Trade Organization.” WTO, [https://www.wto.org/english/tratop\\_e/dda\\_e/dohaexplained\\_e.htm#environment](https://www.wto.org/english/tratop_e/dda_e/dohaexplained_e.htm#environment).

taking actions over a specific environmental issue.<sup>65</sup> Out of the 200 international agreements which can be defined as MEAs, there are 20 which include provisions that can affect trade.<sup>66</sup>

Taken together, the actions of the WTO on the environment, and by extension, biotech, lead to several conclusions. The WTO hurt environmental protections with the TRIPS Agreement, but later acted to resolve this issue with the Doha Declaration through MEAs. MEAs are not legally binding, however. The WTO has no enforceable power to counteract TRIPS.

### **WIPO Actions**

The World Intellectual Property Organization (WIPO) is a UN-specialized agency tasked with protecting IPRs through promoting cooperation among its 193 member governments.<sup>67</sup> It has played a pivotal role in advancing GI protections through administering three landmark international treaties: the 1883 Paris Convention, the 1891 Madrid Agreement, and the 1958 Lisbon Agreement. The Paris Convention was the first major treaty that protected IPR in cross-border trade activities.<sup>68</sup> The Madrid Agreement led to the Madrid System where creators could apply for international registrations that were recognized in each contracting party.<sup>69</sup> The Lisbon Agreement created a global, legal framework to protect appellations of origin where the WIPO would register, maintain, and notify such denominations.<sup>70</sup>

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<sup>65</sup> *Multilateral Environmental Agreements*, <https://www.eac.int/environment/multilateral-environmental-agreements#:~:text=MEAs%20are%20agreements%20between%20states,be%20undertaken%20toward%20an%20environmental>.

<sup>66</sup> "Understanding the WTO - the Environment: A New High Profile." *WTO*, [https://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/bey2\\_e.htm](https://www.wto.org/english/thewto_e/whatis_e/tif_e/bey2_e.htm).

<sup>67</sup> WIPO, "WIPO Lex," accessed November 16, 2021, <https://wipo.lex.wipo.int/en/text/283854>.

<sup>68</sup> World Intellectual Property Organization, "Paris Convention for the Protection of Industrial Property," WIPO, accessed December 18, 2021, <https://www.wipo.int/treaties/en/ip/paris/index.html>.

<sup>69</sup> World Intellectual Property Organization, "Madrid Agreement Concerning the International Registration of Marks," WIPO, accessed December 18, 2021, <https://www.wipo.int/treaties/en/registration/madrid/index.html>.

<sup>70</sup> World Intellectual Property Organization, "Summary of the Lisbon Agreement for the Protection of Appellations of Origin and Their International Registration (1958)," WIPO, accessed December 18, 2021, [https://www.wipo.int/treaties/en/registration/lisbon/summary\\_lisbon.html](https://www.wipo.int/treaties/en/registration/lisbon/summary_lisbon.html).

## EU Actions

The European Commission has negotiated a number of bilateral agreements with its trading partners aimed at protecting the GIs of EU member countries. Most of these agreements have focused on protecting GIs applied to wine and spirits. Signed into law in 1994, the EU-Australia Wine Agreement was one of the first of such agreements, providing a clear definition of GIs and limiting the scope of protection to names listed in an annex of the document.<sup>71</sup> An updated version of this agreement entered into force in 2010. The new agreement recognizes the EU's wine labelling regime, protects EU geographical indications, including for wines intended for export to third countries, and includes a clear Australian commitment to protect EU traditional expressions. The terms of the agreement also stipulate that Australian wines can no longer bear classic EU names like Champagne and Port within a year of the agreement coming into force.<sup>72</sup> The EU has struck similar agreements with Canada, Mexico, Chile, and South Africa.<sup>73</sup>

The EU-US Wine Agreement, signed in 2006, was an important albeit small step in defusing tension between the two trading partners over GI protections. The agreement formally recognized both sides' winemaking practices, ending the untenable state of affairs that saw the EU banning American wines made using practices not approved by the EU, only to continually exempt powerful U.S. winemakers from the import ban. The U.S. for its part agreed to seek legislative changes to limit the use of 16 semi-generic names, including Burgundy and Champagne, in its home market. The agreement also recognized certain names of origin in each country's respective market.<sup>74</sup> While a step in the right direction, this agreement failed to lead to substantive improvements in the broader EU-U.S. standoff over GIs.

Recent progress has been made in Asia, with the EU signing a landmark GI protection agreement with China in April 2020. The first bilateral agreement protecting GIs to be signed by China, the aptly named EU-China bilateral agreement protects around 200 European and Chinese agri-food names.

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<sup>71</sup> Australian Department of Foreign Affairs and Trade, "Agreement between Australia and the European Community on Trade in Wine (Brussels-Canberra, 26-31 January 1994) - [1994] ATS 6," accessed November 16, 2021, <http://www.austlii.edu.au/au/other/dfat/treaties/1994/6.html>.

<sup>72</sup> "Press Corner." *European Commission - European Commission, AGREEMENT between the United States of America and the ...* <https://www.ttb.gov/images/pdfs/us-eu-wine-agreement.pdf>.

<sup>73</sup> "Dinner for Three." *CEPS*, 7 Apr. 2020, <https://www.ceps.eu/ceps-publications/dinner-for-three/>.

<sup>74</sup> <https://www.ttb.gov/images/pdfs/us-eu-wine-agreement.pdf>

The list of protected names will grow to include an additional 350 GIs from both sides over the next four years. The most significant breakthrough of the agreement is that it grants the higher level protections for wine and spirits listed in Article 23 of the TRIPS Agreement to all the GIs it protects.<sup>75</sup>

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<sup>75</sup> "Dinner for Three." *CEPS*, 7 Apr. 2020, <https://www.ceps.eu/ceps-publications/dinner-for-three/>.

## Possible Solutions

Delegates may consider a wide range of solutions to address issues relating to intellectual property. Two thematic areas are listed below as guidance. Please note that they are not the only options to consider. Delegates are encouraged to propose possible solutions that have not been mentioned.

### ***Help countries resolve disputes between differing legal frameworks***

While in many cases these disputes are best solved bilaterally between the countries involved, the WTO plays an important role in laying the ground rules for any bilateral trade agreements. In particular, providing clarification on the relationship between trademarks and *sui generis* GI protections would go a long way towards resolving disputes like those between the U.S. and EU.

### ***Find a more equitable way to distribute the wealth of biotechnology***

Delegates should consider a wide variety of possible solutions for this issue. They may consider setting new restrictions on patent life to make biotechnology more readily available in developing countries. Compulsory licensing is another relevant solution, although it is more of a situation specific solution. Delegates may consider how regulations for compulsory licensing could develop it into a stronger counterbalance for biotech.

## Bloc Positions

### *North and South America*

The Consortium for Common Food Names (CCFN) is an international non-profit organization with the mission of protecting the “worldwide right to use common food names.”<sup>76</sup> Particularly in the Americas, many common food products once originated in Eurasia. “Many well-known cheeses, meats, beer, and other foods” are “enjoyed throughout the world,” and GIs would greatly limit such enjoyment of these products and harm many established businesses.<sup>77</sup>

Countries which are involved with the CCFN include the U.S, Argentina, Costa Rica, and several other countries in Central America. Most of the groups which are considered supporters of the CCFN come from the U.S, including the U.S Patent and Trademark Office, the American Farm Bureau Federation, the American Meat Institute, the American Cheese Society, and the U.S Wine Sector.<sup>78</sup>

On the other hand with biotechnology, North America and South America are far less aligned. The U.S especially has strong incentives to protect its use of foreign materials and knowledge in its biotech, much of which comes from the rich biodiversity of South American nations.

### *Europe*

The European Commission has been utilizing an “aggressive approach to geographical indication (GI) coverage, and is actively working to control many common foods... Some other countries appear to be moving towards adopting this over-reaching model as well.”<sup>79</sup> In the case of the U.S wine sector, concerns regarding GIs are shown in the general terms which third-country winemakers can no

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<sup>76</sup> “Our Mission.” CCFN - Consortium for Common Food Names, <http://www.commonfoodnames.com/the-issue/our-mission/>.

<sup>77</sup> “Background.” CCFN - Consortium for Common Food Names, <http://www.commonfoodnames.com/the-issue/background/>

<sup>78</sup> “Supporters.” CCFN - Consortium for Common Food Names, <http://www.commonfoodnames.com/about-us/supporters/>.

<sup>79</sup> “Background.” CCFN - Consortium for Common Food Names, <http://www.commonfoodnames.com/the-issue/background/>

longer include on labels when doing business with the EU. For instance, the words 'noble,' 'classic,' and 'cream' may not be used on third-country labels without a "complex application process."<sup>80</sup>

With regards to biotechnology, Europe has seen its importance grow dramatically. The U.K, France, and Germany comprise "half of today's biotech companies," although France and Germany have seen less growth in recent years. Belgium, the Netherlands, and Switzerland all show interest as well.<sup>81</sup> Delegates should keep in mind that while biotechnology is a growing industry in Europe, their respective countries may not share this sentiment to the same extent.

## **Asia**

For GIs originating in Asian countries, there is an uphill battle both in the U.S and the EU. Many of the products which once could have been established as GIs have long since become recognized as generic products to late participation. Progress with Asian GIs will likely have to come in the form of bilateral trade agreements.<sup>82</sup>

One country where this issue has been particularly present is India. As mentioned in Topic A, India has had issues with other countries taking advantage of the brand power of Basmati rice, with U.S and Rice Tec, as well as corporations in France. Sri Lanka has made similar use of Darjeeling tea, which became the first registered GI of India.<sup>83</sup> There have also been issues regarding the use of Darjeeling on products, in such nations as France, the U.S, and Russia, in some cases related to tea, and in others related to the use of Darjeeling itself.<sup>84</sup>

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<sup>80</sup> "Supporters." CCFN - Consortium for Common Food Names, <http://www.commonfoodnames.com/about-us/supporters/>.

<sup>81</sup> Deu, Franck Le, and Jorge Santos da Silva. "Biotech in Europe: A Strong Foundation for Growth and Innovation." McKinsey & Company, McKinsey & Company, 15 Sept. 2021, <https://www.mckinsey.com/industries/life-sciences/our-insights/biotech-in-europe-a-strong-foundation-for-growth-and-innovation>.

<sup>82</sup> "How Would Geographical Indications from Asia Fare in Europe? (Chapter 8) - Geographical Indications at the Crossroads of Trade, Development, and Culture." Edited by Irene Calboli and Wee Loon Ng-Loy, *Cambridge Core*, Cambridge University Press, 22 June 2017, <https://www.cambridge.org/core/books/geographical-indications-at-the-crossroads-of-trade-development-and-culture/how-would-geographical-indications-from-asia-fare-in-europe/D52904E4612A482B66CDBFF2BB232E8E>.

<sup>83</sup> Rajiv M Patel, Mr, and Lavji N. Zala. "Geographical Indications in India: Present Scenario." *DigitalCommons@University of Nebraska - Lincoln*, 2021, <https://digitalcommons.unl.edu/libphilprac/5078/>.

<sup>84</sup> Srivastava, S. C. "World Trade Organization." *WTO*, [https://www.wto.org/english/res\\_e/booksp\\_e/casestudies\\_e/case16\\_e.htm](https://www.wto.org/english/res_e/booksp_e/casestudies_e/case16_e.htm).

Thailand is another country currently struggling with the same issue as India. As of May, 2021, Thailand is rushing to obtain GI registration in other countries, in order to protect such products as Phetchabun sweet tamarind and Doi Tung coffee.<sup>85</sup> Thailand's concerns regarding GIs are not just limited to the U.S and Europe, but also other Asian countries like China. Delegates should recognize that Asia itself is not a monolith when it comes to GI registration. Moreover with Thailand and IP, Thailand is not a member of the International Convention for the Protection of New Varieties of Plants (UPOV). It has its own plant protection legislation, but much of this does not meet the standards of the UPOV.<sup>86</sup> Relating this to biotechnology, Thailand does not necessarily adhere to the same standards for the protection of new plant varieties as intellectual property.

With China then, there have been similar tensions to the U.S as that of the EU. In recent years, China's use of GIs on common food names served as barriers to U.S growth. In 2020, the U.S completed the Phase One Trade Agreement with China, which created some new safeguards protecting market access to products labeled with common food terms.<sup>87</sup>

In regards to biotechnology, China has grown massively. In 2016, the total valuation of China's biotech industry was \$1 billion. As of 2021, it is estimated to be around \$180 billion.<sup>88</sup> As with the U.S, China will have strong incentives relating to the WTO to maximize its profits.

## ***Oceania***

On the subject of GIs, Australia is aligned with Europe on some issues, and the U.S on others. One of the most important areas of GIs relates to alcohol, particularly wine. In order to penetrate the European wine market, Australia has participated in several agreements regulating wine trade between it and the EU. "Australians enacted legislation in 1993 that would protect the wine GIs of EU

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<sup>85</sup> Arunmas, Phusadee. "State Hurries GI Registration." *https://www.bangkokpost.com*, Bangkok Post Public Company, 3 May 2021, <https://www.bangkokpost.com/business/2109399/state-hurries-gi-registration>.

<sup>86</sup> 1. "Thailand - Protecting Intellectual Property." *International Trade Administration | Trade.gov*, 19 Feb. 2021, <https://www.trade.gov/country-commercial-guides/thailand-protecting-intellectual-property>.

<sup>87</sup> "CCFN Cheers Common Name Protections in Phase One China Deal." CCFN - Consortium for Common Food Names, <http://www.commonfoodnames.com/ccfn-cheers-common-name-protections-in-phase-one-china-deal-2/>.

<sup>88</sup> Master, Farah. "Analysis: China's Biotech Sector Comes of Age with Big Licensing Deals, Global Ambitions." *Reuters*, Thomson Reuters, 16 Sept. 2021, <https://www.reuters.com/world/china/chinas-biotech-sector-comes-age-with-big-licensing-deals-global-ambitions-2021-09-15/>.

countries, as well as allow Australian wine producers to apply for GIs.<sup>89</sup> Australia is also currently in talks regarding an Australia-EU Free Trade Agreement, but talks have since been postponed.<sup>90</sup> Still, despite the alignment on this particular issue, delegates should keep in mind that Australia is not fully aligned with the EU on its approach to GI establishment. Australia takes more of a minimalist approach with GIs compared to countries like France.<sup>91</sup>

On the other hand, with regards to unfair rules from the EU, both Australia and the U.S were responsible for an amendment by the WTO. There was a time when the EU would only register non-EU indications upon “reciprocity,” rather than on the inherent qualifications of the GI.<sup>92</sup> In response to this, Australia and the U.S. established a formal complaint.

## ***Africa***

As with the developing countries of Asia and South America, many biological resources have their origins in the developing countries of Africa, countries which are often unable to protect themselves from exploitation, and often which lack the technological capabilities to capitalize on their resources.

For African countries, GIs have the incredible potential to help their communities grow, as GIs are primarily used in the case of agrarian products which may develop a quality inherent to a specific region due to soil quality and other environmental factors.<sup>93</sup>

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<sup>89</sup> “The Promise and Problems of Geographical Indications for Local and Rural Development (Part III) - Geographical Indications at the Crossroads of Trade, Development, and Culture.” Edited by Irene Calboli and Wee Loon Ng-Loy, *Cambridge Core*, Cambridge University Press, 22 July 2017, <https://www.cambridge.org/core/books/geographical-indications-at-the-crossroads-of-trade-development-and-culture/promise-and-problems-of-geographical-indications-for-local-and-rural-development/11222010EFFEAF62679262AF417A07E>.

<sup>90</sup> “Australia-European Union Free Trade Agreement.” *Australian Government Department of Foreign Affairs and Trade*, <https://www.dfat.gov.au/trade/agreements/negotiations/aeufta/default>.

<sup>91</sup> Ibid.

<sup>92</sup> “How Would Geographical Indications from Asia Fare in Europe? (Chapter 8) - Geographical Indications at the Crossroads of Trade, Development, and Culture.” Edited by Irene Calboli and Wee Loon Ng-Loy, *Cambridge Core*, Cambridge University Press, 22 June 2017, <https://www.cambridge.org/core/books/geographical-indications-at-the-crossroads-of-trade-development-and-culture/how-would-geographical-indications-from-asia-fare-in-europe/D52904E4612A482B66CDBFF2BB232E8E>.

<sup>93</sup> Andrews, Samuel Samiai. “Why It Pays to Link Products to Places - and How African Countries Can Do It.” *The Conversation*, 4 Nov. 2021, <https://theconversation.com/why-it-pays-to-link-products-to-places-and-how-african-countries-can-do-it-151511>.

To this end, the African Union requested support from the UN agency Food and Agriculture Organization (FAO) to establish a continental strategy for GIs. This strategy was endorsed in October 2017, receiving the support of the EU.<sup>94</sup>

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<sup>94</sup> Fortuna, Gerardo. "EU-Africa Move in Step on Geographical Indications Revolution." *Www.euractiv.com*, EURACTIV.com, 17 Dec. 2020, <https://www.euractiv.com/section/agriculture-food/news/eu-africa-move-in-step-on-geographical-indications-revolution/>.

## Glossary

**Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS):** A comprehensive multilateral agreement which plays a central role in resolving trade disputes over IP<sup>95</sup>

**Biopiracy:** The unethical or unlawful appropriation or commercial exploitation of biological materials that are native to a particular country or territory without providing fair financial compensation to the people or government of that country or territory<sup>96</sup>

**Compound Annual Growth Rate (CAGR):** The measure of an investment's annual growth rate over time, with the effect of compounding taken into account<sup>97</sup>

**Compulsory Licensing:** When a government allows companies or individuals other than the patent owner to use the rights of the patent, without the patent owner's consent

**Geographical indications (GIs):** Place names (or words associated with a place) used to identify products which have a particular quality, reputation or other characteristic because they come from that place<sup>98</sup>

**Intellectual property rights:** Rights given to persons over the creations of their minds, usually granting exclusivity over the use of his/her creation for a certain period of time<sup>99</sup>

**Multilateral Environmental Agreements (MEAs):** A legally binding agreement between two or more countries that deals with protecting some aspect of the environment<sup>100</sup>

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<sup>95</sup> ">WTO: Intellectual Property (TRIPS) - Gateway." WTO, [https://www.wto.org/english/tratop\\_e/trips\\_e/trips\\_e.htm](https://www.wto.org/english/tratop_e/trips_e/trips_e.htm).

<sup>96</sup> "Biopiracy." Merriam-Webster, Merriam-Webster, <https://www.merriam-webster.com/dictionary/biopiracy>.

<sup>97</sup> "CAGR." Corporate Finance Institute, 29 June 2021, <https://corporatefinanceinstitute.com/resources/knowledge/finance/what-is-cagr/>.

<sup>98</sup> "Geographical Indications." WTO, [https://www.wto.org/english/thewto\\_e/glossary\\_e/geographical\\_indications\\_e.htm](https://www.wto.org/english/thewto_e/glossary_e/geographical_indications_e.htm).

<sup>99</sup> "World Trade Organization." WTO, [https://www.wto.org/english/tratop\\_e/trips\\_e/intel1\\_e.htm#:~:text=Intellectual%20property%20rights%20are%20the,a%20certain%20period%20of%20time](https://www.wto.org/english/tratop_e/trips_e/intel1_e.htm#:~:text=Intellectual%20property%20rights%20are%20the,a%20certain%20period%20of%20time).

<sup>100</sup> Alexander, Priyankari. "What Are Multilateral Environmental Agreements?" , <http://www.sacep.org/pdf/News-Letter/Top-Stories/2016/June/2016-06-15/Multilateral-environmental-agreements.pdf>

**Prior Art:** Any evidence that your invention is already known<sup>101</sup>

**Protectionism:** The policy of protecting domestic industries against foreign competition by means of tariffs, subsidies, import quotas, or other restrictions<sup>102</sup>

**Sui generis:** In a class by itself, unique

**Trademarks:** Any word, phrase, symbol, design, or a combination of these things that identifies your goods or services<sup>103</sup>

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<sup>101</sup> Office, European Patent. "What Is Prior Art?" *EPO*, <https://www.epo.org/learning/materials/inventors-handbook/novelty/prior-art.html#:~:text=Prior%20art%20is%20any%20evidence,very%20similar%20to%20your%20invention>.

<sup>102</sup> "Protectionism." *Encyclopædia Britannica*, Encyclopædia Britannica, Inc., <https://www.britannica.com/topic/protectionism>.

<sup>103</sup> "What Is a Trademark?" *United States Patent and Trademark Office - An Agency of the Department of Commerce*, 31 Mar. 2021, <https://www.uspto.gov/trademarks/basics/what-trademark>.

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## TOPIC B: BUILDING TRADE CAPACITY IN DEVELOPING COUNTRIES

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### Statement of the Problem

#### *Introduction to the Problem*

Trade capacity refers to the ability of a country to conduct trade, a necessary precondition to building national wealth in the current era of globalization. Many developing countries lack the human, institutional, and infrastructural capacity necessary for effective participation in global trade. One way the WTO addresses this inequality is by including special provisions for developing countries in WTO agreements, such as longer time periods to implement agreements and measures to increase their trading opportunities. The other way the WTO addresses this inequality is through **trade capacity building** (TCB) activities, which can be broadly defined to include all types of development assistance aimed at improving a country's ability to participate in trade.

Before diving into the details of how the WTO builds trade capacity, it's important to first understand why participating in trade is beneficial for developing countries. Put simply, trade allows a country to specialize in what it does best and let other countries do the rest. In economics, this concept is called **comparative advantage** and refers to a country's ability to produce certain goods at a lower **opportunity cost** than its trading partners. According to this theory, countries will **export** the goods they have a comparative advantage in producing and **import** anything else they want from their trading partners. For example, England has pastures full of sheep and can cheaply manufacture textiles while Portugal has huge vineyards that allow it to produce wine at a low cost. If English sheep farmers attempted to grow vineyards, it would cost them more than if they specialized in producing wool and traded some of their wool supply to Portuguese winemakers in exchange for wine. This theory turns out to be true, as England stopped producing wine and Portugal stopped manufacturing textiles long ago in favor of trading with each other.

So, how does this theory relate to developing countries? While the underlying concept of comparative advantage holds true and implies developing countries would benefit from trade, they face unique obstacles to participating in trade effectively. In particular, they are lacking in the three

main components that determine a country's trade capacity: human capital, institutional capacity, and infrastructure. Human capital refers to the technical competence of individuals such as government officials, entrepreneurs, and skilled negotiators. Since developing countries often lack these professionals, they are at a disadvantage when implementing existing trade agreements, negotiating new ones, and handling trade disputes. Institutional capacity relates to the existence of institutions businesses and governments rely upon for trade, such as customs, national standards authorities, and the delegation representing the country at the WTO. Infrastructural capacity includes infrastructure necessary for trade like ports, roads, and telecommunications. These issues are particularly pronounced for least-developed countries (LDCs), which are low-income countries designated by the UN as facing significant structural impediments to sustainable development. These countries make up 12% of the world's population, but account for only 1% of its trade flow, a figure that has remained stubbornly low as seen in Figure 1.

Share in world trade (excl. HK RX)	2013	2014	2015	2016	2017	2018
Developing economies WTO members, excl. HK RX)						
Exports	41.60%	41.80%	42.20%	41.40%	41.60%	41.70%
Imports	39.40%	39.40%	39.40%	38.40%	39.20%	39.70%
Turnover (Exports + Imports)	<b>40.50%</b>	<b>40.60%</b>	<b>40.80%</b>	<b>39.90%</b>	<b>40.40%</b>	<b>40.60%</b>

LDC WTO Members						
Exports	1.00%	0.97%	0.87%	0.89%	0.94%	0.97%
Imports	1.14%	1.21%	1.25%	1.22%	1.23%	1.25%
Turnover(Exports + Imports)	<b>1.07%</b>	<b>1.09%</b>	<b>1.06%</b>	<b>1.06%</b>	<b>1.09%</b>	<b>1.11%</b>

*Figure 1: Developing Countries' Share of World Trade<sup>104</sup>*

Historically, the WTO's TCB activities mainly focused on building human capital by training officials from developing countries to better understand the WTO's complex rules, a process known as technical assistance, but since 2005 the scale and scope of the WTO's TCB efforts have greatly expanded.

Now, the WTO also works with a number of other international governmental organizations under the principle of "coherence."<sup>105</sup> This principle is based on the belief that WTO is "only one part of a much broader set of international rights and obligations that bind WTO members."<sup>106</sup> Therefore, it is important that different organizations communicate with each other so that they can unify their policy goals and deliver stronger results. Today, around 140 international organizations have observer status in WTO bodies.

The bulk of the WTO's cooperation related to building trade capacity is under the **Aid for Trade Initiative**, where the WTO works with other organizations to "act as a bridge between donors and

<sup>104</sup> file:///C:/Users/aidan/Downloads/Annual\_report\_2019\_W256.pdf

<sup>105</sup> "World Trade Organization." *WTO*, [https://www.wto.org/english/thewto\\_e/coher\\_e/coher\\_e.htm](https://www.wto.org/english/thewto_e/coher_e/coher_e.htm).

<sup>106</sup> Ibid.

developing countries.<sup>107</sup> Aid for Trade includes traditional forms of TCB like technical assistance but also newer forms like infrastructure building, investments in **productive capacity** — investing in industries and sectors that will help countries diversify their exports — and adjustment assistance — helping least developed countries (LDCs) transition away from that status. The Aid for Trade Initiative is carried out through biennial work programmes centered around a specific theme, the most recent of which is “Empowering connected, sustainable trade” for 2020-2022. The program is dependent on donations from bilateral, regional, and multilateral partners like regional development banks and the World Bank. The WTO is responsible for facilitating additional capital inflows to support requests for TCB from beneficiary countries and monitoring and evaluating the initiative. Delegates at this year’s Ministerial Conference will evaluate the effectiveness of the WTO’s TCB activities with a particular focus on the Aid for Trade Initiative.

### ***Current Situation***

#### *Technical Assistance Training Plan & Reference Centres*

The primary means by which the WTO has historically conducted TCB is through **trade-related technical assistance activities (TRTA)**. TRTA refers to training activities administered by the WTO aimed at helping government officials better represent their countries’ interests at the WTO. These activities are coordinated by **The Institute for Training and Technical Cooperation (ITTC)**. The main audience for TRTA are government officials from developing countries, least-developed countries (LDCs), economies in transition, and countries currently joining the WTO. Occasionally the audience also includes members of civil society, journalists, academia and the private sector. The focal point of TRTA are courses administered by the WTO centering around specific WTO agreements like the Agreement on Trade-Related Aspects of Intellectual Property and the Agreement on Sanitary and Phytosanitary Measures. The aim of these courses is to help their attendants better understand the agreements and how to navigate trade issues like market access, intellectual property, and rules of origin. By investing in the human capital of developing countries’

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<sup>107</sup> “Aid for Trade - Gateway.” WTO, [https://www.wto.org/english/tratop\\_e/devel\\_e/a4t\\_e/aid4trade\\_e.htm](https://www.wto.org/english/tratop_e/devel_e/a4t_e/aid4trade_e.htm).

officials, the WTO hopes to reap the rewards of a more healthy and integrated multilateral trade system.

The ITTC's mandate is to assist beneficiary countries in (1) enhancing trade capacity, (2) addressing trade policy issues, (3) integrating more fully into the multilateral trading system, (4) exercising the rights of WTO membership, and (5) fully participating in multilateral trade negotiations. The ITTC seeks to accomplish this mandate through overseeing the design and implementation of a biennial Technical Assistance and Training (TA) Plan, which specifies national and regional needs, expected results, the means of implementing the training, and funding sources. Specifically, the policies outlined in the TA plan pertain to the **Progressive Learning Strategy (PLS)**, E-Learning, Regional Seminars, Academic Programmes, the WTO Chairs Programme, and the Reference Centres Network. The success of TA plan policies are measured by looking at outcomes for participating countries, known as the **Results-Based Management Monitoring & Evaluation (RBM M&E) Framework**. In the following paragraphs, we will delve into each of these policy areas.

In 2010 the WTO Secretariat issued the PLS, a progressive, multi-modular sequence of training products aimed at helping participants graduate towards higher levels of learning. In establishing the PLS, the Secretariat identified two broad categories of TRTA recipients, namely "generalists" and "specialists," each of which possess unique needs that a successful TRTA program must address. According to the WTO, generalists are government officials whose jobs require a broad understanding of the WTO, while specialists are those whose jobs demand in-depth knowledge in a specific area. The WTO developed two broad training paths based on this distinction, each with three levels, as seen in Figure 2.

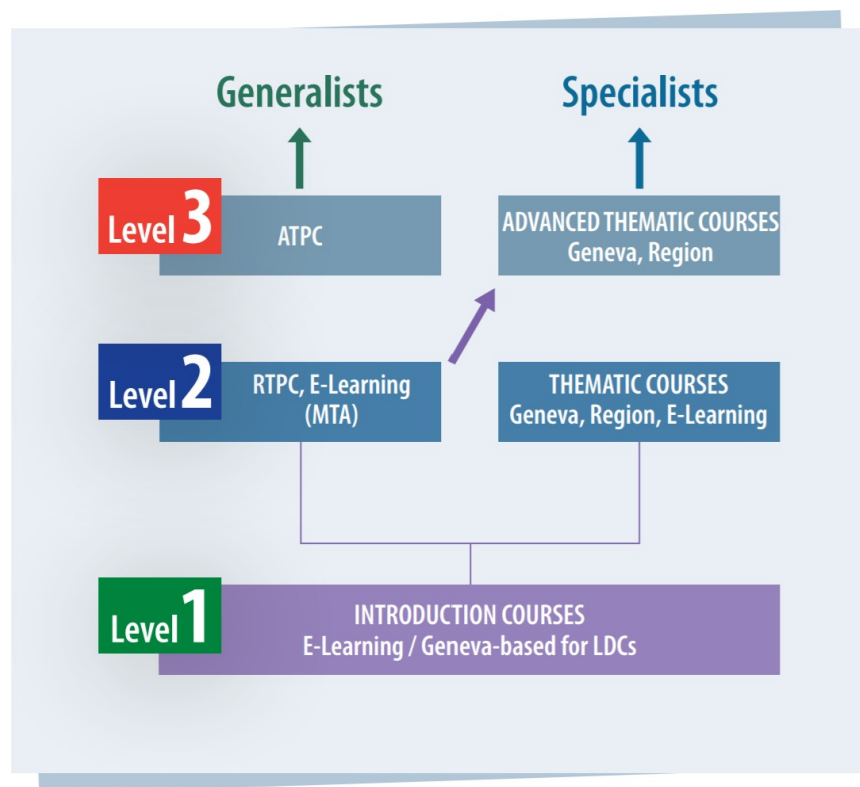


Figure 2: PLS Progressive Training Paths<sup>108</sup>

Note that Level 1 for both generalists and specialists consists of online e-Learning courses. The PLS has prioritized e-Learning as a way to more easily disseminate knowledge, but this approach risks disadvantaging officials from countries with poor digital infrastructure. E-Learning forms the base of the PLS hierarchy, with all TRTA recipients taking an online class introducing them to the rules and purpose of the WTO. This online class is in place of the traditional in-person introductory class held at the WTO's Geneva headquarters. The benefits of e-Learning courses are numerous: they are less costly to administer, offer enhanced flexibility to students, and can reach a wider audience. Despite these benefits, the WTO's strategy of shifting towards online courses may be inadvertently disadvantaging students from countries with poor digital infrastructure. These issues are particularly pronounced for students from LDCs, where less than 20% of the population uses the internet compared to 87% in developed countries.<sup>109</sup> While the WTO still offers an in-person option for

<sup>108</sup> Ibid 5

<sup>109</sup> "Digital Connectivity Essential for Least Developed Countries to Reap Benefits of Fourth Industrial Revolution, Experts Tell Preparatory Committee | Meetings Coverage and Press Releases." *United Nations*, United Nations, <https://www.un.org/press/en/2021/dev3439.doc.htm>.

officials from LDCs, these courses last for three weeks and are only held twice a year, providing significantly less flexibility for their participants.

One way the WTO attempts to address the lack of IT infrastructure in developing countries is through its network of Reference Centers (RCs), which provide developing countries with spaces where trade-related research is facilitated and supported and training activities can occur. Launched in 1997, RCs are places where government officials, private sector and academic institutions, and the general public can access WTO databases, document search facilities, and IT resources made available by the WTO. RCs can be established in government offices, academic institutions, or business organizations like a local Chamber of Commerce. The beneficiary institution is responsible for providing the office space and infrastructure necessary for the RC, such as phone lines and internet access. Within budgetary constraints the WTO donates the IT equipment (PCs, printers, a photocopier, scanners) necessary to run RCs. Currently a network of over 100 RCs spans the globe, mostly concentrated in LDCs and Sub-Saharan Africa.<sup>110</sup>

In recent years maintaining this growing network of RCs has become a serious financial burden for the WTO. As technology has rapidly evolved, the requirements related to maintaining, servicing, and updating the IT equipment have become onerous. All of this equipment must be financed by the **Doha Development Agenda Global Trust Fund (DDAGTF)** for LDCs, which is facing serious funding challenges.<sup>111</sup> Although we will not focus on the specific funding challenges for RCs, it is important to understand how TRTA activities writ large are funded.

Funding for TRTA activities comes from three sources: the WTO's main budget, voluntary contributions from WTO members, and cost-sharing either by countries involved in an event or by international organizations.<sup>112</sup> Let's focus on the WTO's budget. The WTO's annual budget is funded by contributions from Members proportional to their share of international trade.<sup>113</sup> Additional income is earned from rental fees and sales of WTO publications.<sup>114</sup> The WTO also manages several

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<sup>110</sup> "World Trade Organization." *WTO*, [https://www.wto.org/english/tratop\\_e/devel\\_e/train\\_e/ref\\_centres\\_e.htm](https://www.wto.org/english/tratop_e/devel_e/train_e/ref_centres_e.htm)

<sup>111</sup> Ibid.

<sup>112</sup> "Understanding the WTO - WTO Technical Cooperation." *WTO*, [https://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/dev3\\_e.htm](https://www.wto.org/english/thewto_e/whatis_e/tif_e/dev3_e.htm).

<sup>113</sup> "World Trade Organization." *WTO*, [https://www.wto.org/english/thewto\\_e/secre\\_e/budget\\_e.htm](https://www.wto.org/english/thewto_e/secre_e/budget_e.htm).

<sup>114</sup> Ibid.

**trust funds**, which Members contribute to on a voluntary basis. A trust fund is simply a “legal entity that holds assets until an intended recipient is able to receive them.”<sup>115</sup> In the context of the WTO, a trust fund holds money received from donations until it is needed for special situations. These funds are used to finance special activities for the TRTA, particularly the Global Trust Fund (DDAGTF), as mentioned above.

Let’s now look at the Global Trust Fund in more detail. A worrying trend has emerged in recent years: the inflow of money from Member contributions has not matched the outflow from expenses. This trend began in 2016 and only reversed in 2020 due to abnormally low expenses during COVID-19, when most in-person WTO activities were suspended. This trend can be traced back to reductions in contributions from a few major governments. The U.S, Japan, and the EU have all decreased their contributions by significant margins in recent years.<sup>116</sup>

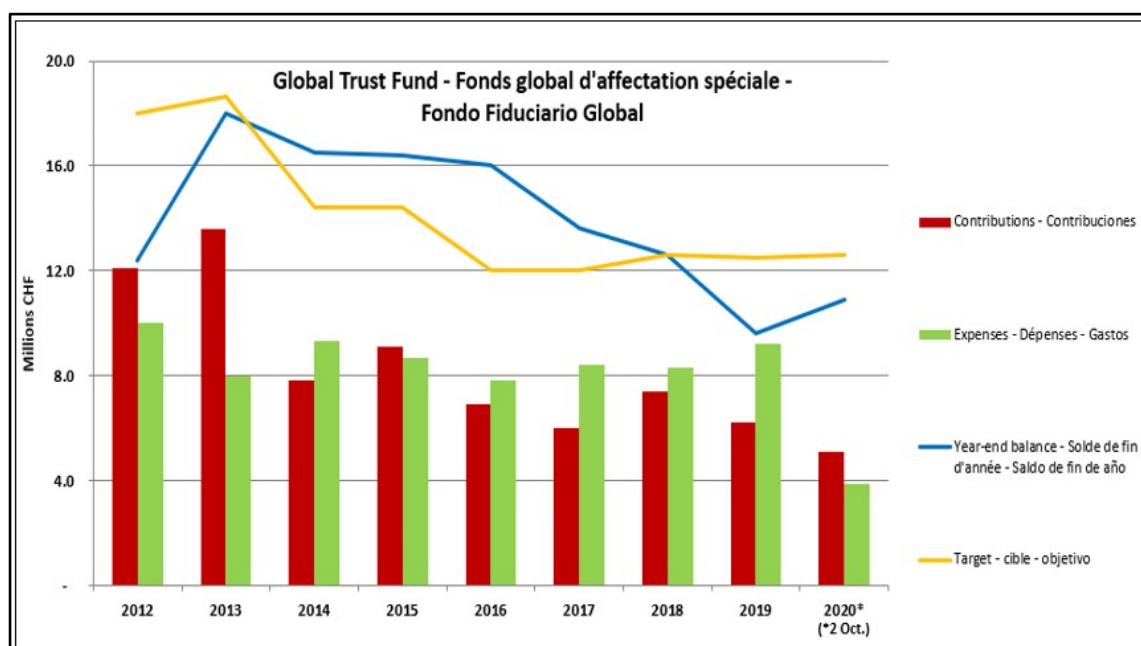


Figure 3: Yearly Changes in Global Trust Fund Balance<sup>117</sup>

<sup>115</sup> Napoletano, E. “Trust Funds: They’re Not Just for the Wealthy.” *Forbes*, Forbes Magazine, 25 Aug. 2021, <https://www.forbes.com/advisor/investing/trust-fund/>.

<sup>116</sup> “World Trade Organization.” *WTO*, [https://www.wto.org/english/tratop\\_e/devel\\_e/teccop\\_e/financing\\_trta\\_e.htm](https://www.wto.org/english/tratop_e/devel_e/teccop_e/financing_trta_e.htm).

<sup>117</sup> Ibid.

Efforts to increase funding for TRTA through Member contributions face an uphill battle due to the WTO's decision-making process. Unlike many other international organizations, the WTO is run solely by its 150 member governments, meaning there exists no board of directors or organizational head vested with the power to make decisions. The closest equivalent the WTO has to one is the Director-General, but that position is focused on directing administrative operations. Most decisions are made by consensus where every country's voice is considered, making consensus difficult to reach. One option is increasing the required budgetary commitments of member nations, but such a step requires a high level of diplomacy. Finally, the voluntary donations which are so important to specific TRTA activities, like support for LDCs, are just that: voluntary.

The final core component of the PLS is the WTO Chairs Programme, which provides academic institutions in developing countries support in curriculum development, research, and outreach activities. Launched in 2010, the program's aim is to promote an understanding of the multilateral trade system among academics and policy makers in developing countries. Academic institutions are awarded WTO Chairs for a four-year term based on a competitive application process. During this four-year period, beneficiary institutions receive teaching support, enjoy joint research opportunities with other WTO Chairs institutions, and benefit from financial support from the WTO. As part of the program, beneficiary institutions are expected to organize public events dedicated to disseminating research and promoting discussion of international trade.<sup>118</sup>

Now that we've covered the relevant TRTA policy areas, let's examine which countries are using them. While the WTO makes a concerted effort to maintain geographical balance in the delivery of activities, additional resources are allocated to Africa, where over one-third of TRTA activities occur annually. Nearly 15% of the WTO's TRTA activities are geared towards Asia and the Pacific, while other activities are divided between Latin America, Central and Eastern Europe and Central Asia, Arab countries and the Middle East, and the Caribbean. Over 45% of all TRTA activities are delivered to LDCs, which receive priority treatment in the design and implementation of TRTA. Examples of TRTA activities designed specifically for LDCs include the three-week Introduction Courses for LDCs, "Geneva Weeks" for Members lacking permanent missions in Geneva, the Reference Centres

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<sup>118</sup> "World Trade Organization." *WTO*, [https://www.wto.org/english/tratop\\_e/devel\\_e/train\\_e/chairs\\_prog\\_e.htm](https://www.wto.org/english/tratop_e/devel_e/train_e/chairs_prog_e.htm).

Programme, and the Netherlands Trainee Programme (NTP). LDCs are also prioritized in the selection process for Geneva-based training courses.

The ITTC uses a Results-Based Management Monitoring & Evaluation (RBM M&E) Framework to evaluate the efficacy of its TRTA activities. That's a fancy way of saying that the ITTC evaluates TRTA programs based on their success in meeting a set of predetermined objectives.

### ***E-Commerce***

E-commerce gives consumers access to online marketplaces. Businesses like Amazon or Alibaba provide consumers with the opportunity to save time and effort through their breadth of products and services, all available within a few keystrokes. Particularly with the COVID-19 pandemic, minimizing physical contact and the potential for transmission has been a high priority.

E-commerce has expanded from certain industries to an enormous range of products, particularly in recent years. Online grocery shopping and automobile purchases, for example, once a thing of the past, are well on their way to becoming a staple of any household. In the first few months of 2020, U.S online grocery sales grew around 40%.<sup>119</sup> E-commerce has become a part of practically every industry in developed countries. As such, digital resources have become even more important for participation in global trade.

In LDCs, a transition to high-tech and e-commerce has developed out of necessity. While online presence did increase in developing nations, the gap between developed and developing countries has only widened during this period. In essence, developing countries, particularly LDCs, still require the necessary digital tools, both hardware and software, to even begin to properly enter e-commerce and global trade. According to the 2020 E-Commerce Report from the WTO, many communities still have limited access to Information and Communication Technologies (ICTs). These high-tech products often face large tariffs, as high as "35 percent for computers and 40 percent for

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<sup>119</sup> Neren, Jeremy. "Council Post: The Future of e-Commerce Grocery Has Arrived: 2021 Industry Outlook." *Forbes*, Forbes Magazine, 19 Feb. 2021, <https://www.forbes.com/sites/forbestechcouncil/2021/02/19/the-future-of-e-commerce-grocery-has-arrived-2021-industry-outlook/?sh=4d6e91723089>.

telecommunication devices.<sup>120</sup> Online payment solutions, reliable internet access, stable electricity, visible online presence, and consumer trust are also necessary for LDCs to take advantage of e-commerce.<sup>121</sup>

Let's dive deeper into international online payment systems.<sup>122</sup> International payment systems are simply the systems which allow the transfer of currency in digital form. For instance, credit card, PayPal, and Tipalti.<sup>123</sup> In July of 2021, CARICOM, or the Caribbean Community, voiced its concerns about international trade, particularly related to e-commerce. Developing countries need more access to international online payment systems in order to participate in international e-commerce.

Beyond the issues with access to digital tools, "digital skills" are also a necessity for success in e-commerce.<sup>124</sup> The United Nations Educational, Scientific and Cultural Organization (UNESCO) defines digital skills as a "range of abilities to use digital devices, communication applications and networks to access and manage information."<sup>125</sup> Some of these abilities would include "shar[ing] digital content," as well as "communicating, collaborating, and problem solving" through the use of digital resources.<sup>126</sup>

Digital skill offers a good example for examining the gender divide in trade, or more specifically, who can participate in and benefit from increased trade activities. "The proportion of women using the Internet is 12% lower than the proportion of men using the Internet," and the gender gap in Internet usage has continued to widen, particularly in LDCs.<sup>127</sup> Without these digital skills, women face greater barriers to get involved in and benefit from LDCs' increased trade activities. Delegates

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<sup>120</sup> *E-Commerce, Trade and the COVID-19 Pandemic*.  
[https://www.wto.org/english/tratop\\_e/covid19\\_e/ecommerce\\_report\\_e.pdf](https://www.wto.org/english/tratop_e/covid19_e/ecommerce_report_e.pdf).

<sup>121</sup> Ibid.

<sup>122</sup> *Draft CARICOM Group Intervention for the 05 July 2021 Structured Discussion under the 1998 Work Programme on Electronic Commerce - Wto.org*. [https://www.wto.org/english/tratop\\_e/ecom\\_e/ecom\\_5july2021/caricom\\_050721.pdf](https://www.wto.org/english/tratop_e/ecom_e/ecom_5july2021/caricom_050721.pdf).

<sup>123</sup> "Global Payments Methods: The Most Popular Types of EPayment." *Tipalti*, 8 Sept. 2021, <https://tipalti.com/global-payment-methods/>.

<sup>124</sup> *Draft CARICOM Group Intervention for the 05 July 2021 Structured Discussion under the 1998 Work Programme on Electronic Commerce - Wto.org*.

<sup>125</sup> "Digital Skills Critical for Jobs and Social Inclusion." *UNESCO*, 16 Mar. 2018, <https://en.unesco.org/news/digital-skills-critical-jobs-and-social-inclusion>.

<sup>126</sup> Ibid.

<sup>127</sup> "Digital Skills." *UNESCO*

should consider how the WTO can encourage equality of technological access across genders, perhaps through aid conditional on certain metrics being met.

### ***Aid for Trade***

Aid for Trade is a WTO-led initiative aimed at helping developing countries build trade capacity and infrastructure. Launched in 2005, the initiative connects developing countries, known as partner countries, with capital from donor countries and multilateral institutions. The WTO is responsible for encouraging flows of Aid for Trade from donors to developing countries, monitoring and evaluating the initiative, and encouraging developing countries to prioritize trade in their national development strategies. The WTO collaborates with the **Organisation for Economic Co-operation and Development (OECD)**, an intergovernmental organization devoted to stimulating economic progress, in monitoring and evaluating the program. It is important to note that neither the WTO nor OECD are involved in disbursing funds to developing countries, but rather act as middlemen encouraging and monitoring thousands of transactions between donors and partner countries. In 2018 these transactions amounted to over \$50 billion, money that developing countries used to develop trade strategies, build infrastructure, and invest in industries needed to diversify their exports.

Aid for Trade activities are carried out through biennial work programmes bearing a specific theme. The latest work programme for 2020-2022 is themed "Empowering Connected, Sustainable Trade" and focuses on the opportunities posed by digital connectivity and sustainability for economic growth and export diversification. Efforts to build digital connectivity are centered around reducing constraints on supply-side capacity and trade, particularly among LDCs. The focus on sustainable trade relates to ensuring that the economic development of developing nations is fueling environmentally and socially sustainable "green growth," with a particular focus on empowering women, youth, and micro, small, and medium sized enterprises (MSMEs). In the following paragraphs, we will delve into each of these focus areas in greater detail.

With regards to **supply-side constraints**, rather than there being limited demand for products and services, there is a limited supply, typically due to general limitations in the business environment. These limitations may include basic infrastructure, **human capital**, and "stringent quality and safety

norms.<sup>128</sup> Human capital refers to the “economic value of a worker’s experience and skills.”<sup>129</sup> There may be a large supply of labor on hand even in a country with supply-side constraints, but this available labor may not have the necessary skill set. With regards to stringent quality and safety norms, it is far more difficult for LDCs to adhere to the same standards of production as developed countries. Delegates may want to consider how the WTO can address this issue through more lenient regulations, actions to help LDCs improve production quality, or other means.

With regards to the emphasis on “women, youth and MSMEs,” the 2020 EU Aid for Trade Progress Report helps clarify the need for this priority. In a questionnaire taken by 88 EU Delegations around the world, only 47% “believe [Aid for Trade] significantly supports womens’ economic empowerment and gender equality.”<sup>130</sup> Even in many countries where women receive the same level of education as men, they still struggle to receive the same level of employment. Not to mention there are many areas where women face discriminatory regulations and policies, as well as social and cultural norms. Alongside resolving the disparity in access to technology previously mentioned, delegates might consider how to encourage a greater employment of women by using the WTO’s leverage with aid and technical assistance. As the WTO is a platform for negotiations and consensus, delegates should consider less forceful measures as well.

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<sup>128</sup> Chapter 3: Supply-Side Constraints - UNCTAD. [https://unctad.org/system/files/official-document/aldc2017d2\\_cho3\\_en.pdf](https://unctad.org/system/files/official-document/aldc2017d2_cho3_en.pdf).

<sup>129</sup> Kenton, Will. “Reading into Human Capital.” *Investopedia*, Investopedia, 20 Sept. 2021, <https://www.investopedia.com/terms/h/humancapital.asp>.

<sup>130</sup> Directorate-General for International Cooperation and Development (European Commission) Now known as... . “EU Aid for Trade Progress Report 2020 : Review of Progress on the Implementation of the Updated EU Aid for Trade Strategy of 2017.” *Photo of Publications Office of the European Union*, Publications Office of the European Union, 6 Aug. 2020, <https://op.europa.eu/en/publication-detail/-/publication/fo22db96-d854-11ea-adf7-01aa75ed71a1/language-en/format-PDF/source-231019230>.

## History of the Problem

### **TCB: Pre-WTO**

The concept of building trade capacity is a relatively new idea. For most of the 20th century, the focus in the international development community was on imposing liberal trade reforms in developing countries. This intervention usually took the form of loans to developing countries from international development banks like the World Bank with conditionality agreements that required the borrowers to institute Western-style free market reforms. This method became increasingly controversial in the latter half of the 20th century, as critics began to cast it as a form of neocolonialism aimed at opening developing economies to Western multinational companies who would then exploit the natural resources and cheap labor while taking the profits back to the West. In response, development banks like the World Bank shifted their focus towards TCB activities like knowledge sharing, with the World Bank even rebranding itself as a “Knowledge Bank” around the turn of the century.<sup>131</sup>

The origins of the UN’s work in building trade capacity go back to the founding of the Economic and Social Council (ECOSOC) in 1945. ECOSOC is one of the UN’s six principal organs and is tasked with addressing economic and social issues, as well as overseeing the fifteen specialized agencies, eight functional committees, and five regional commissions under its jurisdiction.<sup>132</sup> The World Bank (WB) and International Monetary Fund (IMF) are two of the specialized agencies reporting to ECOSOC and play an integral role in the UN’s TCB activities. Both institutions were founded at the Bretton Woods Conference in 1944 and have complementary missions.<sup>133</sup> The WB is the world’s largest development bank and is primarily responsible for providing loans and technical assistance to developing countries to promote investments in critical infrastructure and capital projects.<sup>134</sup> The IMF’s primary responsibility is ensuring global monetary stability, which it accomplishes by closely monitoring the global economy and helping heavily indebted countries restructure their debt by providing loans and

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<sup>131</sup> Powell, Jeff. “Cornering the Market: The World Bank & Trade Capacity Building.” *IATP, Bretton Woods Project*, [https://www.iatp.org/sites/default/files/Cornering\\_the\\_Market\\_The\\_World\\_Bank\\_and\\_trade\\_.pdf](https://www.iatp.org/sites/default/files/Cornering_the_Market_The_World_Bank_and_trade_.pdf).

<sup>132</sup> “About Us | 75th Economic and Social Council.” *United Nations*, United Nations, <https://www.un.org/ecosoc/en/about-us>.

<sup>133</sup> “Bretton Woods and the Birth of the World Bank.” *World Bank*, <https://www.worldbank.org/en/archive/history/exhibits/Bretton-Woods-and-the-Birth-of-the-World-Bank>.

<sup>134</sup> “Products and Services.” *World Bank*, <https://www.worldbank.org/en/what-we-do/products-and-services>.

practical advice.<sup>135</sup> Today much of the UN's TCB activities are conducted through the Regular Programme of Technical Cooperation (RPTC) established by General Assembly resolution 58(I) in 1946.<sup>136</sup> RPTC aims to offer funding flexibility when responding to urgent needs in technical assistance.

Following two subsequent World Wars, world trade was depressed, and there was much skepticism regarding the ability of trade to lead to economic growth and development. Throughout the 1960s and 1970s, there was a strong focus on strengthening the domestic market through whatever means necessary among developing countries, including the limitation of imports, especially of manufactured goods. These policies were found to be ineffective, however; during the 1980s, the focus shifted to trade liberalization. Yet, even the reduction of trade barriers did not sufficiently promote trade among LDCs, and in the 1990s "the development agenda changed its focus to strengthening institutions that support markets and trade-led growth."<sup>137</sup>

### ***Founding of the WTO: A New Era Dawns for TCB***

The WTO was founded out of the General Agreement on Tariffs and Trade (GATT) to facilitate the smooth flow of trade towards economic development and well-being, although its strongest TCB initiatives were not part of this initial founding. In November 2001, the Doha Round, also known as the Doha Development Agenda (DDA), was launched at the WTO's Fourth Ministerial Conference in Doha, Qatar with the goal of major reform in the international trading system through the introduction of "lower trade barriers and revised trade rules."<sup>138</sup> While not its only objective, the DDA was tasked with achieving further liberalization of international trade in order to build the trade capacity of LDCs.

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<sup>135</sup> "The IMF and the World Bank." *IMF*, 3 Mar. 2021, <https://www.imf.org/en/About/Factsheets/Sheets/2016/07/27/15/31/IMF-World-Bank>.

<sup>136</sup> "Regular Programme of Technical Cooperation." *UNECE*, <https://unece.org/regular-programme-technical-cooperation>.

<sup>137</sup> "Trade Capacity Building: Foreign Assistance for Trade and Development." *EveryCRSReport.com*, Congressional Research Service, 5 Feb. 2008, <https://www.everycrsreport.com/reports/RL33628.html#Box>.

<sup>138</sup> "World Trade Organization." *WTO*, [https://www.wto.org/english/tratop\\_e/dda\\_e/dda\\_e.htm](https://www.wto.org/english/tratop_e/dda_e/dda_e.htm).

With the issue of trade barriers, many developed countries have imposed tariffs on developing countries in prior years. The DDA involved affirmations to address this, having many “developed countries significantly decreas[ing] or scrapp[ing] tariffs on imports from LDCs.”<sup>139</sup>

It is important to recognize here, however, that in many cases while the DDA recognized issues and made declarations to resolve them, the actual implementation of these measures was far from an easy task, as the DDA only asked the importing and exporting parties to arrive at a “mutually satisfactory solution” on their own without enforcement or set standard.<sup>140</sup> Let’s look at an example. With the Agreement on the Application of Sanitary and Phytosanitary Measures, although the WTO could technically exempt LDCs from the standards, in reality it could only try to raise LDCs to the standard. The WTO “urges members to provide, to the extent possible, the financial and technical assistance necessary to enable [LDCs] to respond adequately to the introduction of any new SPS measures which may have significantly negative effects on their trade.”<sup>141</sup> The key word here is “urge,” indicating that the WTO lacks the sufficient power to stir the action of its members. If it cannot force its members to take up the cost burden or to show leniency towards LDCs, then the DDA can be shown to have been more well-intentioned than successful.

WTO members also agreed to make efforts which would help LDCs enter the WTO with less difficulty. In both of these cases, the DDA reaffirmed that LDCs require additional benefits to level the playing field against developed countries, although whether LDCs actually get these benefits is another question.

The DDA also recognized the need for technical assistance targeted specifically for LDCs. The Doha Declaration “urg[ed] WTO member donors to significantly increase” their voluntary contributions.<sup>142</sup> Here, the Doha Declaration highlighted a serious issue for the WTO. Much of its technical assistance was entirely dependent on cash flows for which the WTO had no assurance of continuation. The

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<sup>139</sup> “World Trade Organization.” *WTO*, [https://www.wto.org/english/tratop\\_e/dda\\_e/dohaexplained\\_e.htm](https://www.wto.org/english/tratop_e/dda_e/dohaexplained_e.htm).

<sup>140</sup> “World Trade Organization.” *WTO*, [https://www.wto.org/english/thewto\\_e/minist\\_e/mino1\\_e/mindecl\\_implementation\\_e.htm](https://www.wto.org/english/thewto_e/minist_e/mino1_e/mindecl_implementation_e.htm).

<sup>141</sup> *Ibid.*

<sup>142</sup> *Ibid.*

word “urge” comes up again here. The DDA identified many of the root causes of weak trade capacity in LDCs and what could be done to address them, but it did not necessarily address them.

Following the Doha Round, in 2005, the WTO launched the Aid for Trade Initiative at the Sixth Ministerial Conference in Hong Kong to further build trade capacity in LDCs, working with a number of other international organizations, such as the International Monetary Fund (IMF) and the World Bank. Aid for Trade was launched with the focus of helping developing countries to enhance their infrastructure, one of the many trade barriers which the Doha Round recognized but did not fully resolve.<sup>143</sup> The actions of the Aid for Trade Initiative will be more fully developed in Past Actions and other areas. The issues with Aid for Trade will be fleshed out here.

Starting with the first Aid for Trade Global Review of 2007, the global review was established with three objectives: “to take stock of what is happening on Aid for Trade, to identify what should happen next, and to improve WTO monitoring and evaluation.”<sup>144</sup> The Global Review of 2007 recognized several key issues with Aid for Trade: trade financing, private sector participation, and trade facilitation. More broadly, the pre-Global Review Aid for Trade also suffered from a lack of data on its efficacy.

At the end of the WTO’s Ministerial Conference of 2015, the Nairobi Ministerial Declaration highlighted how many of the issues outlined with Aid for Trade and the WTO more broadly have persisted, recognizing that LDCs are still vulnerable in international trade in large part due to their poor infrastructure as well as unpredictable and insufficient support, financial or otherwise. Measures taken to address infrastructure and financials which had been taken previously were either insufficient or entirely ineffective. On the other hand, the declaration also did celebrate the addition of several member states, including the accessions of the Republics of Yemen, Seychelles, and Kazakhstan, which indicated that some concerns over LDC entry expressed in the DDA may have been resolved.<sup>145</sup>

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<sup>143</sup> “Aid for Trade.” *United Nations*, United Nations, <https://developmentfinance.un.org/aid-trade>.

<sup>144</sup> “World Trade Organization.” *WTO*, [https://www.wto.org/english/tratop\\_e/devel\\_e/a4t\\_e/global\\_review07\\_e.htm](https://www.wto.org/english/tratop_e/devel_e/a4t_e/global_review07_e.htm).

<sup>145</sup> “World Trade Organization.” *WTO*, [https://www.wto.org/english/thewto\\_e/minist\\_e/mc10\\_e/mindecision\\_e.htm](https://www.wto.org/english/thewto_e/minist_e/mc10_e/mindecision_e.htm).

Further on the Nairobi Ministerial Declaration, the declaration singled out in particular the following “remaining Doha issues,” issues which were unresolved following the establishment of the DDA. As of 2015, the WTO still struggled to adequately address such areas as “domestic support, market access, and export competition [for agriculture,] as well as non-agricultural market access, services, and development.”<sup>146</sup>

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<sup>146</sup> “WTO | Nairobi Package,” accessed November 16, 2021, [https://www.wto.org/english/thewto\\_e/minist\\_e/mc10\\_e/mindecision\\_e.htm](https://www.wto.org/english/thewto_e/minist_e/mc10_e/mindecision_e.htm).

## Past Actions

### **WTO Actions**

The WTO mandate to perform TCB activities appears throughout various WTO agreements but was first defined and strengthened by the Doha Ministerial Declaration. The Doha Ministerial Declaration lists all commitments made by WTO member governments relating to TCB building under the heading “technical cooperation and capacity building.”<sup>147</sup> The DDA is committed to increasing market access for non-agricultural products, bolstering trade and investment, establishing and/or negotiating trade and competition policy to best foster trade, increasing transparency in government procurement, technical cooperation and capacity building, and to addressing environmental concerns while achieving these other objectives.<sup>148</sup>

In addition to reaffirming these commitments made throughout the declaration, the “technical cooperation and capacity building” section adds three general commitments: (1) to encourage WTO developing-country members to use trade to reduce poverty and to include trade policies in their development strategies, (2) to prioritize small, vulnerable, and transition economies, and (3) to provide a coherent policy framework for delivering technical assistance. The declaration also called for a plan to ensure long-term funding for WTO TCB activities. The General Council responded by adopting a new budget that increased technical assistance funding by 80% and established a Doha Development Agenda Global Trust Fund, which now has an annual budget of \$26 million.

The Hong Kong Ministerial Declaration, adopted in 2005, reaffirmed the commitments established by the Doha Mandate, called for enhanced funding for TCB activities, and recommended expanding Aid for Trade as a complement to the DDA. The declaration also encouraged the Director-General to consult with the IMF and World Bank, as well as other relevant international organizations and regional development banks, to secure additional funding for Aid for Trade.

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<sup>147</sup> “World Trade Organization.” *WTO*, [https://www.wto.org/english/tratop\\_e/dda\\_e/dohaexplained\\_e.htm](https://www.wto.org/english/tratop_e/dda_e/dohaexplained_e.htm).

<sup>148</sup> *Ibid.*

## ***UN Actions***

The UN conducts all TCB activities under the umbrella of its 17 Sustainable Development Goals (SDGs) put forth in the 2030 Agenda for Sustainable Development. The SDGs were adopted by the UN General Assembly in 2015 as the successor to the Millennium Development Goals, and are a series of interconnected goals aimed at providing a “blueprint to achieve a better and more sustainable future for all.”

Trade capacity is essential for supporting economic growth and social welfare, which may translate into a greater capacity to address sustainable development issues. Without a growing economy to provide jobs and social safety nets, these goals would not be actionable. Moreover, trade can drive forward sustainable development through the sharing of environmentally friendly technologies. In an integrated global economy, stringent environmental requirements adopted by importers can force exporters to change their practices. That said, it is also important to keep in mind trade practices that may damage the environment, such as increasing pollution and degrading natural resources and habitats. Given the idea of comparative advantage, it is also possible for countries to specialize in and depend more on pollution-intensive industries, which makes transition to a green economy more difficult. Therefore, when crafting TCB actions, it is important to take sustainability into account so that trade could promote sustainable development rather than undermining it.<sup>149</sup>

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<sup>149</sup> OECD, “Trade and the Environment - OECD,” accessed November 16, 2021, <https://www.oecd.org/trade/topics/trade-and-the-environment/>.

## Possible Solutions

### ***Develop digital infrastructure in LDCs***

Some nations still struggle with basic access to internet and mobile network coverage. To ensure that these countries can benefit more from WTO's programming, the organization should help them develop digital infrastructure. Although financial support quickly comes to mind, effective solutions must go beyond simple fundraising. The WTO should increase access to necessary technologies in LDCs. One way to do this is through RCs. As mentioned earlier, the number of RCs is increasing. To accommodate all RCs—not just the targeted group of beneficiary countries—under a limited budget, the WTO should find ways to improve the efficiency of managing RCs. This solution could relate to bolstering the Aid for Trade Initiative, proposing alternative fundraising strategies, or any other ideas which would increase management efficacy. In terms of broadening access to technologies, an important consideration here is to provide RCs with the technologies that fit best with their existing infrastructure and development.

Aside from increasing accessibility to hardware, expanding access to software, such as (online) international payment systems would allow LDCs to participate more effectively in international trade.

### ***Implement mandatory contribution standard for technical assistance/trade capacity programs***

The WTO requires mandatory contributions from its member nations, but technical assistance and trade capacity programs are not the focus of these mandatory contributions. The WTO could propose a change to contributions from member nations and it could also reallocate additional contributions towards special TRTA activities, rather than depending on the Global Trust Fund for this money. Delegates should consider how this contribution should be raised for different nations and how to face potentially strong pushbacks. How can the WTO convince all member states to agree on this? If members agree, what should be the new rule? For the most developed nations, should the contributions be raised by a larger increment than for others?

### ***Take a more active role in building trade capacity***

The WTO primarily gives technical assistance, but it also cooperates with other international organizations to take more diverse approaches to the issue. The WTO could develop new programs to build trade capacity. Delegates can explore possible synergies between the WTO's current infrastructure for technical assistance and how these might be used to serve other agendas. For example, delegates may consider education on technology. While the WTO does assist with education on how to use the technological resources it provides for the RCs, as evidenced by the issues CARICOM brought forth, it is still lacking. As mentioned above with developing digital infrastructure in LDCs, with e-commerce in particular, developing countries will need proper education on relevant digital skills to create the necessary digital infrastructure to prosper. Other considerations may be working more closely with educational organizations like UNESCO to educate the public more broadly on trade and other hard and soft skills.

## Bloc Positions

By and large, the international community is separated by trade into developed and developing countries. Countries may also be separated by their status as beneficiaries (countries which are designated WTO Chairs), or specific trade interests with other countries.

### ***Developed Countries***

Developed countries (DCs) are countries that are the most prepared for world trade. They have the resources including the necessary physical and digital infrastructure, as well as education. As shown previously, DCs are required to contribute a larger amount of funding to the WTO. They may be more resistant to many approaches to building trade capacity in LDCs, as such approaches will likely require more money from them. Yet, some DCs may support increasing their own contributions for their specific agendas. Therefore, delegates should consider how their respective countries prioritize their social and economic agendas to understand what positions they should take.

### ***Least Developed Countries***

LDCs are countries that are less prepared for world trade. They often lack the resources (the physical and digital infrastructure), education and experience necessary to trade on the global stage. As mentioned in Topic A, developed countries have strong incentives to commit biopiracy for the rich resources of developing countries. LDCs may be unable to develop a comparative advantage in their resources without the aid of the WTO and DCs to build trade capacity.

In some cases for LDCs, their respective domestic economies may have industries which are struggling to get off the ground, especially those which require advanced technology. Feeling threatened, trade barriers in developing countries are often higher than those in developed countries in recent years. While considering the benefits of trade and how LDCs can best achieve trade, delegates should keep in mind that even if trade barriers are lowered, this may not solve the issues at hand. Additionally with trade preferences, where LDCs are given concessions based on their disadvantageous position, economic issues may still persist.

With regards to LDCs and trade preferences, there is a difference in the effect on African and Asian countries. Asian countries tend to have more advantageous production capabilities, so they are better able to leverage the trade preferences of the WTO, while many African countries lack such production capability and are highly dependent on the demand for a small set of products. “The economies of most LDCs just aren’t flexible enough to respond quickly to changes in international prices that result from lower taxes.”<sup>150</sup> Delegates for Asian countries should consider how further trade preferences might be beneficial, while delegates for African countries should especially push for measures related to digital infrastructure and other influences which may help develop their domestic industries.

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<sup>150</sup> “The Need Directly to Target Sustainable Productive Capacity in Least Developed Countries | LDC Portal.” *United Nations*, United Nations, <https://www.un.org/ldcportal/the-need-directly-to-target-sustainable-productive-capacity-in-least-developed-countries/>.

## Glossary

**Adjusted assistance:** Assistance given in response to employment shifts due to trade

**Aid for Trade Initiative:** Mobilizes resources to address trade-related constraints in developing countries<sup>151</sup>

**Comparative Advantage:** The ability to produce a good or service at a lower opportunity cost compared to competitors<sup>152</sup>

**E-learning:** Electronic learning; courses which take full advantage of information technology and the Internet<sup>153</sup>

**Export:** Goods produced domestically, but sold abroad<sup>154</sup>

**Generalists:** Government officials who will need a broad knowledge of the WTO to conduct their work, such as capital-based officials dealing with WTO issues or delegates posted to Geneva missions with general responsibility for WTO affairs

**Human capital:** The economic value of a worker's experience and skills<sup>155</sup>

**Import:** Goods purchased domestically, but produced abroad<sup>156</sup>

**Institute for Training and Technical Cooperation (ITTC):** Coordinates TRTA<sup>157</sup>

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<sup>151</sup> "Aid for Trade - Gateway." *WTO*, [https://www.wto.org/english/tratop\\_e/devel\\_e/a4t\\_e/aid4trade\\_e.htm](https://www.wto.org/english/tratop_e/devel_e/a4t_e/aid4trade_e.htm).

<sup>152</sup> Hayes, Adam. "Comparative Advantage." *Investopedia*, Investopedia, 27 Sept. 2021, <https://www.investopedia.com/terms/c/comparativeadvantage.asp>.

<sup>153</sup> "World Trade Organization." *WTO*, [https://www.wto.org/english/tratop\\_e/devel\\_e/train\\_e/elearning\\_e.htm](https://www.wto.org/english/tratop_e/devel_e/train_e/elearning_e.htm).

<sup>154</sup> "Imports and Exports." *Corporate Finance Institute*

<sup>155</sup> Kenton, Will. "Reading into Human Capital." *Investopedia*, Investopedia, 20 Sept. 2021, <https://www.investopedia.com/terms/h/humancapital.asp>.

<sup>156</sup> "Imports and Exports." *Corporate Finance Institute*, 3 Feb. 2021, <https://corporatefinanceinstitute.com/resources/knowledge/economics/imports-and-exports/#:~:text=What%20are%20Imports%20and%20Exports,than%20buying%20domestically%20produced%20items.&text=Exports%20are%20goods%20and%20services,customer%20residing%20in%20other%20countries>.

<sup>157</sup> "World Trade Organization." *WTO*, [https://www.wto.org/english/tratop\\_e/devel\\_e/teccop\\_e/ittc\\_e.htm](https://www.wto.org/english/tratop_e/devel_e/teccop_e/ittc_e.htm).

**Opportunity Cost:** The cost of making a decision; represents the loss of potential benefits one incurs when they choose one alternative over the other<sup>158</sup>

**Specialists:** Government officials who will require in-depth knowledge in a specific area, such as those officials working on a specific issue in a particular Ministry in their capital

**Supply-side constraints:** Limited supply of a good or service, typically due to general limitations in the business environment (macroeconomic factors)

**Technical Assistance Coordination Task Force (TAC):** Implements TRTA<sup>159</sup>

**The Progressive Learning Strategy (PLS):** The WTO's approach to technical assistance and its plan for specific training activities<sup>160</sup>

**Trade capacity:** The capacity to do trade<sup>161</sup>

**Trade-Related Technical Assistance Activities (TRTA):** Technical assistance activities aimed at improving the ability to participate in the WTO, and by extension world trade<sup>162</sup>

**Trust Funds:** A legal entity that holds assets until an intended recipient is able to receive them<sup>163</sup>

**WTO Chairs Programme:** The WTO Chairs Programme aims to support and promote trade-related academic activities by universities and research institutions in developing and least-developed countries<sup>164</sup>

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<sup>158</sup> Fernando, Jason. "What Is Opportunity Cost?" *Investopedia*, Investopedia, 28 Sept. 2021, <https://www.investopedia.com/terms/o/opportunitycost.asp>.

<sup>159</sup> "World Trade Organization." *WTO*, [https://www.wto.org/english/tratop\\_e/devel\\_e/teccop\\_e/tamc\\_e.htm](https://www.wto.org/english/tratop_e/devel_e/teccop_e/tamc_e.htm).

<sup>160</sup> *WTO Progressive Learning Strategy (PLS)*. [https://www.wto.org/english/tratop\\_e/devel\\_e/teccop\\_e/pls\\_e.pdf](https://www.wto.org/english/tratop_e/devel_e/teccop_e/pls_e.pdf).

<sup>161</sup> "Trade Capacity Building: Foreign Assistance for Trade and Development." *EveryCRSReport.com*, Congressional Research Service, 5 Feb. 2008, <https://www.everycrsreport.com/reports/RL33628.html>.

<sup>162</sup> "WTO Technical Assistance and Training." *WTO*, [https://www.wto.org/english/tratop\\_e/devel\\_e/teccop\\_e/tct\\_e.htm](https://www.wto.org/english/tratop_e/devel_e/teccop_e/tct_e.htm).

<sup>163</sup> Napolitano, E. "Trust Funds: They're Not Just for the Wealthy." *Forbes*, Forbes Magazine, 25 Aug. 2021, <https://www.forbes.com/advisor/investing/trust-fund/>.

<sup>164</sup> "World Trade Organization." *WTO*, [https://www.wto.org/english/tratop\\_e/devel\\_e/train\\_e/chairs\\_prog\\_e.htm](https://www.wto.org/english/tratop_e/devel_e/train_e/chairs_prog_e.htm).

**WTO Reference Centres (RCs):** Centres with trade-related information technology resources<sup>165</sup>

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<sup>165</sup> “World Trade Organization.” *WTO*, [https://www.wto.org/english/tratop\\_e/devel\\_e/train\\_e/ref\\_centres\\_e.htm](https://www.wto.org/english/tratop_e/devel_e/train_e/ref_centres_e.htm).

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## Appendix

Donor (CHF)	2016	2017	2018	2019	2020
Australia			17,927		
Australia — Transfer from TEVAL		52,756			
Australia — Transfer from TNDAT					7,699
Austria	109,000	215,200	233,200	226,600	219,800
Canada					62,633
Denmark					
Estonia	21,800	21,520	23,320	22,800	22,040
European Union	1,294,800		1,164,800	1,128,400	1,095,200
Finland			1,159,000		
France	433,200	455,600	519,300	488,250	483,402
Germany	1,083,000	1,139,000	1,133,000	1,099,000	
Japan	218,634	233,669		231,601	124,256
Korea	347,200	331,100	298,800		343,996

Liechtenstein	40,000	40,000	40,000	40,000	40,000
Lithuania		20,273	30,316	22,800	53,930
Netherlands	490,000	490,000			
Netherlands — Reimbursement		(299,402)			
Norway	1,059,571	722,022		541,213	
Norway — Transfer from TEVAL		55,158			
Sweden	1,253,700	1,984,880	2,154,955	1,955,184	2,008,127
United States	529,036	571,172	600,547	485,122	87,570
Total Contributions Received	6,879,941	6,169,278	7,375,165	6,240,970	5,096,643
Total Contributions including transfers & reimbursement		5,977,790			5,104,