

1.2. Trading Up – The Trans Pacific Partnership (TPP) – Promoting Waves of Innovation

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1. TPP will liberalise market access for traded goods and services across an area representing 40% of global GDP, while closing gaps in intellectual property protection in a balanced manner. This combination will boost incentives for innovation.
2. Innovative firms using various business models (e.g., proprietary or open innovation) will find new opportunities thanks to the improved market openness. For example, there may be new gains available from specialisation and increased exploitation of economies of scale. Businesses will also face increased competition and may find advantages in the market place through product differentiation.
3. TPP may provide building blocks for increased economic development. Developing countries like Chile, Malaysia, Peru or Vietnam may gain access to a large pool of innovation via the opening of markets and may benefit from technology transfer. Developed countries like the US and Japan will be able to market each innovative product to more customers, thereby incentivising further innovation.

Priority theme: The strengthening of intellectual property rights works provides market exclusivity or other benefits to rights holders. In order to ensure market dynamism, it is important to complement the intellectual property rights with an appropriate competition regime that ensures the ability of new competitors to enter markets and to ensure fairness in competition. It would be useful to explore the appropriate balance in policy settings between these two policy domains. What aspects are important for a just and economically favorable outcome? What can we say empirically? What are key lessons from experience around the world, with potential for application in the TPP area?