

Proposal for a WTO Agreement on the Supply of Global Public Goods

James Love
Knowledge Ecology International

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What is the proposal?

- A WTO Agreement that combines voluntary offers with binding commitments to supply public goods
- The agreement would be analogous to existing WTO commitments to reducing tariffs, subsidies or liberalizing services, and would be modeled in many respects after the WTO General Agreement on Trade in Services (GATS)

Global Public Goods

- Classic economics definition
 - non-rival in consumption
 - Non-excludability
- The International Task Force on Global Public Goods
 - “address issues that are deemed to be important to the international community;
 - Cannot, or will not, be adequately addressed by individual countries acting alone,
 - Must be addressed collectively on a multilateral basis, by both developed and developing countries.

Examples of Global Public Goods

- International economic stability, Security (political stability), Environment, Regulations for Civil Aviation and Telecommunications, Humanitarian assistance, and Knowledge
- The focus of today will be a proposal for a mechanism to address the under-supply of certain types of knowledge resources as public goods, but the mechanisms are applicable to a wide range of public goods.

Why is there an under-supply of global public goods?

- Many reasons: from “sovereignty”, differing preferences and priorities, and the free rider problem
- For public goods involving knowledge, the private sector’s role is growing (Wikipedia, IETF, W3C, Creative Commons), but these efforts are insufficient to address many problems, and actions by governments are necessary
- Governments have greater incentives to increase the welfare and consumption of their citizens than to contribute to the entire world, so there is an under supply of “global” public goods

What is the World Trade Organization?

From the WTO web page:

“Above all, it’s a negotiating forum . . . Essentially, the WTO is a place where member governments go, to try to sort out the trade problems they face with each other. . . . **the WTO is not just about liberalizing trade, and in some circumstances its rules support maintaining trade barriers — for example to protect consumers or prevent the spread of disease. . . Although negotiated and signed by governments, the goal is to help producers of goods and services, exporters, and importers conduct their business, while **allowing governments to meet social and environmental objectives”****

The WTO is now used to liberalize trade in private goods

- For the WTO, trade liberalization is under-supplied, because of free riders and the dynamics of prisoners dilemma.
- Countries negotiate and aggregate binding commitments so that the collective benefits of liberalization are large (and the cost of being excluded is prohibitive).

The WTO TRIPS Agreement is largely about the supply of knowledge as a private good

- TRIPS is largely about promoting the enclosure and privatization of knowledge through a set of mandatory IPRs
- The TRIPS Agreement requires restrictions on the free movement of goods, and permits restrictions of parallel trade
- There are deliberate inefficiencies imposed on some uses of compulsory licensing of patents (limits on both imports and exports)

A WTO Agreement on the supply of global public goods would:

- Focus on a the creation of a schedule of voluntary but binding commitments to enhance supply of heterogeneous public goods,
- Be modeled in some ways on the GATS (for ex. a country would not have to make any offer),
- Provide benefits to WTO members, by
 - Allowing countries to aggregate willingness to pay for or supply certain goods when it is dependent upon matching offers by third party, and
 - Introducing another “ask” or counter-offer element in broader WTO negotiations.

sui generis offers

Unlike tariffs or other measures that are similar enough to lend themselves to formulas or general approaches, many interesting and important public goods projects by their nature so unique that general approaches as too difficult or impossible to manage. In such cases, *sui generis* offers to supply would be appropriate.

Standardized offers

In some cases, it will be useful to include in the schedule of offers standardized offers for specific public goods or specific norms. The agreement should provide a process under which such standardized offers are transparently proposed, noticed, and re-negotiated, before having the status of a standardized offer. It should not be necessary to have consensus on the form of such standardized offers, but there could be a threshold to indicate sufficient support for the standard, including, possibly, support from different regions. Where appropriate, this could include input from other multilateral bodies with relevant competence.

A standardized offer could include agreed upon definitions and terms of reference that would make it clear what the nature of the obligation was, and was not. The existence of the standardized offer would make it more efficient to negotiate, and provide an opportunity for improving the nature of the offer, making it more useful and appealing to other WTO members, and thus more valuable as a bargaining chip.

Examples of potential ask/offers

- Funding:
 - Biomedical research in areas of priority, such as new antibiotics, development of drugs and vaccines for AIDS, tuberculosis, malaria and other neglected diseases.
 - Independent third party clinical trials on medicines and vaccines
 - Inducement prizes to reward open source innovation in areas of climate change, sustainable agriculture and medicine.
 - Patent buy-outs
 - Buying e-book rights for open course materials
 - Projects to improve functionality and usability of free software
 - Open public domain tools for distance education
 - Open access databases of satellite images or climate data
 - Wikipedia server costs

Examples of potential ask/offers, con't

- Agreements on sharing knowledge and technology
 - Public databases of course syllabi
 - Placing scholarly research based upon government grants in open archives (such as the US NIH policy)
 - Open royalty free licensing of government funded inventions
 - Medicines Patent Pool
 - Green technology
 - Agricultural

Additional examples of potential ask/offers in the area of humanitarian public goods

- Treatment for neglected populations
 - Funding of the Global Fund for AIDS/TB and Malaria
 - Funding of UNITAID
- R&D for neglected diseases
 - Grants for medical research, such as funding for WHO TDR program, IAVI, TB Alliance, FIND, DNDi, etc.
 - Innovation inducement prizes
 - \$100 million prize for low cost TB diagnostic device
 - \$250 prize for new treatments for Chagas Disease

Issues for greater study

- What would qualify?
 - Sui generis offers
 - Standardized offers
- What can go wrong?
 - A schedule may create incentives to withhold or delay the supply of Public Goods, which are now a potential bargaining chip
 - Developing countries could see it as knowledge mining
 - Evaluation and enforcement of follow-through to commitments
 - Binding but not irreversible to avoid low productivity projects?
 - Weaker parties
 - Unsustainable obligations
 - Could make achieving consensus even more difficult

Research Agenda

1. Exploration of the type of projects that might be appropriate.
2. Analysis of intellectual property issues.
3. Procedures for both *sui generis* and standardized offers.
4. Relationship between trade liberalization framework and global public goods.
5. Possible extensions to humanitarian assistance, environment or technology transfer to developing countries.
6. Analysis of the risks, and tools to manage the risks, of negative outcomes.

Conclusion

Global Public Goods are under-supplied

- This won't change without global mechanism to address free/rider/prisoners dilemma issues

The WTO has strong enforcement measures, and useful models for inducing voluntary but binding offers

- There is no reason why trading can only be used to promote trade and consumption of private goods

If not the WTO, then how and where?

- It's not easy, but the alternatives are not easy either

For more information

Knowledge Ecology International

<http://www.keionline.org>

<http://keionline.org/wtoandpublicgoods>

