

WTO's Role in Vaccine Equity

Geneva – Trade ministers from four countries – the United States, European Union, India and South Africa – offered differing perspectives yesterday on the issue of how to ensure equitable distribution of COVID-19 vaccines, with US Trade Representative Katherine Tai calling for “extraordinary leadership during this extraordinary time.”

The ministers spoke at a meeting convened by World Trade Organization Director General Ngozi Okonjo-Iweala, who believes the global trade body has a role to play in vaccine distribution. Some 100 WTO members are supporting a proposal from India and South America to waive the Agreement on Trade-Related Intellectual Property, arguing that it would allow developing countries to boost vaccine productions.

Without committing to any specific proposal, Ms. Tai “emphasized her commitment to finding solutions that address the gaping divide between developed and developing countries when it comes to access to medicines.”

“Humanity,” said Ms. Tai, is “facing a public health and economic crisis that we struggle to manage and overcome.” The USTR said she wanted to hear more “about how the market once again has failed in meeting the health needs of developing countries. As part of that we have to consider what modifications and reforms to our trade rules might be necessary to reflect what we have learned.”

“Extraordinary crises challenge all of us to break out of our comfortable molds, our in-box thinking, our instinctive habits,” she argued.

EU Trade Commissioner Valdis Dombrovskis spoke in favor of voluntary licenses and using the existing TRIPS flexibilities, such as compulsory licenses among others. He also called for “ensuring transparency and effective monitoring of any temporary export restriction, as proposed by the Ottawa group.”

India, South Africa

In sharp contrast, the trade ministers of India and South Africa pressed for the TRIPS waiver that seeks to suspend several provisions – copyrights, industrial designs, patents and undisclosed information – to ramp up global production of diagnostics, therapeutics and vaccines in order to combat the pandemic.

India said the shortfalls in vaccines are due to limited licensing agreements, emphasizing that the TRIPS waiver can address issues concerning prevention, treatment, and containment of COVID-19. Indian Trade Minister Piyush Goyal also assured the participants that the proposed waiver is not intended to take away protections offered to pharmaceutical manufacturers. The waiver is only meant for COVID-19 vaccines and associated medicines, said participants familiar with the proceedings.

South Africa’s Trade Minister Ebrahim Patel also underscored the need for the TRIPS waiver, suggesting that it would give developing countries the capacity to take control and engage on issues concerning the ramping-up of production.

Significantly, the meeting also witnessed sharply differing views between the representatives of Pfizer and Moderna on the one sides and vaccine manufacturing companies from the developing world on the other, said participants who asked not to be quoted.

In her concluding remarks, the WTO Director General Okonjo-Iweala acknowledged the differences seen among participants at the half-day virtual meeting. Differences emerged “on issues concerning the future shape of vaccine supply chains, on the appropriate role of intellectual property protections, on issues of vaccine contract transparency- which was pointed to by many as an important factor in appropriate pricing and distribution and a critical part of access and equity,” she noted.

Ms. Okonjo-Iweala said “concerns expressed by some about cross-border supply chain operations, including export restrictions and shortages of skilled personnel reinforced my view, and hopefully that of members that the WTO must and can play a central part in the response to this crisis.”

She said various perspectives about the TRIPS agreement, and whether the existing flexibilities are enough to address developing country needs were put on the table. But these issues were discussed at the TRIPS Council where the sponsors of the TRIPS waiver demonstrated in detail that the existing TRIPS flexibilities like compulsory licensing remain country-specific and inadequate to address the unprecedented pandemic, several participants told WTD.

TRIPS Council

The Director General placed emphasis on the need for reducing export restrictions and advancing negotiations in the TRIPS Council on the waiver proposal and incentives for research and innovation. TRIPS Council chair Ambassador Dagfinn Sørli said that questions about how the TRIPS provisions constitute a barrier have not been addressed.

The former TRIPS Council chair Ambassador Xolelwa Mlumbi-Peter from South Africa said the time has come for entering into text-based negotiations, suggesting that the continued discussions seem irrelevant against the backdrop of the worsening COVID-19 pandemic.

Separately, over 170 former heads of state and government and Nobel laureates urged President Biden yesterday to support the proposed TRIPS waiver. In an open letter, the former world leaders and Nobel Laureates encouraged President Biden to “let this moment be remembered in history as the time we chose to put the collective right to safety for all ahead of the commercial monopolies of the few.”

Ways-Means GOP on TRIPS

House Ways and Means Committee Republicans are urging President Biden to make clear that the United States will continue to support strong intellectual property protections and oppose a proposal to waive the World Trade Organization’s TRIPS agreement.

Supporters of the waiver say it will allow developing countries to step up the production of COVID-19 vaccines.

The Republicans charged that those countries backing the waiver are long-time critics of strong intellectual property rights and are using the pandemic to weaken those rules.

“Waiving IP rights will only frustrate ongoing efforts to produce and distribute safe and effective vaccines,” the lawmakers wrote.

“The challenges to faster vaccine manufacturing are complex and relate to the technical and logistical barriers to rapidly and safely scaling-up production. To address these challenges, American companies are collaborating on an unprecedented scale to share resources and expertise to address supply chain issues and expand manufacturing capacity as quickly as possible,” they said.

“The misguided proposal before the WTO distracts from addressing these manufacturing issues and logistical hurdles, which constitute actual challenges to getting vaccines and therapeutics to people around the world,” the lawmakers warned.

“We therefore encourage your Administration to make clear that the United States will continue its longstanding leadership in promoting strong IP protections internationally,” they told the President. “If the United States, the world’s most dynamic economy and greatest champion of IP and research-intensive industries, which support at least 45 million jobs here at home, fails to defend these rights, then we would lose vital research and development capacity needed to prepare for future pandemics and other health security threats. Ceding America’s leadership on IP also would erode our country’s significant advantages in biomedical research, opening the door to China and other countries that would gladly take advantage of free access to the fruits of U.S. R&D investments in order to supplant our nation’s global leadership in innovative industries.”

Tai on Trade and Environment

US Trade Representative Katherine Tai met yesterday with environmental leaders in advance of a speech she will give today setting out how the Administration's trade policy will complement the President's desire to deal with climate change.

Ms. Tai is slated to speak this afternoon on the "greening" of US trade policy at a virtual event sponsored by the Center for American Progress.

In her virtual meeting yesterday, Ms. Tai discussed the "urgent need for innovative, pragmatic and solutions-oriented ideas to protect the environment and tackle climate change," according to a readout from her office.

The Ambassador "shared her belief that trade policy is an essential and strategic part of meeting the challenge of climate change and protecting the environment," the readout continued. "She emphasized that climate mitigation is a global challenge that will require a global solution, and the current rules of globalization are not equipped to deliver that solution."

Participating in the meeting were officials from the Center for American Progress, Environmental Defense Fund, Natural Resources Defense Council, National Wildlife Federation, Sierra Club, BlueGreen Alliance, World Resources Institute US, World Resources Institute, Climate Action Campaign, League of Conservation Voters, Environmental Investigation Agency, Gulf Coast Center for Law and Policy, Oceana, World Wildlife Fund and NextGen America.

Members Urge Pork Access to Vietnam

The National Pork Producers Council is urging members of Congress to sign a letter to US Trade Representative Katherine Tai asking her to seek better access for US pork to the Vietnamese market.

The letter currently is being circulated by Reps. Ron Kind (D-Wis), Darin LaHood (R-Ill), Dusty Johnson (R-SD) and Jim Costa (D-Calif).

In the letter, the lawmakers urge Ms. Tai to negotiate with Vietnam on elimination of its tariffs on US pork. "We stand ready to assist as you engage Vietnam on the full range of trade issues and urge you to work with Vietnam to lower the MFN rates for US pork," the letter states. "Domestic pork producers need a level playing field to compete in this critical market, particularly after being devastated by trade retaliation and the global pandemic."

"While you discuss the full range of trade issues with Vietnam, including those subject to Section 301 investigations, please consider pressing for further market access for US pork to support these domestic producers," according to the letter.

US pork producers have faced trade retaliation over the past few year from top export destinations, like Mexico and China, along with supply chain disruptions caused by the COVID-19 pandemic, the lawmakers note.

"Pork exports add significantly to each US pork producer's bottom line, with exports accounting for more than 27 percent of US production and adding more than \$58 to the value of each hog marketed," it continues. "Most importantly, roughly 110,000 jobs in the US pork and allied industries are supported by these exports."

McCaul Questions Iran-China Ties

House Foreign Affairs Committee ranking Republican Michael McCaul (Texas) is asking Secretary of State Antony Blinken for information on the relationship between Iran and China, including whether Beijing is violating US sanctions.

Rep. McCaul expressed concern about China's ability as a permanent member of the UN Security Council to block efforts to sanction Iran and Beijing's investment in Iran in order to access Iranian oil.

In a letter to the Secretary, Rep. McCaul asked for responses to a number of questions by May 7,

including:

- Describe, in detail, each instance of a Chinese entity violating US sanctions on Iran.
- Has the United States raised these sanctions violations in diplomatic discussions with China? If so, please provide details of these engagements.
- Does the Administration plan to enforce sanctions by punishing violations by Chinese entities moving forward?
- Are Chinese entities selling conventional weapons to Iran? If so, please provide details regarding these capabilities.
- Does the Administration assess that the March upscaling of Chinese investment flows into Iran, and any infrastructure that may result, presents strategic threats for US interests in the Middle East and its sea lines of communication? If so, please describe such threats.
- What impact has the increase in oil trade between Iran and China had on global oil supply and prices? Has this trade influenced OPEC+ production cuts or increases?
- Has there been an adverse effect on U.S. industry as a direct result of the increase in oil trade between Iran and China? If so, please describe the effect.
- Does the Administration assess that enforcing sanctions by punishing violations would impact the ability of Iran to continue exporting oil to China or of China to continue importing oil from Iran? If so, to what degree would enforcement of sanctions violations impact this ability?
- What is your assessment of PRC and Iranian intelligence services' level of cooperation? Do you expect that to increase in the future?

Kevin Brady to Retire

House Ways and Means Committee ranking Republican Kevin Brady (Texas) announced yesterday he intends to retire after his current term in office.

Mr. Brady said the fact that House Republican rules would prevent him from continuing as ranking Republican – or Ways and Means Chairman if control of the House should change – played a role in his decision to step down after his 13th term in office.

In remarks to his constituents in Texas, Mr. Brady said he is proud of his role in enacting a tax cut package during the Trump Administration, along with the US-Mexico-Canada Agreement.

“In the end, I’ll leave Congress the way I entered it, with the absolute belief that we are a remarkable nation – the greatest in history,” he said.

Around the Globe

- Taiwan said on Wednesday its chip companies will adhere to U.S. rules after Washington added seven Chinese supercomputing entities last week to an economic blacklist and after a Taipei-based chipmaker halted orders from one of the entities named, Reuters news service reported. The U.S. Commerce Department said the seven Chinese entities were “involved with building supercomputers used by China's military actors, its destabilizing military modernisation efforts, and/or weapons of mass destruction programs.”

Companies or others listed on the U.S. Entity List are required to apply for licenses from the Commerce Department that face tough scrutiny when they seek permission to receive items from U.S. suppliers. Tech-powerhouse Taiwan's firms are major suppliers of semiconductors globally, and Economy Minister Wang Mei-hua said they would follow Taiwanese and U.S. rules. “Our companies, whether producers or exporters, must accord with our country's rules. Of course the United States has new rules, and our companies will pay attention and accord with the key criteria of the U.S. rules,” she told reporters.

The U.S. move came amid its rising tensions with China over Taiwan. China has never renounced the use of force to bring the democratically ruled island under its control. It also came amid a global shortage of semiconductors that has thrust Taiwan centre-stage into the technology supply-chain.

On Tuesday, Taiwan's Alchip Technologies Ltd said it had stopped production for all products related to Tianjin Phytium Information Technology, which is on the new U.S. list. Alchip, which said 39% of its revenue last year came from Phytium, added that it was collecting "detailed documents for our U.S. counsel to determine if the products are subject to EAR (Export Administration Regulations)."

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