

The Role of Intellectual Property Rights in Trade Facilitation Agreements and the Economic Implications of Reducing the Barriers for the Protection of Intellectual Property Rights

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Mexico promotes structural reforms that will enhance productivity, growth, economic development, competitiveness and international trade

In 2014:

14° World largest Economy

15° World's largest Exporter

1° Latin America's largest Exporter

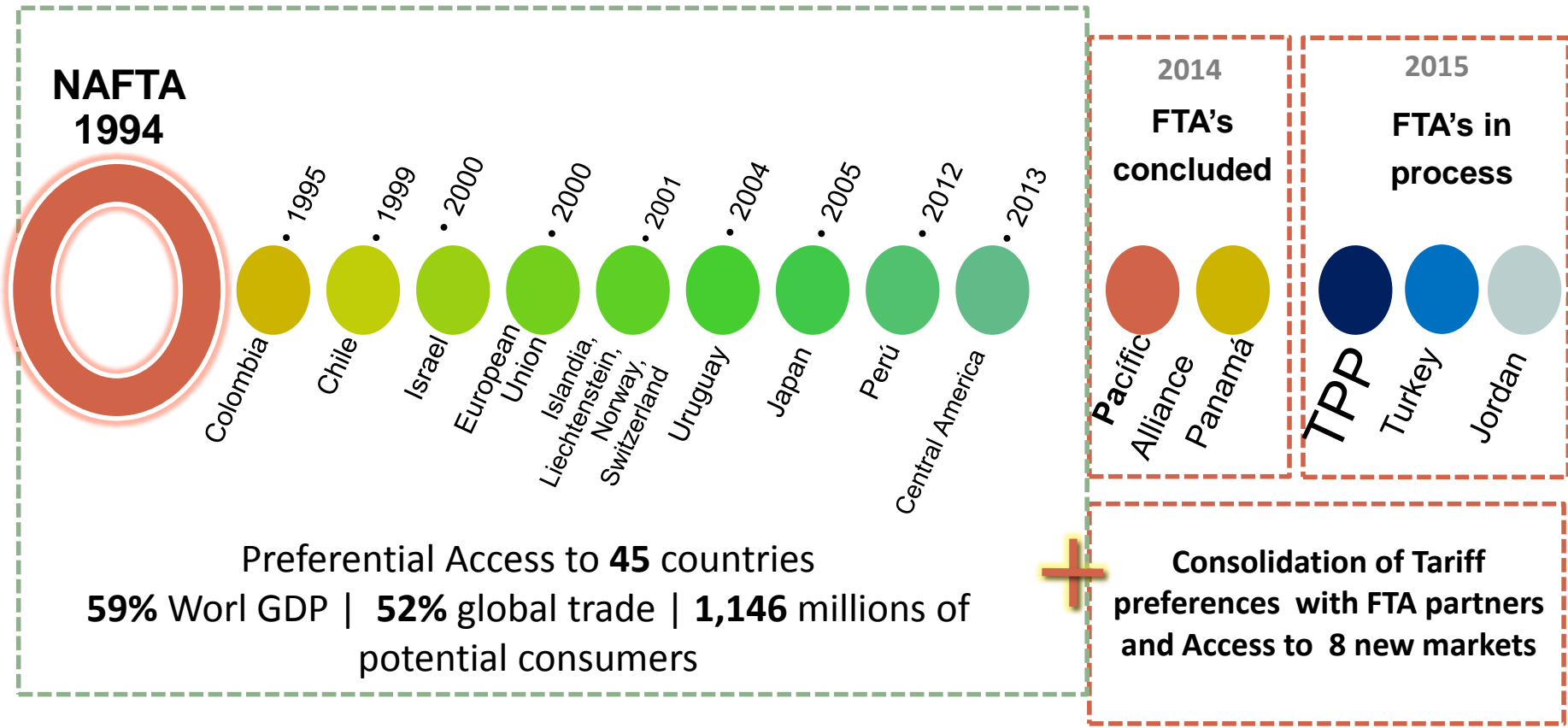
\$761 mmd Trade

\$351.5 mmd FDI from 1999 to 2013

118 millones Consumer Market



FTA network



10 FTAs | 45 countries | 31 BITs | 6 ACEs | 3 AAPs

Regional competitiveness

Global Environment

- **Enhance efficiency:**
 - Competitiveness for greater participation in global chains

- **Regional Integration to compete**

- **“Manufacturing renaissance”**
 - New patterns of production and ways to generate value added

- **Reshaping manufacturing points globally**

Impact on México

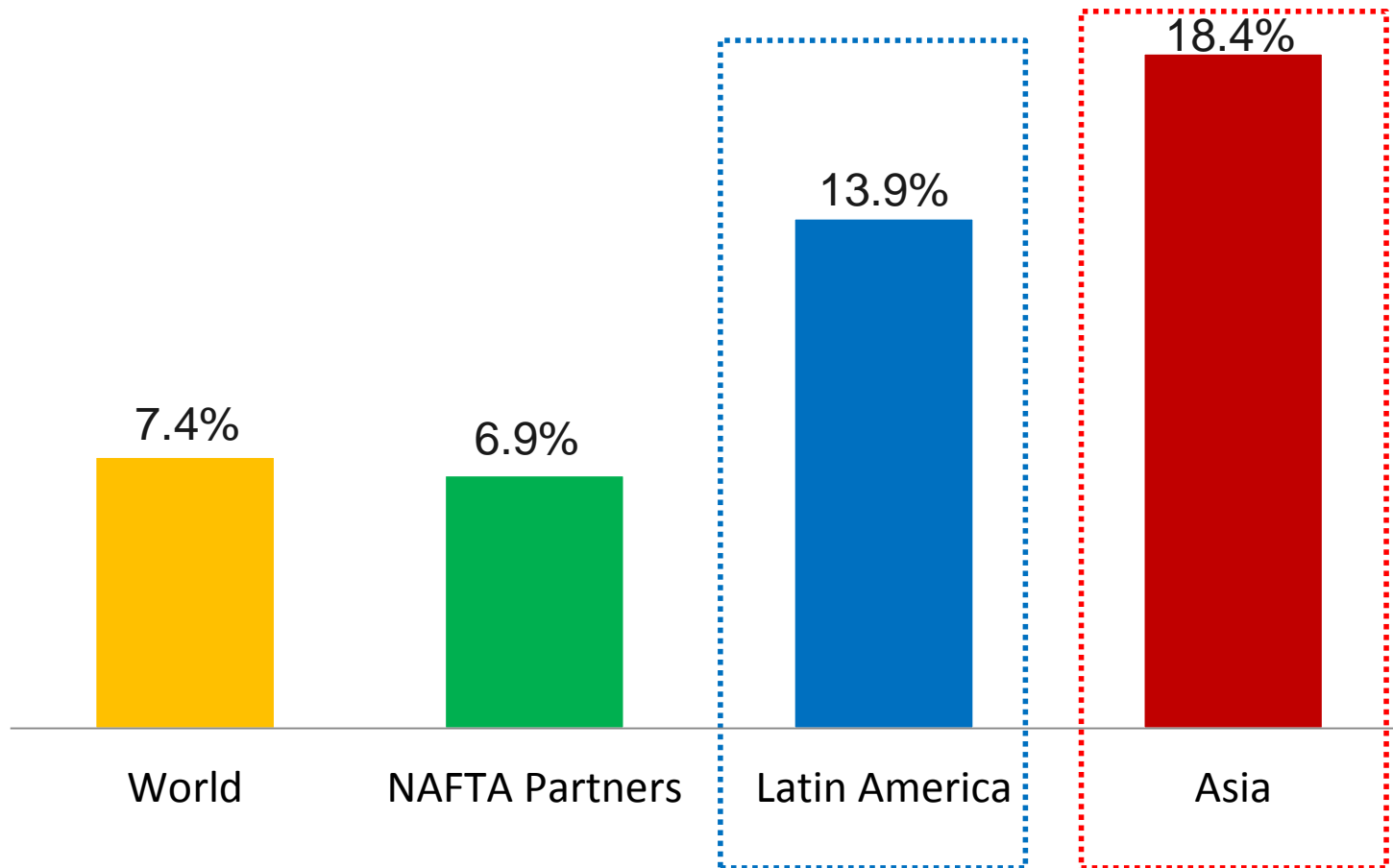
- Mexico is one of the biggest beneficiaries of the gradual erosion of the cost advantages of China. It will strengthen its position as a supplier of goods in North America over the next three years. (BCG)

- Mexico will be one of the six major economies in 2025 (Accenture).



Mexico's Export Performance

Annual Growth Rate
2005-2013



[Objective 5.3 PND] Reaffirm the commitment with the Free Trade , capital movement and productive integration

1. Asia and Oceania

TPP

EPA Japan (optimización)
Relaunch of relations with China

2. North America

NAFTA, HLED , CMP

5. Protect the
commercial interest of
Mexico in the
international markets

4. Europe and Middle East

EU FTA and EFTA (optimization)
Turkey and Jordan (in process)

3. Latin America

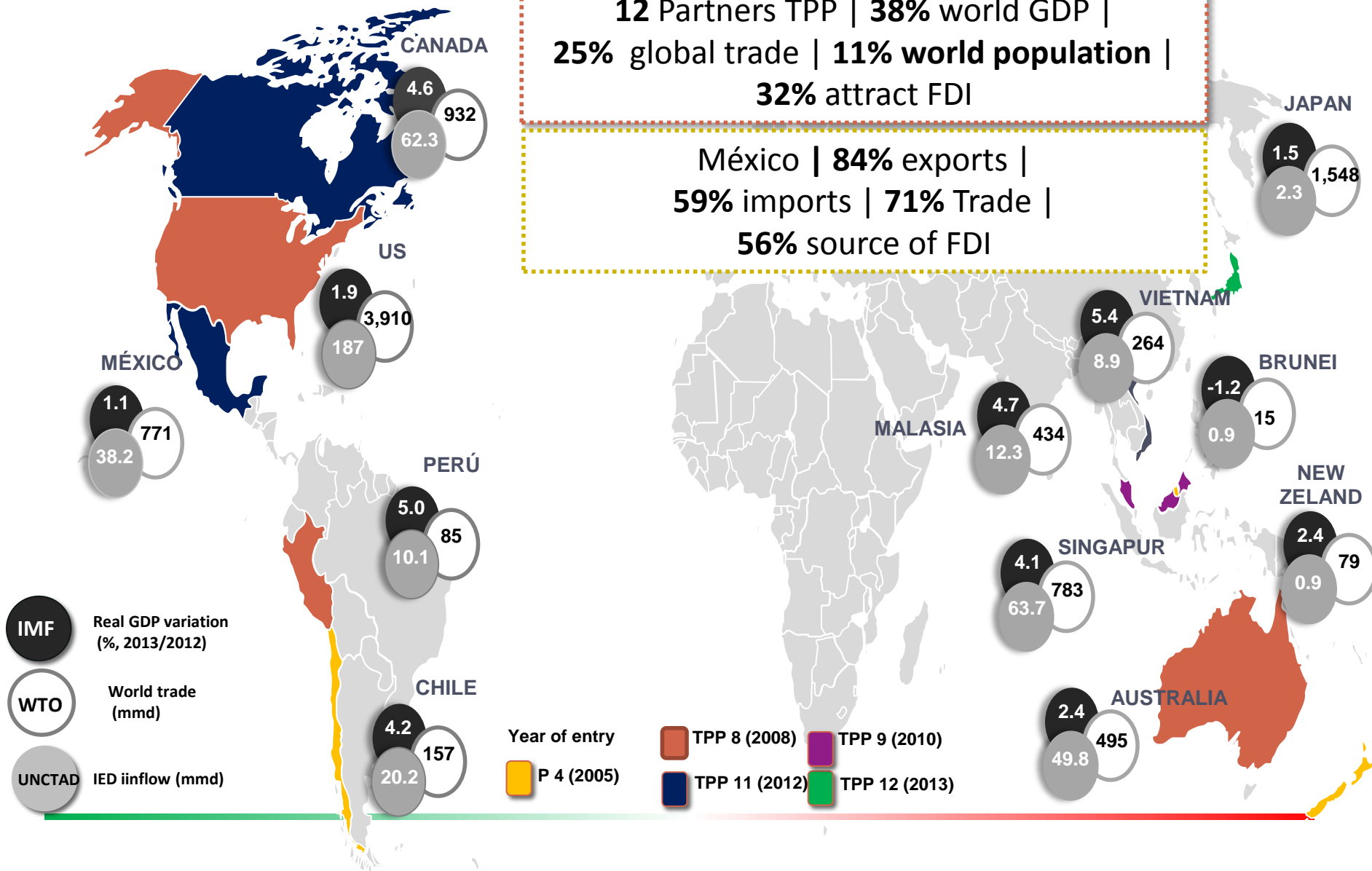
Pacífico Alliance
Panama, Cuba (Concluded)
Argentina, Uruguay, Brasil



Economic Relevance of TPP (2013)

12 Partners TPP | 38% world GDP | 25% global trade | 11% world population | 32% attract FDI

México | 84% exports | 59% imports | 71% Trade | 56% source of FDI



IMF Real GDP variation (% 2013/2012)

WTO World trade (mmd)

UNCTAD IED inflow (mmd)

Year of entry

- P 4 (2005)
- TPP 8 (2008)
- TPP 9 (2010)
- TPP 11 (2012)
- TPP 12 (2013)

TPP Strategic Importance

Importance to México

Asia-Pacific is one of the fastest growing economic regions

- Involves our major trading partners
- Certainty of Access to new 6 markets
- Additional 200 millions of potential consumers

Objectives

Up date of the NAFTA preferences

- Preserving competitive advantages
- Strengthen supply chain in North America
- Promote innovation, economic growth, development and competitive bussiness environment

Oportunities

Enhance and new rules for trade

- New generation topics
- Highest standards for trade and investment
- Access to inputs and technology at competitive prices
- Increased economic competition and consumer benefits





Trade integration to compete in global markets





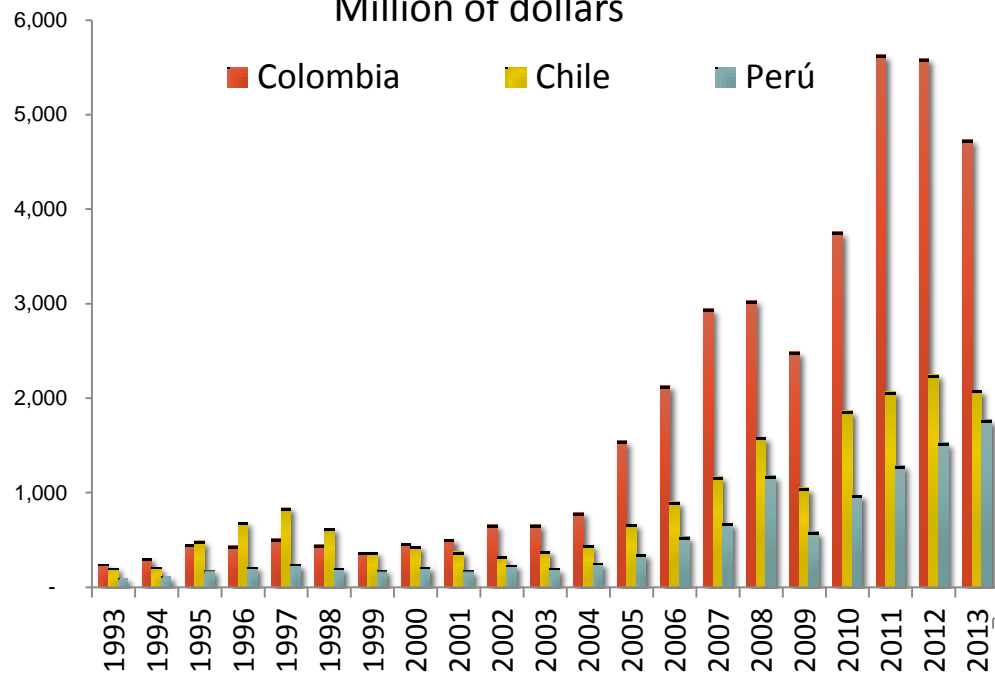
Pacific Alliance (PA):

In 2013, the four members of the PA contributed in Latin America and the Caribbean with:

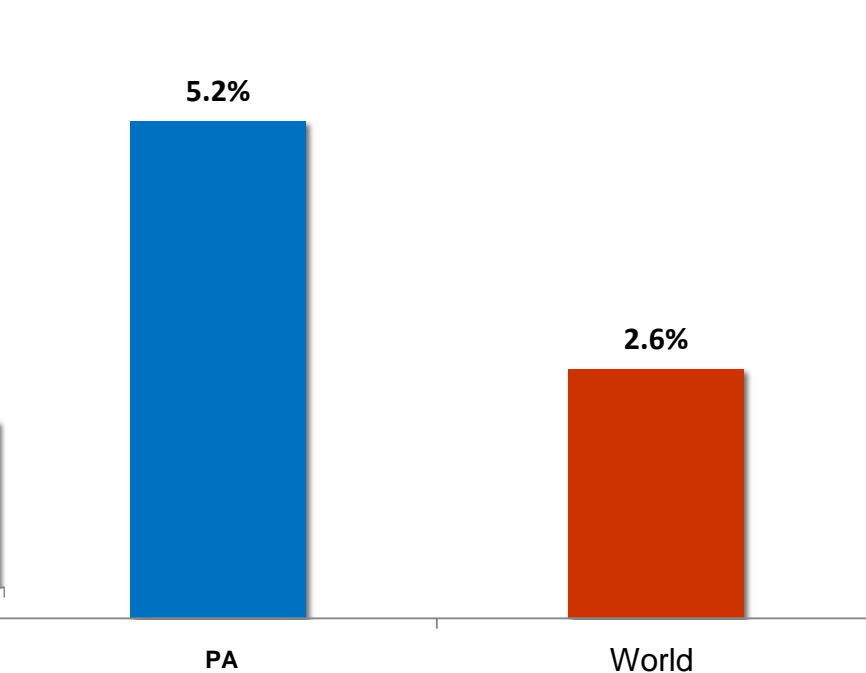
- 37% of GDP¹
- 36% of the population¹
- 50% exports²
- 49% imports²

- 8th Economy¹
- 8th largest exporter²

Exports from Mexico to PA³
Million of dollars



GDP annual growth 2013¹



PA: Forefront Initiative

- ✓ **Mexico trade and economic leader in the Pacific Alliance**
 - Represents 68% of exports of AP (2013)¹

- ✓ **Platform for trade integration in Latin America and global positioning**
 - Positive sign for free trade
 - Strengthening supply chains and investment
 - Increased competitiveness as a bloc to export to third markets.

Alternative growth for emerging markets

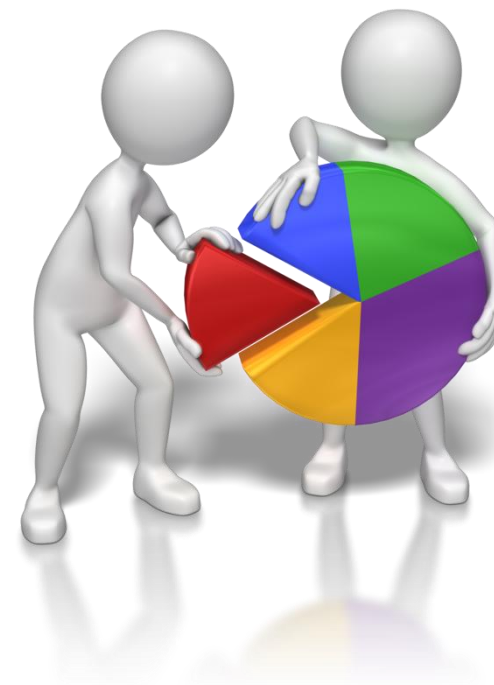
- ✓
 - Stable economies, mature democracies and reliable partners
 - Visionary effort, structured, innovative and complementary to other mechanisms of integration in Latin America



Main results achieved

Signature of the Protocol , February 10th in Cartagena de Indias, Colombia

- **Tariff elimination for 92%** of goods, industrial mainly at the entry in to force
- Supply with **inputs predomintly regional** (Steel, fibers, textile, footwear , etc)
- Mechanisms **to speed up commercial operations** within the region
- Disciplines on **investment protection and dispute of settlement**
- **Coexistence** of bilateral agreements
- **Stakeholders participation** in the issuance of standars and trade regulations



Trade Facilitation Agreement WTO

Adoption of the Bali Ministerial Declaration (December 2013):

- i) Trade Facilitation Agreement (TFA); ii) Topics on agriculture; and iii) Measures on development, in particular the least developed countries (LDCs)

Relevance

- First multilateral agreement reached since the creation of the WTO in 1995
- Represents a step towards the conclusion of the Doha Round and the revival of negotiations in the WTO.

Trade Facilitation Agreement (TFA)

- Key element of Bali Package
- Main aspects of TFA:
 - ✓ Harmonize trade documents (eg certificates, invoices, applications)
 - ✓ Modernize customs procedures and
 - ✓ Issue regulations that apply to imports

TFA Benefits

- **Potential Impacts in reducing trade costs:**
 - ✓ 10% -16%: depending on the income of each country¹
 - ✓ Global GDP growth: US \$ 960 billion annually²
 - ✓ Job creation: 21 million jobs³
 - ✓ Increased exports: 4.5% -10%: depending on the level of development

Modernization of Mexico-UE FTA

3rd trading partner of Mexico (US \$ 62,885,000)

US \$ 19.795 million in exports | US \$ 43.090 billion imports | US \$ 145,839,000 of attracting FDI in Mexico

- Have a functional agreement accountable to the international context and the progress of the Mexican economy
- Improve and expand access of agricultural products and services and investment Mexicans to EU market
- Optimize the legal framework for the protection of reciprocal investments
- Include new issues [trade facilitation, trade and investment in energy, trade and sustainable development]
- Update chapters [rules of origin, technical barriers, sanitary measures, government procurement, intellectual property, competition policy and dispute settlement]





Intellectual Property in Mexico FTAs

After NAFTA, Mexico has continued an active agenda of negotiating Free Trade Agreements, which consider disciplines on Intellectual Property

In all cases the interest of Mexico is reflected in protecting your spirits, especially tequila and mezcal

Uruguay, Chile, Colombia, Central America and Panama

- Chapters with disciplines and obligations on IP, including brands.
- The obligations under these treaties did not involve the modification of the national legislation of Mexico.

Israel, Peru y Japan

- The obligations under these agreements are mainly focus on the protection of geographical indications and appellation of origin

EU and EFTA

- Both merely reaffirm IP obligations under other agreements.
- Commitments on the protection of geographical / designations of origin indications.



Pacific Alliance



- ✓ • A Technical Group was created to identify areas of cooperation impacting positively and significantly to the intellectual property community in the region.
- ✓ • **The Technical Group is finalizing the preparation of a tool for classifying marks for goods and services, based on the Nice Classification.**
- ✓ • **Will be implemented in the short term:**
 - Seminar on designations of origin, geographical indications, indications of source, distinctive products and collective marks and certification (second half of 2015).
 - Pilot Program to create a technological platform for information dissemination and technology transfer.
 - Workshops valuation of creativity in the new generations
 - The implementation of a website for dissemination systems copyright and related rights set out in the four countries.



Negotiation in process



✓ TPP

- The negotiation process is at an advanced stage
- There are issues to resolve to plurilateral and bilateral level.
- As regards brands, the outstanding issues are related to the term of protection for sound marks and trademarks related with geographical indications.

✓ Turkey and y Jordan

Both under negotiation, focus on the recognition and protection of geographical indications and designations of origin.

Gracias

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