

WTO TRIPS Council March 2022: UK statement

Chair, before we proceed with the agenda of this TRIPS Council, this delegation needs to speak to a matter of much gravity.

In the World Trade Organization, as an international institute upholding international rules, it's important that we recognise what is currently happening in Ukraine. This delegation expresses full solidarity with Ukraine and its population.

Russia's assault on Ukraine is an unprovoked, premeditated attack against a sovereign democratic state. The UK and our international partners stand united in condemning the Russian government's reprehensible actions, which are an egregious violation of international law and the UN Charter.

As a Permanent Member of the UN Security Council, Russia has a particular responsibility to uphold international peace and security. Instead, it is violating the borders of another country and its actions are causing widespread suffering.

The Russian Government has shown that it was never serious about engaging in diplomacy – it has deliberately worked to mislead the world, in order to mask its carefully planned aggression.

As the UN Secretary-General has said, such unilateral measures conflict directly with the United Nations Charter – the use of force by one country against another is the repudiation of the principles that every country has committed to uphold.

Russia must urgently de-escalate and withdraw its troops. It must be held accountable and stop undermining democracy, global stability, and international law.

Thank you Chair.

Thank you Chair,

As you know, the United Kingdom considers the WTO notification system an essential component in promoting transparency between WTO members.

We have notified members of three recent legislative changes enacted to keep the UK's IP system up to date, to meet international obligations and to reflect the UK's exit from the European Union.

In previous sessions, this delegation has outlined the overall effort as well as spoke to selected individual notifications. We are ready to respond to any questions members may have on notifications submitted to this Council.

We would once again like to thank the Secretariat for the efficiency and ease

of the eTRIPS system. We continue to encourage all members to avail themselves of this system.

Thank you Chair.

Thank you Chair,

The UK takes its commitment to supporting developing countries seriously, including by fulfilling our obligation contained in Article 66.2 of the TRIPS Agreement to incentivise transfer of technology to Least Developed countries. The UK particularly recognises the importance of technology transfer for economic and industrial development of LDCs.

In particular, it is the UK's ambition to strengthen research capacity in developing countries and in LDCs in particular at an individual, institutional, and systemic level. Our programmes aim to ensure greater development impact through the strong involvement of skilled national and regional researchers. An increase in the relevance and applicability of research at a national level will only come if partnerships harness essential local knowledge.

The UK would like to extend our gratitude to delegations who attended and contributed to discussions in the workshops held on 2 and 4 March looking at the implementation of Article 66.2. The sessions were highly useful for sharing experiences on transferring technology to Least Developed Countries. We would also like to thank the WTO for again facilitating such productive engagement between Members. We look forward to contributing to additional sessions in the future to support Least Developed Countries make the most of TRIPS provisions designed to enable technology and knowledge transfer.

Thank you Chair.

Thank you, Chair.

As my delegation expressed its well-known position on this issue on numerous occasions, most recently in detail at the last session of this Council, I will not repeat it. Our participation in this debate has been to ensure the WTO's intellectual property response is both effective and reflects evidence-based decision making, by noting the role IP rights have played in the development and production of Covid-19 goods which are positively contributing to the global pandemic response. This has and will not change. We also acknowledge recent announcements contributing to improved vaccine equity demonstrating why waiving IP rights is not needed.

The rescheduling of MC12 makes clear the importance of working towards a meaningful and comprehensive pandemic response package. Members all recognise and agree the importance of making progress towards achieving this shared objective. The United Kingdom has repeatedly stated its intention to work towards a pragmatic, evidence-based solution and we stand ready to continue our constructive engagement. However, the current process around waiver discussions is not transparent and means this Council is not informed of the substance of discussions. At this point, I would like to support the

delegation of Tanzania, speaking on behalf of African group, in the call for a fuller briefing to this Council. This is needed to fulfil the mandate placed upon Members to engage with each other constructively. Simply put, we cannot be expected to progress towards an outcome on discussions which this Council does not know the details of.

While we recognise the urgency of taking forward discussion on the wider pandemic response, the United Kingdom will not accept an outcome when we have not been consulted or given sufficient prior notice to assess what is being proposed in writing. This is because getting it wrong could make both short and long-term pandemic preparedness worse. Members of this Council are entitled to digest, scrutinise, and discuss any outcome of these negotiations before we can reach consensus. As was made clear ahead of November's expected MC12, this process needs to happen before Ministers can agree an outcome.

Thank you, Chair.

Thank you Chair,

The UK is pleased to co-sponsor this agenda item and would like to thank co-sponsors and in particular to Canada for bringing forward this paper on a topic important to so many entrepreneurs around the globe. In particular, the UK would like to respond to the paper's question asking, "What specific financing needs or considerations pertain to innovative and/or IP-based MSMEs?"

There were 5.3 million micro-businesses (those with fewer than 10 employees) in the UK in 2021. Micro-businesses account for 95% of all UK businesses. Even though most businesses in the UK employ fewer than 10 people, micro-businesses account for only 21% of employment and 14% of turnover.

Bank lending is often the most viable route to finance for more established businesses. Smaller early-stage businesses may, however, be overlooked by investors, and IP-intensive businesses with substantial intangible assets can often find it difficult to access debt finance.

The UK Intellectual Property Office (IPO) and British Business Bank (BBB) conducted several roundtables, the results of which were published in 2018. These roundtables concluded that the main obstacles to using IP as collateral for loans were banking regulations, legal enforceability, valuation, and liquidity. I will now briefly set out these four issues:

- Banking regulations Banks are required to hold a minimum ratio of capital in relation to the risk-weighted assets (loans) that they hold. This is called the capital adequacy ratio, the standards for the calculation of the capital adequacy ratio are based on the international rules set out in Basel III. These standards define the eligibility criteria for inclusion as capital. Intangible assets are specifically excluded from eligibility as capital for capital adequacy. This results in IP-intensive firms finding it more challenging to obtain bank loans than firms with tangible assets such as buildings.

- Legal enforceability IP and other intangible assets are often difficult to separate from the firm that developed them. This might make it difficult for lenders to exercise claims on those assets or take possession of the IP in the event of a default. The lender would not then be able to sell the IP to recover its losses.
- Valuation IP and other intangible assets may be difficult to value, particularly if they are innovative and therefore unique. There is no single agreed methodology for valuing IP. Without a consensus approach, it is difficult to verify independently the value attributed to a piece of IP.
- Liquidity Transactions involving intangible assets are infrequent and not publicly recorded. The limited frequency of intangible asset transactions may in part be due to a lack of mature supporting infrastructure such as valuers, agents and value logs.

The UK government is working towards future-proofing the UK finance market so that intangible assets such as IP are considered fully as part of lending decisions. Several UK actions are outlined in the response to the next question below.

Chair, the UK would also like to respond to the question “What are some best practices or options in terms of IP-backed financing for MSMEs and/or otherwise for the financing innovative or IP-based MSMEs?” The UK government published its Innovation Strategy in July 2021 that included several key actions related to finance and a commitment to “ensure innovators can access the right private finance at the right stage and provide targeted public support where there are gaps in private markets”.

The UK Government is committed to making private markets function as effectively as possible. The UK benefits from a diverse finance ecosystem for innovative start-ups, including angel investors, equity crowdfunding platforms, and venture capital funds. Where private capital alone is insufficient to enable innovative companies to start, grow and scale up the UK government co-invests alongside private investors.

The British Business Bank is an important delivery partner in UK Government efforts to make finance markets work more effectively for smaller businesses. Up to the end of 2020, the Bank had supported the provision of £42 billion worth of finance to 170,000 small and medium-sized businesses across the UK, excluding COVID-19 debt and equity finance schemes.

The steps on the innovation finance journey typically involve progressing from the founder’s own resources through grant funding, seed finance and later venture/institutional capital and ultimately, once a business has demonstrated it is able to generate sufficient cashflows, debt finance.

The UK has an array of public interventions which, alongside private capital markets are designed to enhance the funding ecosystem, UK government has continued to strengthen its support offer for innovative businesses. with Innovate UK and the British Business Bank playing a key role. This means that the UK is a good place for businesses of all sizes to access the funding they

need for innovation.

Thank you Chair.