



# The web of trade agreements

## Impact on Regulatory Autonomy

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Venue or event: Victoria University

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# Economic aspirations of trade agreements

- What is the politics?
- Do we have a consensus?
- Durability (Is it economically coherent?)
- Quality of institutions?
- Traders with the world
- Focus on what we can control
- What are our options?
  - Style of agreement
  - Who wants to join and what do they want

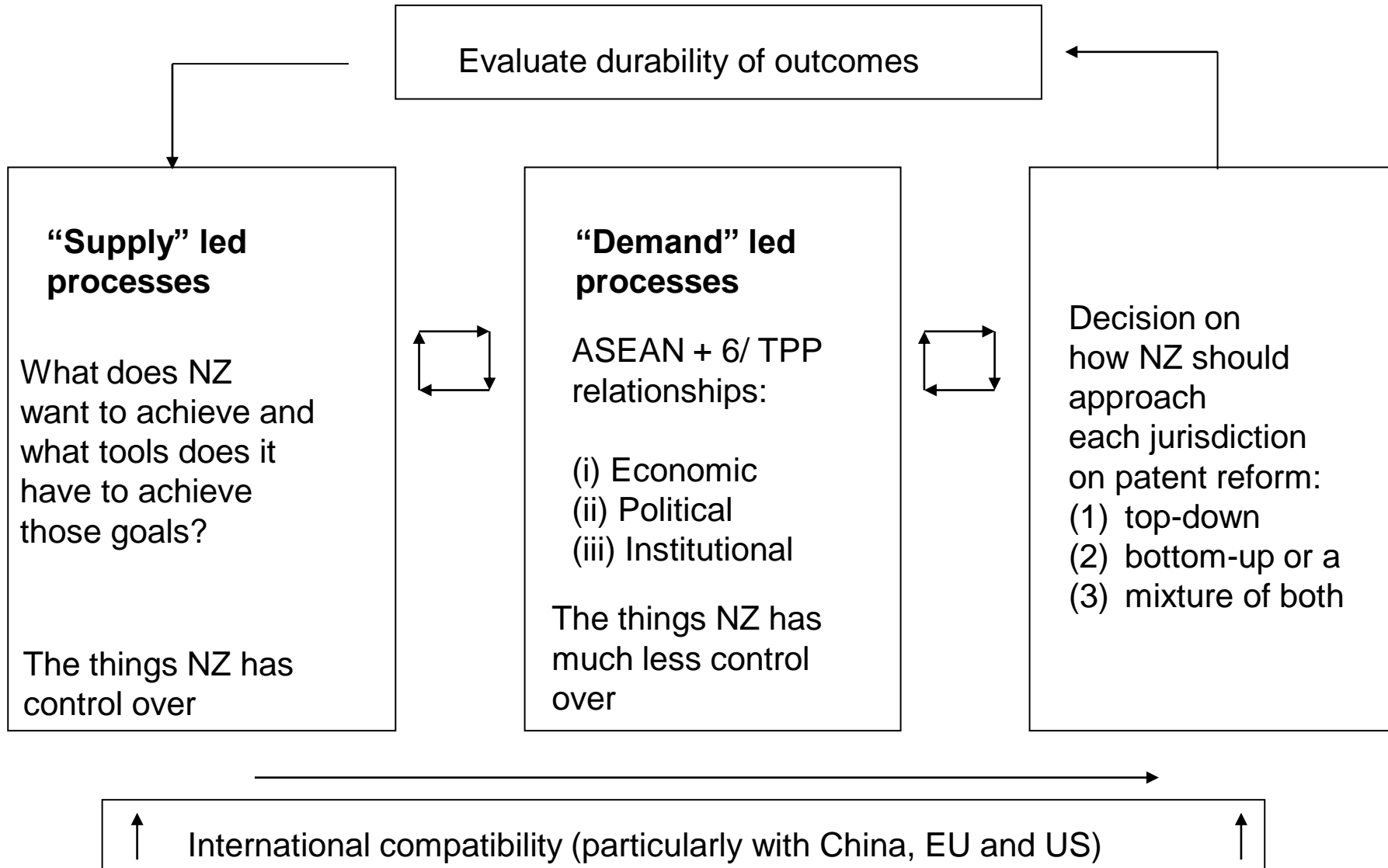


# Patent extension

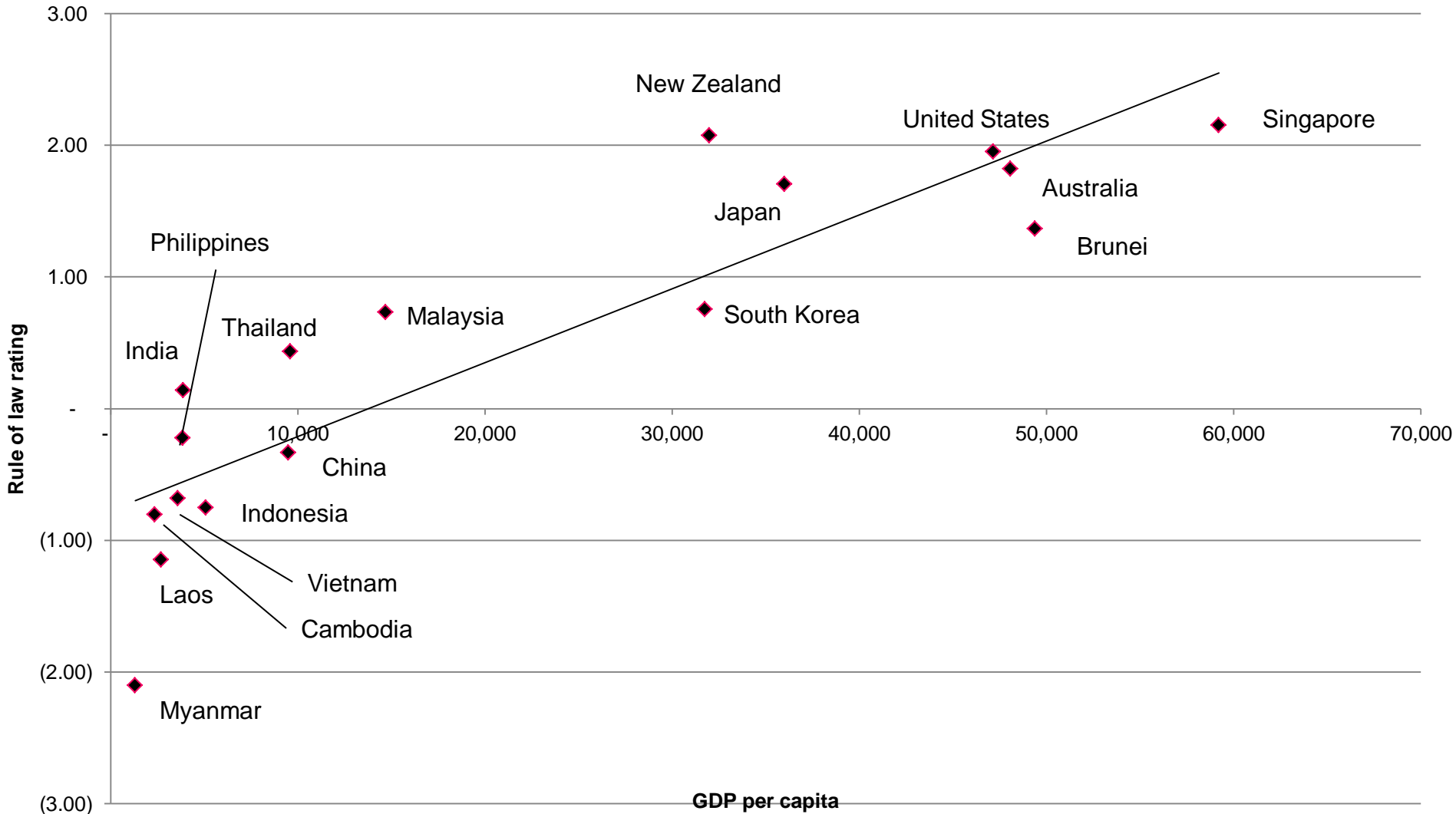
- Windfall gains for pharmaceuticals on the market
- Has little impact on variety of pharmaceuticals and no evidence that it grows pharmaceutical R&D
- Revenue will be a direct transfer from New Zealanders to the patent holder
- Benefit? A bargaining chip



# Framework



# Correlation between income levels and rule of law estimates



# Implications

	Type of trade agreement	
	<b>“Hard” agreement that will cost in the short run</b>	<b>“Soft” agreement where benefits outweigh costs</b>
<b>Individual country negotiation</b>	NZ will lose with a big country	Benefits
<b>Group negotiation</b>	Potential for “hard” agreement to be watered down. Will depend on situational analysis	The more countries the better. More complex and takes longer



plus



equals?

# Conclusions

- Integration not tariff reduction. Integration implies a seamless switch. More like a tangled web
- New Zealand is outside its comfort zone since strategies to reduce tariffs are different from those associated with integration
  - doing our homework more important than relying on first principles
- The key goal is durability (requires strong institutions).
- Important to get it right. Unlike the UR, CER agreements if we get it wrong: huge consequences for a long time (NAFTA)

# Conclusions (patents)

- In Asia objectives are:
  - To ensure that imports are of sufficient and consistent quality
  - Safeguard the patent status of limited exports
- In the TPP
  - What can we get in exchange for giving away patent extension rights and other unspecified “transparent” approaches to bolstering patent protection
  - What we get includes not just further integration with other TPP members but also whether the TPP is expandable (read China)