THE IMPORTANCE OF STRONG TRADE AGREEMENTS IN DRIVING BIOPHARMACEUTICAL INNOVATION

The vast majority of the world's medical innovation occurs in the United States because it protects intellectual property, encourages and awards innovation, and facilitates the flow of resources necessary to fuel research and development. As a result, in 2018 alone, America's biopharmaceutical sector generated $54.7 billion in exports and supported more than 4 million American jobs.[I,II] Trade agreements are vital tools for ensuring that foreign countries protect U.S. intellectual property, value U.S innovation, and commit to adopt policies that will expand global access to innovative treatments. Through the negotiation and enforcement of ambitious trade agreements with the United States, countries can become stronger and more reliable partners in promoting and benefitting from today's discoveries and encouraging tomorrow's new medicines and cures.

Unfortunately, some foreign governments instead use unfair trade practices to undermine American inventions and disadvantage U.S. companies in foreign markets. In some cases, as with Australia and South Korea, the United States has an existing trade agreement, but our trading partner has not implemented or enforced key commitments. In other cases, as with Japan and India, the country regularly takes actions that fail to value U.S. innovation or that are designed to favor local companies at the expense of U.S. innovators. In either scenario, the U.S. government must hold its trading partners to account. Millions of jobs in America—and millions more patients around the world—hang in the balance.

Biopharmaceutical innovators depend on strong regulatory systems, robust intellectual property protections and enforcement, and fair and transparent access to overseas markets through the operation of competitive markets or other procedures that appropriately recognize the value of innovative medicines.

AMERICA'S TRADE POLICY THEREFORE SHOULD:

1. **Enforce existing trade agreements** by ensuring that our trading partners value U.S. innovation and implement and enforce their trade obligations.

2. **Eliminate government pricing policies that do not appropriately value U.S. innovation** by holding decision-makers accountable to frameworks established under trade agreements.

3. **Uphold sound patent law** by not allowing trading partners to infringe or misinterpret rules or diminish or modify globally-defined patentability criteria.

4. **Challenge illegal localization barriers** by opposing requirements designed to block foreign imports and enrich local competitors.

5. **Reject compulsory licensing,** or the elimination of certain patent rights, by preventing foreign governments from expropriating—or threatening to expropriate—American innovations. As highlighted by the U.S. Government, too often such licenses are used as a tool to implement industrial policy or as undue leverage in pricing negotiations between governments and right holders.

The U.S. government must firmly enforce existing trade obligations and ambitiously negotiate new trade commitments that ensure effective regulatory regimes, the protection of intellectual property, and transparent and non-discriminatory pharmaceutical pricing and reimbursement regimes that provide procedural fairness and full market access for American products. By adopting such policies, U.S. trading partners can help to deliver life-saving treatments, vaccines, and cures to every corner of the world.

IN 2018 ALONE, AMERICA'S BIOPHARMACEUTICAL SECTOR GENERATED $54.7 BILLION IN EXPORTS AND SUPPORTED MORE THAN 4 MILLION AMERICAN JOBS.

I US Census Bureau. U.S. international trade data. US Census Bureau website. https://www.census.gov/foreign-trade/data/index.html. Accessed March 2019.

II TEConomy Partners; for PhRMA. The Economic Impact of the US Biopharmaceutical Industry 2017: National and State Estimates. Columbus, OH: TEConomy Partners. In press.