

ECIPE PRESS RELEASE — NEW OCCASIONAL PAPER

Stronger Intellectual Property Rights in EU Free Trade Agreements can boost GDP, productivity, investments and exports in Europe.

Brussels, 11 January 2022 – Today, ECIPE publishes a report that demonstrates how Intellectual Property (IP) boosts EU GDP, productivity, investments and exports of Europe by strengthening IP-intensive sectors. The report shows that stronger IP provisions in EU Free Trade Agreements (FTAs) would lead to yearly increases in EU GDP (+63bn €), EU exports (+74bn €), investments in the EU (+17bn €) and wages for EU citizens (+ 245€ per EU family of 4). Every EU Member State would benefit.

Intellectual Property Rights (IPR) are increasingly important for knowledge-intensive economies. Applying stronger IPR in EU FTAs not only strengthens the EU's and EU Member State economies, but makes the EU economy more resilient – an EU policy goal for the industrial strategy in the post-COVID-19 era – and strengthens the region's export performance, an objective of the EU's new trade strategy of 2021.

The study tracks the evolution of IP provisions in Free Trade Agreements to understand if the current standard of provisions enables Europe to make the most of opportunities for trade and growth. The report also provides quantitative estimates on the relevance of IP for each EU Member State and the effects of strengthening IP provisions in EU FTAs for EU Member States.

“The EU should aim for stronger IP provisions in Free Trade Agreements, in particular with developed countries. This would lead to higher GDP and wages, and Europe would become better at attracting investments in cutting-edge innovation”, said Fredrik Erixon, lead author of the study. *“Currently, the issue of IPR is ranked low when Member States make priorities for new trade negotiations and what outcomes they want trade policy to generate. These results show that intellectual property should be front and centre in a new European trade strategy for growth, competitiveness and resilience.”*

The EU trade strategy also encourages SMEs to boost their exports and connect deeper with global value chains. Many start-ups and SMEs rely heavily on their IP and its effective protection. *“The protection granted from IP is vital for small- and medium-sized enterprises. Stronger IP provisions in EU FTAs, linked to negotiated SME chapters, could help SMEs overcome export hurdles as they provide more predictability and legal certainty”*, said Luisa Santos, Deputy Director General of BusinessEurope.

Moreover, IP-intensive sectors are responsible for 68% of total EU exports. IP protection is therefore essential for the EU’s strong export performance and for attracting investment in innovation. Protection of IP leads to more economic development and welfare. 51% of all investments in Europe occur in the 11 most IP-intensive industries.

“The opportunity today lies in addressing, head-on, the factors determining R&D investment decisions for big and small companies alike, and implementing the most competitive ones. This is what all countries and regions that are competing for pharma investments and innovation are doing. If Europe decides to implement strong and reliable IP frameworks in its pharma and trade strategies combined with a world class regulatory system, our region can set the wheels in motion to regain its dominant position enjoyed in the 1990s and since lost to the US and increasingly to China, continue to improve patient access rather than depend on future imported innovation, and strengthen the EU’s overall strategic resilience, which we know to be a key objective”, says Nathalie Moll, Director-General of EFPIA.

The study also stresses that EU industries themselves should redouble their efforts to inform everyone about the vital role that IP plays for them. IP-intensive industries, constituting 44.8% of EU GDP and generate 38.9% of total EU employment, should invest in reporting and be transparent about the relevance of different IPR provisions for them.

You can download the report [here](#).

To learn more about the Trade & IP Project [here](#).

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