distortions and the assumed world market price transmission.

- North-South or East-West integration opens up the prospect of more rapid development for the developing and reforming countries involved.
- Worldwide growth stimuli can be expected to stem from the GATT agreements in particular, but from regional integration as well, with potential positive effects on the agricultural exports and economic development of countries in the Third World and in Central and Eastern Europe.
- The implementation of environmental and health standards brings the danger that developing and reforming countries will be increasingly excluded from the markets of industrial countries. More than in the past, these countries may in this way be prevented from exploiting their comparative advantages, with corresponding adverse consequences for lasting development in these regions.

Current developments in world agricultural markets therefore offer a number of opportunities, but they also hold dangers for Third World countries and the Central and Eastern European economies in transition. The best strategy for these countries is to ensure the optimum use of their domestic resources by reducing the remaining domestic sectoral and macro-economic distortions. In addition, it is important that they speak with one voice in the next GATT round, which will probably be "green"; only in that way can they ensure that agricultural trade is not swamped by a green wave of protectionism, and possibly even more seriously distorted than it is by traditional agricultural protectionism.

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TRIPs as an Adjustment Mechanism in North-South Trade

Developing countries tend to take a negative view of the protection of intellectual property rights as reflected in the TRIPs agreement, as this seems to conflict with their own developmental needs. As the following article points out, there are, however, a number of reasons why developing countries, too, may benefit from stronger protection of intellectual property rights.

During the Uruguay Round negotiations the industrial countries, above all the US, insisted that the final accord should include an agreement on the protection of intellectual property rights (IPR). A strengthening of IPR protection was necessary, it was claimed, because insufficient protection reduces investment in cost-intensive R&D activities, especially basic research. This in turn reduces innovation, which itself is the main source of global development and progress, as recent developments in both trade theory and growth theory have clearly demonstrated.

It is important to understand that the insistence of industrial countries on the inclusion of IPR protection in the Uruguay Round trade negotiations is fundamentally due to a major shift in the pattern of world trade during recent years and the resulting adjustment challenges. For more than a decade now, world trade has grown faster than world production, which has intensified competition significantly. The adoption of an export-oriented economic policy in a large number of developing countries has given North-South trade a new dynamism based on a different structure of exchange: apart from most of the African countries, LDCs are no longer predominantly exporters of primary products, but of manufactured goods. While North-South trade was of a complementary nature for a long time, these days exports of both North and South largely consist of similar goods. This substitutive trade increases the adjustment pressure for all parties concerned and, especially, threatens large-scale displacements in the industrial countries.
The production of a large number of industries, especially standardized manufactured goods, where technology is geographically highly mobile, has been shifted from the old industrial countries to developing countries in general and the Asian NICs in particular. This process has resulted – perhaps for the first time in the history of North-South trade – in a trade pattern characterized by the standard textbook exchange of ubiquitous goods leading to massive adjustment problems in the old industrial countries, which, in turn, are the prime reason for the increasing trend of neoprotectionism observed from the 1980s onwards.

Simultaneously, both in reaction to this development and due to technological progress, the importance of knowledge-based, high-technology industries has grown dramatically for the developed countries. "It was estimated that, by 1986, more than 27 percent of U.S. exports contain intellectual property components while the rate was less than 10 percent when the GATT was negotiated." Due to the special characteristics of knowledge – as opposed to capital and labour – as a factor of production, this development has led to new sources in the determination of comparative advantages and has, thus, radically altered the nature of competition.

It is above all the NICs that have gained in international competitiveness. What is really important in this respect is not the familiar phenomenon that the comparative advantage in producing one good or the other shifts from the old industrial countries to the developing countries in a later stage of the production cycle. Rather, the new and more important development is that by combining their comparative advantages and their capabilities of imitation the NICs enter the markets for innovative products faster than ever before. This up-grading of NIC exports based on a strategy of imitation has shortened product cycles immensely.

The interest of industrial countries in the strengthening of IPR protection is therefore clearly evident: if stronger IPR protection improves and facilitates the development and production of knowledge-intensive goods, the industrial countries’ comparative advantage in the production of those goods will be maintained.

Firms, workers and policy-makers need to adjust to these changes in the global economy. At the same time, the global trade system has to be adapted to the challenges of increased globalization, enhanced international competition and the resulting adjustment problems. It is therefore absolutely justified that the creation of an international system regulating global competition features prominently on the agenda of the WTO.

The TRIPs Agreement

The Agreement on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods (TRIPs agreement) is based on the existing multilateral conventions on IPR protection, most of which are administered and supervised by the UN World Intellectual Property Organisation (WIPO). The TRIPs agreement integrates the existing systems of IPR protection and complements them in those areas, where – for various reasons – no international consensus existed so far.

As its basis, the TRIPs agreement stipulates that all WTO members adhere to the existing conventions on IPR protection, such as the Berne Convention for the Protection of Literary and Artistic Works, the Paris Convention for the Protection of Industrial Property and the International Convention for the Protection of Performers, Producers of Phonograms, and Broadcasting Organisations.

Considering that IPR protection follows the territorial principle, i.e. the extent of protection is subject to the respective national law, differences in the level and enforcement of protection effectively constitute a non-tariff barrier. Therefore, one of the main elements of the TRIPs agreement is the call for the harmonization of national rules.

The TRIPS agreement requires WTO members to treat nationals of trading partners on the same basis (most-favoured-nation principle) and to provide for national treatment with regard to protection of intellectual property (national treatment). All norms of the agreement are minimum standards.

The agreement covers a wide range of IPR. This includes e.g. the improved protection of copyrights, which is especially important with a view to computer programmes. The provisions on trademarks closely follow the 1988 EC trademark directive including the right to hold and transfer trademarks without actually operating the business concerned.

Most important, however, are the provisions regarding patents, where the industrial countries’ conception of patent protection prevailed. This applies to the length, where the agreement requires that 20 years' patent protection be available for all inventions in almost all fields of technology. It also