FRANCIS GURRY
Director General of the World Intellectual Property Organization (WIPO)

Nicolas BARRE

Thank you. Some interesting suggestions on how to improve the global trade system and, as you said, it is hard to challenge given the fact that we need to find a consensus on these issues. Francis Gurry, you probably also have some interesting suggestions to make as head of the World Intellectual Property Organisation?

Francis GURRY

Thank you very much, Nicolas. Good afternoon. It is a pleasure to be here and I thank Thierry de Montbrial for the invitation. The future of trade is a very large subject, so I would like to comment on three areas, or forces that I think will shape the future of trade. Of course, there is a certainty in what I will say which should not be there at all.

The first area really continues from what was said on the last panel on Artificial Intelligence, particularly by Masood Ahmed. That is, I think that advanced manufacturing technologies are going to radically alter the nature of trade relations in the future. I will take what he said and put it into a trade context. I think if you go back to the Uruguay Round, which is the multilateral framework that we have at the moment, the basic deal underneath it was that the developed countries would increase access to their markets and as a result, jobs in low technology, labour-intensive industries would be offshored. In return for that, the developing countries would protect the conceptual input to production, namely intellectual property. It was not the only reason, but that shepherded this enormous growth in the global value chains that we have seen, particularly in the 1990s and the 2000s. If you look at those global value chains, arguably the greatest value lies in pre-manufacturing and post-manufacturing, that is the design, conception and research and development, and in the marketing, branding and distribution, and not in the manufacture.

With advanced manufacturing technologies, robotics, Artificial Intelligence, sensors and additive manufacturing, I think that we are seeing the possibility of industrialised countries recapturing manufacturing. Adidas was given as an example, where they will have the capacity to manufacture instead of using factories in Indonesia, Vietnam or the Philippines. I think that technological possibility is joined by a political will, which we are seeing expressed, to recapture manufacturing. I am not talking here about the Trump administration because I think it is more old economy than new economy, and when he talks about recapturing manufacturing I think he is talking about traditional not new manufacturing. However, a very deliberate view is being expressed that one of the reasons for recapturing manufacturing is because it is followed by innovation and that is a good reason to preserve manufacturing capacity. I think we also see that very much in the case of China, with its strategy on Artificial Intelligence and manufacturing. In this case, it is not recapturing manufacturing but preserving it.

Of course, this is going to have a radical effect, I think, on the nature of trade relations in the future and I am not sure it is being addressed. It means that there will be increased pressure on intellectual property. It already existed for pre-manufacturing and post-manufacturing, because you are talking about patents, designs, and branding, but it will also carry over into manufacturing in the future and this will be a major political issue.

The second force I would refer to is the whole digital economy – of which the digitisation of production, which I just mentioned, is only one part – in particular data. It was said in the last session that algorithms are really the most important thing. They are certainly important, but algorithms are nothing without data. I would suggest that data is the oil of the new economy. There is increasing value in data, in both the conception stage in new business models for distribution and right across the production process and data has created the behemoths with which we are all familiar: Google, Facebook, eBay, Baidu, Tencent, Alibaba, etc.

I think that if you look around the world now, governments are struggling to know how to deal with both data and the enormous enterprises that are built on it. There is a confluence of policy approaches that come into question. There
are perspectives for privacy, security, data location, taxation, competition, ownership, let us not forget, and trade. One of the characteristics of the data economy is that it does not respect the architecture that has been put into place for trade relations in the past and I do not see that really being addressed.

I know the WTO is addressing e-commerce, but if I may say so, I think it is a larger issue and we are all struggling with policy approaches to data. I think it really requires a fundamental rethinking of the system and I fear that we no longer, or do not have at the moment, the capacity to undertake that task. We lack that capacity because first of all it concerns competitive relations, which are becoming more and more difficult. Secondly, internationally the asymmetries in technological capacity are simply enormous, which creates a difficulty in being able to address questions. Thirdly and perhaps most importantly, the speed of technological development these days is such that it outstrips our institutional capacity to respond. This is true at a national level and even more so at an international level.

Let me just make my final point: I think in the future there will also be a new model of trade relations or actually, already in the present, that is being pioneered by China. We have spoken a lot in the course of the conference about the vacuum that is being left by the policies of the current Trump administration, and that vacuum is creating an opportunity for many countries to move into the space, and in particular China. I do not think that China will move into the space in the same way, or with the same model of trade relations. In this respect, I would invite you to consider, for example, the difference between the Trans-Pacific Partnership as one model, and the Belt and Road Initiative as another. In short, I think that the difference in the models is infrastructure, as against accords or agreements. I think it is broader than trade and also applies to development. If you like in caricature, the old model was that ‘here are the rules, comply’ and the new model is, ‘here is the road, trade’. I think that this is going to have major consequences for the institutional architecture. I do not wish to suggest that China is not a fully engaged member of the current multilateral system. It is fully engaged. However, the model for the future may be slightly different. Thank you.

Nicolas BARRE

Thank you very much, Francis.