



Asia-Pacific Economic Cooperation

Berkeley Model United Nations



LXIII
SIXTY-THIRD SESSION

Nicola Evans
Mischa Fritz
Adam Umemoto



Dear Delegates,

Welcome to Asia-Pacific Economic Cooperation committee, commonly known as APEC. This committee seeks to promote free-trade and economic cooperation for the twenty-one Pacific Rim member countries throughout the Asia-Pacific Region. My name is Nicola Evans and I am fortunate to be the head chair for APEC at the Sixty-Third Session of the Berkeley Model United Nations conference. While one of the more recent committees, APEC is unique in that the issues it seeks to address are particularly relevant to the way today's economies are advancing. Given the rapid advancements being made in many APEC member economies, it is important not just to seek to address current issues, but also to anticipate and prevent issues before they arise to affect residents of these economies. I hope that you will take this approach when evaluating the topics, in order to fully get the most from your BMUN LXIII experience.

Now a little background on myself and my Vice Chairs. I am a third year student here at Cal majoring in Business Administration at the Haas School of Business. I grew up in England and moved to the United States several years ago, where I stayed to attend college. The experience of moving countries led to my interest in international affairs, causing me to join Berkeley Model United Nations my freshman year of college. My experience in BMUN has not only led me to make a diverse group of friends, but has also influenced my academic studies, leading me to pursue a global track with my business major.

Mischa Fritz is currently a second year student at UC Berkeley intending to major in Business Administration and Economics. He grew up in San Ramon, California and has been doing Model UN since his sophomore year of high school. He even attended BMUN several times as a delegate. This past summer, Mischa had the opportunity to intern at the United States Treasury Department in Washington, D.C. through UC Berkeley's Cal in the Capital program. He used his MUN skills to analyze aspects of the U.S. economy and the economies of other nations. To Mischa, MUN is opportunity for students to truly find their confidence in public speaking and learn how to think critically on international issues. He is incredibly excited to be a vice-chair for APEC this year and cannot wait to hear your solutions to the topics this year. In his free time, Mischa spends time with his BMUN family and conducts financial research for the UC Berkeley Haas School of Business.

Best Regards,

Nicola Evans



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Safeguarding APEC Member Economies Against Rapidly Evolving Medical Advancements

Topic Background

Root Economic Causes of Healthcare Disparities and Implications

Although the last few decades have experienced groundbreaking medical advancements, they have also been faced with regulations and economic pressures that have lead to the exploitation of developing countries and increased health disparities. These issues have arisen for a multitude of reasons – mainly as a result of research that takes advantage of developing countries and trends like medical tourism. These serve to put the inhabitants of developing APEC member countries at a comparative disadvantage in terms of access to affordable healthcare.

The International trade of Medicine and Safety Concerns

The comparatively cheaper cost of medical testing in Asia has lead to a rise of overseas clinical trials, used in the development of pharmaceuticals. Although these can be considered to be just like any other exported service, the controversy arises when patents over these drugs, that are produced by taking advantage of Asian populations, are then sold at a price that is unaffordable for residents of the countries of the clinical trials. On top of this, those who take part overseas may be unaware of the side effects of the clinical trials, with up to eighty percent of subjects in overseas clinical trials not being informed of the nature of the study in which they are taking part. In developing countries like India, US-based clinical trials have reportedly been tested on rural villagers who did not give consent for the trials. Indian companies have also been exposed for falsifying data, and creating unsafe generic medications.

Eighty percent of drug approvals in 2008 were founded on data at least in part from outside the United States, and eight percent of drug approvals were based solely on foreign data. Alarmingly, there have been numerous instances of data from overseas clinical trials being falsified. Even if the data is not falsified, data produced from trials in a country without stringent regulations may produce results that are not completely accurate. For example, there are plenty of ways to manipulate the data from clinical trials, one such way being the strategic selection of subjects who are more likely to produce a certain outcome.

Not only can the data on which drugs are based thus be affected; the drugs themselves can be of sub-par quality. Of the manufacturers for active pharmaceutical ingredients in US



pharmaceuticals, roughly eighty percent are located outside the United States. When these manufacturers are in developing countries, there is a resulting lack of regulatory oversight to ensure that these ingredients are being made safely. Imported generic medications pose a serious concern, with many prescription medications sold overseas are frequently reported as counterfeit. Twenty percent of prescription drugs sold in Mexico in 2004 were reported to be counterfeit, the sales of which exceeded USD 1.5 billion by 2008. China is also infamous for counterfeit medications as a result of regulations that have not caught up with the advancements in medical infrastructure. Many of these counterfeit medications are exported to other countries, although ironically, rural Chinese people struggle to afford basic healthcare medications. South Korea, Japan, Hong Kong, and the US are just a few of the APEC member countries that have suffered civilian casualties as a result of these Chinese pharmaceutical imports. In Hong Kong, counterfeit medications have been found sold alongside legitimate medicines, and are often labeled with “anti-counterfeiting” tapes. Despite these safety risks, the US, and other developed countries are likely to continue to import pharmaceutical drugs and components to decrease production costs.

Medical Tourism and Its Impact on Developing Economies

In theory, corporations should be able to market their patented drugs at a lower price to developing nations. Selling a drug at a higher price to developed nations would ensure that the costs of developing the drug are covered, while sales of the drug discounted to developing countries would still maximize profit. However, this is only effectual if markets remain segmented – in other words, residents of the more developed countries do not import the drugs at a cheaper price from the less developed ones. Given the skyrocketing costs of healthcare in developed economies (the US in particular), this is hard to regulate, as it becomes appealing and often cheaper for people to travel to developing countries and use their medical facilities. With cheap airfare, US residents are flying to Asian countries to take advantage of far cheaper cosmetic procedures. The trend of foreigners traveling to a country solely for medical procedures has been dubbed as “medical tourism”, and it impacts the development of the healthcare systems in such countries.

Currently, some of the most popular destinations for medical tourism include Singapore, Thailand, Malaysia, and the Philippines. Medical tourism is in many ways a boon to developing economies, bringing in much needed revenue and providing a monetary incentive for medical



improvements. On the other hand, with around 500,000 medical tourists visiting Thailand every year, there is a significant resulting shortage of health-care workers, leaving inadequate care for the local Thai people. Medical Tourism is growing at an annual rate in Thailand alone of 16 percent, and the Thai foreign medical services sector is estimated to earn 100 billion baht by 2015.

Thailand is not alone, with Malaysia also experiencing a surge in medical tourism. The result is the privatization of healthcare in developing economies, with the migration of more talented doctors to the private system in search of better wages. This leaves fewer and less talented doctors with patients relying on public healthcare, worsening inequalities, and leading to the creation of a two tier healthcare system in countries such as Malaysia and Thailand. This is also unsound given that in many of these developing countries where the medical education is subsidized by local taxpayers, the people footing the bill are not reaping the benefits.

Implications of Medical Tourism on the growth of Transplant Tourism

The lack of a strictly enforced medical system in many Asian countries, coupled with the surges in medical tourism, gives a legitimate rise to fears of “transplant tourism”. In the past decade, China came under huge criticism for an ethically questionable transplant industry. In 2005, China’s vice minister of health acknowledged that almost all organs come from executed prisoners, but as the number of executions in China is kept secret it is impossible to know just how many of these prisoners organs are being harvested. Interviews of Chinese doctors revealed that some organs for transplant came from still-living victims.

In an effort to curb transplant tourism after widespread criticism of the practice, China banned the sale of human organs in 2006. Aside Iran, all other countries have similar bans in place to safeguard against transplant tourism. Despite this, there are numerous cases of illicit transplant procedures being performed on tourists. A 2012 report from the World Health Organization estimates that more than one human organ is illegally purchased every hour worldwide. Most sales take place in developing countries, which have both an abundance of doctors able to perform such procedures (thanks in part to medical tourism), and a poor population filled with people willing to offer organs like kidneys for money. Organs in these black markets can also be from victims of sex trafficking or forced labor camps. APEC member countries with the largest black market for organs include China and the Philippines. Given the



rise of medical tourism in these countries, which is legal, transplant tourism is likely to spread to medical tourist hotspots like Mexico and Thailand.

UN Involvement

The UN and Medical Tourism

In 2004, the World Health Assembly (WHA) issued a resolution urging member states “to take measures to protect the poorest and vulnerable groups from transplant tourism and the sale of tissues and organs, including attention to the wider problem of international trafficking in human tissues and organs”. While unquestionably objectionable to transplant tourism, this resolution does not define or completely describe what these “unethical” practices may be.

On 21 May 2010, the 63rd World Health Assembly adopted the WHO Global Code of Practice on the International Recruitment of Health Personnel. The code advises Member States faced with a shortage of health workers to discourage the migration of health personnel, and aims to promote voluntary practices for the ethical recruitment of health workers from developing countries. Although well intentioned, this code is strictly voluntary, thus making it difficult to enforce and non-binding.

The United Nations has taken steps to ensure the safety of medical procedures overseas, with the 2002 adoption of Resolution WHA55.18 to the Health Assembly, urging member nations to enact science-based systems necessary for improving patients' safety. Many member states have since initiated patient safety protocols, although ensuring that these initiatives are actually followed is difficult in many of the countries that lack patient safety.

Overall, the UN has taken few specific steps to address the potential pitfalls of medical tourism.

The UN's stance on Transplant Procedures

In 1991, the World Health Assembly assembled guiding principles on organ donation. These emphasized voluntary organ donation, non-commercialization, and a preference for cadavers over living donors, and a preference for genetically related donor-recipients. The last clause is because most illicit organ sales come from non-related donors. This stance should be reviewed to incorporate more specific guidelines to condemn and hopefully prevent black market organ trafficking.



Case Studies

1 | Organ Trafficking in China and Medical Tourism

In 2011, Wang, a high school student from the Anhui Province of Southern China, went into renal failure after he sold one of his kidneys on China's black market in exchange for an iPad. Wang was lured by the promise of enough money to buy Apple products, but the 22,000-yuan he received was a fraction of the money made by the others involved. His kidney ended up being sold for 150,000-yuan – approximately \$23,500. Although his family sought legal compensation following the apprehension of the perpetrators, little could be done to help Wang, who was described to be in “critical” condition just six months later. Wang agreed to sell his kidney when he contacted an illegal agency online, but was not fully informed of the potential risks of the procedure. His kidney was removed in a provincial hospital in Yunnan Province, Song Zhongyu, and transplanted into the recipient.

Such incidents are far from commonplace in China, where the trade of illicit organs is rampant. In 2013, after receiving a tip from an unnamed college student who had sold his kidney to pay off debt, Chinese authorities cracked down on an illegal kidney harvesting operation in Hubei, arresting ten people. Among those arrested included a professional medical team with a surgeon, two nurses, and an anesthesiologist. With an abundance of well-trained medical practitioners, Chinese surgeons willing to perform the procedure are relatively easy to find for Chinese citizens looking to sell their organs. In 2012, The Guardian contacted an organ broker in China advertising under the slogan "Donate a kidney, buy the new iPad!" The broker said a kidney operation could be arranged within 10 days for as little as £2,500.

Although the Chinese government is attempting to clamp down on its illicit organ market, it continues to be a problem. The illicit sale of organs is also commonplace in the Philippines, with, in some cases entire villages comprised of people who have sold a kidney to earn some extra cash. The World Health Organization estimates that black market kidney sales account for 5-10% of all kidney transplants worldwide, although this is likely to be an underestimate. Given the global shortage of organs, there is little chance of demand slowing down any time soon. Although Asian countries are putting measures in place to regulate the sale of organs, it is expected to do little to regulate the black markets, which have persisted despite law making preventative efforts. Furthermore, having “hijacked” the rise of medical tourism, organ trafficking is only likely to “grow and metastasize” unless new rules to curb medical tourism are



set in place. Medical Tourism however, which brings invaluable revenue to developing countries, is only predicted to grow exponentially in the years to come.

2 | Counterfeit Anti-Malarial Drugs in Southeast Asia

In the capital of Cambodia, Battambang, freelancer writer Andrew Marshall Met with Cambodian government official, Ouk Vichea, on the subject of anti-malarial medications. Vichea presented to Marshall two identical packs labeled as “artesunate”, the primary component in malaria fighting drugs. Both were sold for manufacture in anti-malarial pills, but only one was actually artesunate. The other, impossible to tell apart by the eye alone, was a bag of flour.

The spread of fake anti-malarial drugs in Southeast Asia is difficult to prevent in developing countries like Cambodia, as the amount of corruption and lack of government regulation makes counterfeit ingredients almost impossible to track. Most of the fake artesunate ingredients are however known to frequently come from China, one of Asia's largest drug manufacturers. Although the actual impact of these fake-malaria pills is hard to determine, the World Health Organization (WHO) estimates that counterfeit drugs are cause up to 20 percent of the one million malaria deaths worldwide annually.

Just as concerning as the spread of counterfeit anti-malarials is the impact this can have on strains of the disease in Southeast Asia. Many fake pills do contain a small amount of artesunate in order to pass tests to identify counterfeits. However, the presence of artesunate in such small quantities in anti-malarials has the result of promoting artesunate resistant strains of the disease. With the recent outbreak of such resistant strains in Southeast Asia, the issue is even more pressing.

Southeast Asia is not the only area that suffers as a result of counterfeit drugs. With increasing globalization and the sale of pharmaceutical agents from country to country all over the world, developed countries like the United States and Australia also find themselves at risk from the active ingredients manufactured and exported from developing countries. The issue that makes such counterfeit drugs hard to catch is that deaths from tainted drugs can easily be assumed to be the result of the disease they were in the process of treating. Even when it is discovered that drugs may be endangering lives, identifying and tracing the source of impurities or contaminants to one source can be difficult, especially when so the components of a drug all come from different places.



For those in Southeast Asia afflicted by malaria, little is being done to prevent the rise of counterfeit anti-malarials, leaving villagers with little choice but to hope their medication is the right one.



Questions for Consideration

1. What are some possible ways that developed countries could enact restrictions on the importation of pharmaceutical components, avoiding dangerous consequences? Would developed countries support these restrictions if it meant a rise in the cost of pharmaceuticals?
2. Increasingly, pharmaceutical drugs patented by developed countries are based on data from foreign clinical trials in developing countries, which are outsourced to decrease production costs. The resulting drugs are usually patented at a price beyond the reach of the general populace of those developing countries. At what point is it unethical to use overseas components, like outsourced clinical testing, in the development of patented pharmaceutical drugs? Does it make a difference where the clinical trials are held?
3. Medical tourism in developing countries has the advantage of increase much needed revenue and providing developmental incentives, but the downside of the privatization of healthcare at the expense of residents in those developing countries. Should this effect on the health-care of developing countries be considered a large enough problem to warrant decreases in medical tourism, that bring in much needed revenue?
4. What are some ways to avoid the more adverse effects of medical tourism, like the effect on local public health care, without decreasing growing trend?
5. Looking at your country's policy, what specific steps could you take to address the issues posed by medical tourism? If your country is more developed, would changing your country's healthcare policies decrease the amount of tourists leaving to receive medical care? If your country is developing, what could you do to ensure the influx of medical tourists does not take away from the public sector?
6. In your opinion, taking into account your country's issues or potential issues posed by the illicit trade of organs, should the sale of organs be legalized, as seen in Iran? Would this enable regulation of an otherwise unregulated market?
7. Why do you think the United Nations has thus far done little to protect developing economies against medical tourism and the outsourcing of clinical trials, despite widespread research on their effects?



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Managing dramatically disparate economic growth across countries in the APEC region

Topic Background

The unequal balance of power between APEC member economies has a range of overarching effects. China's rapidly increasing economic power coupled with a growing assertiveness is currently causing tensions with its neighbors and escalating territorial disputes. Meanwhile, more developed APEC member countries like the US have a concerning degree of influence over trade-dependent developing countries that has the potential for coercion. This dependency not only affects the growth of developing economies, it renders ineffective international safeguards put in place to defend these growing economies.

[The Historical Balance of Power between APEC member countries](#)

The last two centuries have seen major shifts in the global balance of power. Prior to the 19th Century China was a World Economic Power, rivaled only by British Imperialism. The 1800's marked a turning point, with the decline of China both as a Global Power and as the dominant power in the Asian sphere. 1860 marked the end of the Opium Wars, where Britain won an easy victory against China's Qing Dynasty, granting them access to China's ports. This was in part due to the Industrial Revolution in the United States and Europe, which had created a technological divide between westernized and non-westernized economies, with the Western economies taking the lead. In the 1800's Western powers controlled 35 percent of the world's surface, and by 1914, they controlled over 84 percent.

The first Sino-Japanese War of 1894-1895, fought for control of Korea, marked the unseating of China's Qing Dynasty as the dominant power in Asia. As a result, Korea, which at the time paid formal tribute to China's corrupt Qing emperors – was colonized by Japan in 1910, and the territory now known as Taiwan was strategically seized by Tokyo. It was also at the turn of the 20th century that the US, following the annexation of Hawaii and the Spanish American War, began to rise as a major world power.

In Asia, tensions over Japanese imperialistic policies rose as Japan sought to seize Chinese economic resources. The Japanese invasion of China lead to the second Sino-Japanese war in 1937. In that same year Japanese soldiers were responsible for the mass murder, rape, and torture of tens of thousands of Chinese civilians in Nanjing. Following the 1941 Japanese attacks



on Pearl Harbor; the US declared war on Japan and began to provide aid to China. As a consequence of the atomic bombings of Hiroshima and Nagasaki, Japanese troops in China formally surrendered in 1945, marking an end to the war Sino-Japanese War, and the return of Taiwan to China.

By the end of the World War II, Britain's colonial empire was in decline. At this time, the United States, along with the Soviet Union, were widely recognized as a "superpowers". Following the fall of the Soviet Union, the United States was the sole remaining global superpower, with an ability to exert unparalleled influence on a global scale.

Friendly trade relations with the United States facilitated Japanese efforts to rebuild its economy after WWII. As Japan grew once again as an economic power, China also grew, both militarily and economically.

China's Growing Power and the Subsequent Rise of Tensions

For more than two decades, China has experienced a steady economic growth of 9% to 12% per annum. This economic growth makes it a certainty that China's GDP will overtake that of the US within the next twenty years.

Not only is China's GDP expected to close the gap with the United States, but its military capacities are also increasing. In March, China's government announced a 12.2 percent increase in military spending to \$132 billion, giving China the second-highest defense budget for any nation behind the U.S., which spent \$600.4 billion on its military last year. Chinese officials have criticized growing Western concerns over its increasing military as biased, and claim that China's military buildup is justified for defending its own sovereignty. The possible emergence of China as the dominant global power is concerning to other Asian countries, like Japan, who rely on US aid and protection. Chinese resentment over the Sino-Japanese wars, and atrocities like the "Rape of Nanking", still strains current relations with Japan, partially due to Chinese anti-Japan propaganda tactics.

China's rapidly growing power has been in conjunction with Chinese instigated territorial disputes in Asia. China's seizure of the Paracel Islands from Vietnam in 1974 and brief invasion of Northern Vietnam in 1979 lead to Vietnamese resentment and distrust of the Chinese that has since lent to current Chinese-Vietnamese disputes. China's claims over islands in the South China seas have been hotly contested by Malaysia, Vietnam, and the Philippines, and also lead to current day tensions.



Disputes such as that over the Japanese controlled Senaku Islands (known in China as the Diaoyu Islands) implicate other countries like the United States, who; under the 1960 Treaty of Mutual Cooperation and Security between the United States and Japan, is forced to defend Japanese interests should China try to seize control of the Islands. China strongly resents any US involvement in the Asian sphere, which they consider to be their area of dominance. However, with China's rising power and increased assertiveness, there is a greater likelihood of more territorial disputes between Asian countries, and a greater likelihood the US will have to become involved.

Implications of the Unequal Balance of Power between APEC member countries

Currently, APEC member countries such as Malaysia, Thailand, and Vietnam, who lack an organized collective defense arrangement, are facing growing pressure from China, forcing them to have cooperative attitude toward China or to ally themselves with stronger powers like the United States. This gives stronger countries a disproportionate amount of power, which is only exacerbated by increasing globalization which has lead to developing countries heavily dependent on more developed countries for trade. This gives developed countries like the US huge leveraging power over these countries, which can be detrimental by undermining what should be equalizing effects of international law.

The effects of this disproportionate power distribution can be seen under international law that regulates Intellectual Property Rights in the form of patents.

Proponents of international patent law, specifically the TRIPS Act, argue that patent protection can increase foreign direct investment and stimulate research and development in developing countries. However, the introduction of domestic patents in developing economies like Thailand and Malaysia has shown little to no increase in R&D for those countries – in fact, it has been shown that patent protection will only stimulate R&D in a country in proportion to the size of a country's market share and average income. Most patents are concentrated in developed APEC member economies, like the United States, South Korea, and Japan. This poses a problem for developing countries, particularly when it comes to pharmaceutical patents. As the minimum patent length is twenty years, and brand name pharmaceutical drugs are often too expensive for residents of countries like Thailand and Malaysia, this then prevents these countries from being able to produce cheap drugs that would benefit their citizens.



While there are clauses in international law allowing countries to escape certain patent provisions in the event of a “national emergency”, these are rarely taken advantage of. Despite developing countries sometimes being able legally produce generic drugs; many chose not to do so in fear of economic sanctions from more developed nations that they depend on for trade. This poses an issue, where international laws that are supposed to be “fair” instead end up just benefiting more developed countries that have the power to enforce them.

The question is therefore one of how to safeguard against the consequences of the trade-dependent relationships that are shared between APEC member economies, and the potential for extortion that this relationship gives to more developed countries.

UN Involvement

[**The TRIPS Agreement and later modifications**](#)

Patents are regulated between countries through the TRIPS Agreement. The TRIPS agreement, which came into effect in 1995, is currently the most comprehensive multilateral agreement on Intellectual property. Administered by the World Trade Organization, it outlines the standards and enforcement procedures for protection of intellectual property rights of member countries. The APEC Intellectual Property Experts' Group (IPEG), formed under APEC's Committee for Trade and Investment, plays a large role in the promotion of TRIPS consistent intellectual property rights among APEC trading partners.

However, the inherent inequalities posed by who benefits from the TRIPS agreement has sparked intense controversy, as the use of patents in more developed countries under the TRIPS act has been shown to prevent developing countries from producing generic versions of drugs for people who need them. The UN, in recognition of this, adopted

The Doha Ministerial Declaration on TRIPS and Public Health in 2001. This doctrine reinforced the flexibility of the TRIPS Agreement when pertaining to countries suffering from a national emergency.

This has provided little relief for developing countries, as these “flexibilities” are often underutilized.

Due to mounting concerns, the UN has slowly been shifting the emphasis of its intellectual property regulations from protecting just the rights of patent holders to protecting the interests of all those involved. One such shift was marked through the WIPO adoption of the



"Proposal for the Establishment of a Development Agenda for WIPO" in 2004, taking into account a broader international framework with which to treat intellectual property rights.

Case Studies

1 | Thailand's Dependency on the US and effect on Thai Access to Medicines

It is extremely expensive to research, manufacture, and approve a drug, and as a result the need for patenting is stronger in countries that have a larger pharmaceutical industry. The desire to protect and foster innovation led to the TRIPS agreement, implemented by the World Trade Organization. The TRIPS agreement covers five broad issues:

1. how basic principles of the trading system and other international intellectual property agreements should be applied;
2. how to give adequate protection to intellectual property rights;
3. how countries should enforce those rights adequately in their own territories;
4. how to settle disputes on intellectual property between members of the WTO; and
5. special transitional arrangements during the period when the new system is being introduced

Despite noble intentions behind the TRIPS Act, it has done little to help developing economies. In 1980, an AIDS epidemic swept Thailand, infecting over 1 million people by 2008, and currently thought to be the leading cause of premature death. To treat its ailing population, Thailand wanted to gain access to the drugs available in the US to treat its citizens. In 1979 patenting was introduced in Thailand through an Act that clearly stated that pharmaceutical products were not patentable. In theory, this would allow them to produce life-saving generics of the US based AIDS medications. This decision strained Thailand's relationship with the US, who – in an attempt to force Thailand to revise their 1979 Act – tied trade retaliation measures to the protection of intellectual property rights. It cut Thailand's Generalized System of Preferences for certain goods in January 1989 on the basis that Thailand did not provide sufficient intellectual property protection to U.S. nationals, especially on the protection of computer programs and pharmaceutical products.

As a developing country, Thailand desperately needed to maintain good relations with the United States (Thailand's biggest export). They responded to the pressure by amending the 1979 Act in 1992 – making pharmaceuticals patentable. This provision improved their relationship



with the United States but left Thailand crippled and unable to fight the growing AIDS epidemic, unable to procure the drugs needed to battle the ruthless disease.

From this example one can see that the patenting of pharmaceuticals is not necessarily a bad thing – that being said, countries like the US who feel they are entitled to intellectual property rights are able to pressure less advanced countries to adhere to patenting rules that they simply can't follow in order to maintain the good health of their citizens. The pharmaceutical industry is so expensive to maintain that countries with poor healthcare – already more susceptible to disease because of the lower standards of living – have no hope of competing with larger, more advanced countries that are able to patent all the drugs they want.

In the eyes of the Thai government, the economic advantages of being on friendly terms with the US outweigh the lives of their citizens.

2 | Chinese-Vietnam Territory Dispute

The recent disputes over territories between China and Vietnam exemplify the economic disparities in the region. Vietnam depends significantly on Chinese trade investment. According to the Vietnamese Statistics Office, China is Vietnam's largest importer by supplying materials at 28 percent of the import market share. In 2013, China also accounted for 10 percent of the total exports in Vietnam. In May 2014, Vietnam accused China of sinking a boat in the South China Sea. As shown on the map, China claims the entire territory. Vietnam, Philippines, and Malaysia have also made claims to the islands in the region. The countries are disputing the territory because the Parcels islands are rich in oil and natural gas. After the boat sinking, riots against the China's aggressive expansion began in Vietnam. Thousands of Chinese citizens fled Vietnam because of persecution.

This is not the first time the South China Sea has been disputed. In 1937, Japan invaded and occupied the Parcels. In 1947, China established its claim to the entire South China Sea. In 1951, Japan was given sovereignty to the Spratly Islands in the Treaty of San Francisco and maintained it when oil was discovered in 1969. After the Vietnam War, China established a military base on the Parcels and Vietnam established one on the Spratly Islands. The United Nations Conference on the Law of the Sea established a new economic zone (in photo), but the vague wording of the resolution makes it difficult to enforce. In 2012, Vietnam claimed jurisdiction of the Parcels and Spratly Islands.



After the May ship sinking, the United States issued a statement that China's actions are "China's activities are straining the U.S.-China relationship because it raises questions about the ability to partner together in Asia or even bilaterally." If tensions continue, it could negatively impact the economies of many APEC members. China could impose sanctions against Vietnam, which would stop all imports and exports between the two nations. The economic repercussions could trickle down to other nations in Southeast Asia.



Questions for Consideration

1. What are some potential issues you could foresee arising from China's growing power, as pertaining to your country?
2. In your opinion, can a consensus on territorial disputes in the South China seas be reached? If not, what do you expect to happen instead?
3. In the past decade, China's increased spending on military technology has sparked concern in other neighboring countries and the US, who are worried that Chinese dominance could upset the current balance of power. Considering that China still spends less than the US does on its military budget, are these concerns valid, or biased, as claimed by the Chinese government?
4. If patents really are damaging to developing countries, what are some alternative way to reduce the restrictive effects of patents in developing countries, while not discouraging the growth and innovation that is afforded by patents?
5. Given most that patents are headquartered in more developed countries, research and development tends to be done on diseases that affect the populace of these developed countries. The result is that many diseases that only affect the poor people in developing countries are neglected by current research. What are some ways to incentive both developed and developing countries to increase research efforts into these neglected diseases?



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