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# Exploiting Treaty Ambiguity: Public Health Exceptions in the WTO TRIPS Agreement

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Exploiting Treaty Ambiguity

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#### The "depth-flexibility" trade-off in international law is very robust.

- Treaty flexibility: measured by presence of exceptions in an agreement.
- We also have theories of when escape clause use is more likely...

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# Constructive ambiguity as treaty flexibility

# **Constructive ambiguity:** the deliberate use of ambiguous language in a sensitive issue area to advance a negotiation.

More likely when countries have competing preferences in a negotiation.

Allows parties to "pretend to agree even where they disagree."

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#### **Research question**

**Question**: When and how are countries more likely to exploit constructive ambiguity in international agreements?

**Claim**: Countries adopt domestic laws that more precisely define ambiguous treaty terms in order to meet domestic interests.

**Argument**: This is especially likely for developing democracies seeking to maintain domestic policy autonomy.

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# A theory of treaty exploitation

Disputes over the meaning of treaty terms can be resolved by:

- Negotiation
- 2 Dispute

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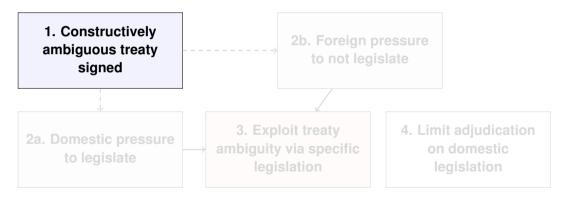
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# A theory of treaty exploitation

Disputes over applications of treaty terms can be resolved in numerous ways:

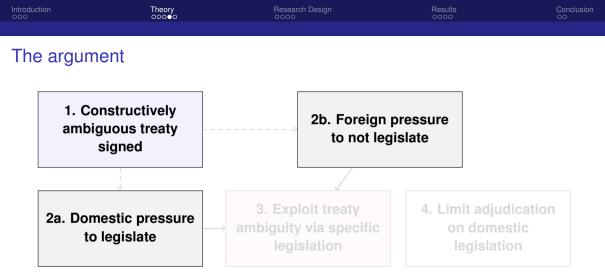
- Negotiation
- 2 Dispute
- Substitution States and States

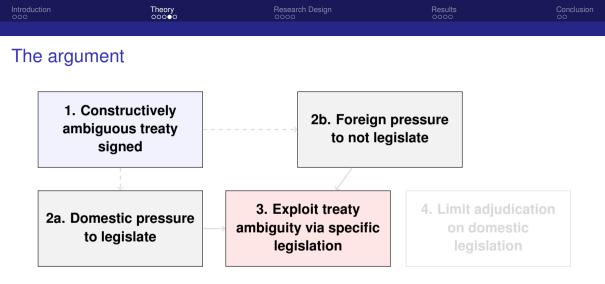
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The argument				





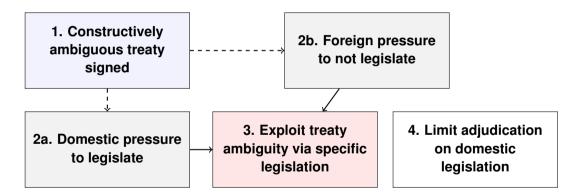






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#### The argument



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# Hypotheses

- H1: Democracies are quicker to exploit ambiguous treaty terms when domestic demand for legislation is higher.
- H2: Developing democracies are especially likely to exploit treaty ambiguity when foreign firms have vested interests in their domestic market.
- Scope conditions: constructive ambiguity in a treaty must exist; negotiation and adjudication are not available.

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#### **Case selection**

We test our theory in the context of:

- Ambiguous treaty: the WTO Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement
- Domestic demand/foreign interest: access to generic patents for HIV/AIDs drugs (compulsory licensing)

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# Why TRIPS? Ambiguity on compulsory licensing

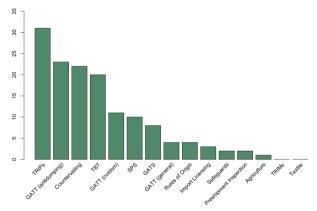


Figure: Count of word 'reasonabl' in WTO agreements

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DV: time to treaty exploitation

- When compulsory licensing is legislated domestically
- How compulsory licensing is legislated domestically

(H1) IV: democracy \* demand for public health legislation

- Polity IV or Boix-Miller-Rosato (BMR) measure
- # of HIV/AIDS therapy recipients

(H2) IV: democracy \* MNC presence

- Polity IV or Boix-Miller-Rosato (BMR) measure
- Cortellis Competitive Intelligence™ # of active patents for AIDS by firms

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# **Empirical Approach**

#### Survival analysis: cox proportional hazards model

$$\lambda \Big( \mathbf{Y}_i(t), \mathbf{X}_i(t) \Big) = \lambda_0 \Big( \mathbf{Y}_i(t) \Big) \cdot \exp \left[ \mathbf{X}_i(t)^\top \beta \right]$$

• 
$$Y_i(t)$$
 : time to an event or failure  $\in [0, \infty)$ 

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$$X_i(t)$$
 : time-varying covariates

Controls: economic & public health conditions

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# **IV** : # of AIDS therapies recipients in democracies ↓

**DV** : legislation of compulsory licensing for public non-commercial use ↑

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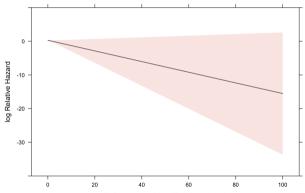
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IV: # of AIDS therapies recipients in democracies  $\downarrow$ 

**DV**: legislation of compulsory licensing for public non-commercial use ↑



# of people receiving ARVs (population)

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# IV: # of active patents for AIDS drugs $\downarrow$

**DV**: legislation of compulsory licensing for correction of non-working patents ↑

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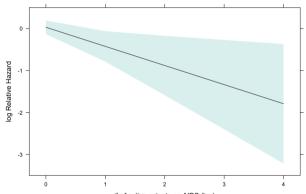
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IV: # of active patents for AIDS drugs  $\downarrow$ 

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# of active patents on AIDS (log)

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Takeaways				
When are	countries more likely	to exploit treaty ambiguit	y?	

- Developing democracies are more likely to exploit treaty ambiguity to reclaim specific forms of domestic policy autonomy.
- This is especially likely in such countries where foreign MNCs have a local presence and private interests.
- In the context of HIV/AIDS, constructive ambiguity in TRIPS gave developing democracies "room to maneuver" on compulsory licensing.
- More to be done on the study of treaty ambiguity and exploitation.

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#### We look forward to your questions!

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