

AID-FOR-TRADE: CASE STORY

ORGANIZATION OF AMERICAN STATES (OAS)

Caribbean Intellectual Property (IP) Value Capture Export Strategy

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BACKGROUND

With an innovative approach successfully tested in other developing regions, this project seeks to increase awareness and empowerment of producers, small and medium-sized enterprises (SMEs), and communities, including indigenous groups, to boost their export income by taking advantage of the intangible value of their products through the use of intellectual property rights (IPR) strategies.

OBJECTIVE

Increased awareness and empowered Caribbean producers, SMEs, business leaders, and export development agencies, to increase their export income by taking advantage of the intangible value of their products and services.

RATIONALE

Trade plays a very significant role in all CARICOM economies. As most of the countries are small island states, they are relatively open and therefore rely on export income to create jobs, buy imports, and maintain an overall healthy balance in external accounts.

The Caribbean is by all standards a creative region, with unique products and rich in biodiversity. However, despite isolated examples of successful use of intellectual property in the region, there is still a need to support the systematic development and use of the opportunities offered by IP to improve the living standards of communities and groups of producers or service providers. Intellectual property offers opportunities, currently not being used by SMEs, women entrepreneurs, communities, and individuals for increasing their income by capturing the intangible value of their products and services through the use of IP export strategies and IP business tools.

DESCRIPTION

The first phase of this project included the preparation of a scoping study to evaluate eight (8) Caribbean products in Belize, Grenada, and Jamaica with potential for higher and more secure export income through the application of IP-based business strategies and tools. The study included desk research and in country visits, engaging trade and agriculture stakeholders, civic groups and private sector associations. A group of regional stakeholders (including: the Caribbean Association of Industries and Commerce (CAIC), Caribbean Export, the Office of Trade Negotiations of the CARICOM Secretariat, the OECS Secretariat Export Development Unit, Light Years IP, and the OAS Department of Economic Development, Trade and Tourism), which guides and coordinates the strategy, has selected three (3) of the products/countries with the most potential to demonstrate the results of IP Value Capture Strategies. They are Grenadian Nutmeg, West Indian Sea Island Cotton (Barbados, Jamaica, St. Kitts and Nevis) and a product to be confirmed in collaboration with Belize. These products were selected taking into account the following criteria: social impact, poverty alleviation and women empowerment.

The next phase of the project will include the following components:

Component 1: Education and Training Program

IP Value Capture Training of Producers and Stakeholders of Three Products in Three Different Countries

This component provides tailored training for stakeholders for the three selected products with respect to the potential IP Value Capture strategies applicable to these products and how to decide and manage the process of implementation. It allows producers to understand and assess the business options available to modify the existing value chain in order “to move their current position” closer to the final consumer. It also creates awareness of the important factors for such a strategy to operate: including collective action, brand ownership and management, distinguishing commodity pricing/markets and the value of specialty products; learning the different faces of the value chain and the value distribution –from production, export, import, whole sale, distribution and retail; elements of branding, labeling, packaging, quality and competition in specific business niches.

Expected outcome: Increased understanding of producers of the IP Value Capture opportunities for their specific products and improved ability to implement an IP business strategy if the group of stakeholders decides to move forward with partial or full implementation.

Permanent IP Value Capture Training and Education Module in an Established Caribbean University

This component provides for the development of a permanent IP Value Capture module in a Caribbean University. The module will provide participants with the skills to design IP value capture interventions. The syllabus will cover all the basic forms of intellectual property (patents, trademarks, geographical indications, trade secrets) and their business application. Graduates will have the ability to manage brands, IP strategies, understand drafting and negotiation of licenses, exclusive and non-exclusive arrangements, franchising, collective and certification marks. The module will provide examples and multiple case studies of IP businesses strategies for small and medium enterprises in developing and developed countries. The module will start as an additional module in the Masters in International Trade Policy (MITP) at the University of the West Indies, Cave Hill Campus in Barbados, and it will be open to the private sector.

Expected outcome: Developed IP Value Capture capacity for businesses and officials and increased awareness around the specific importance of IP management for business and export development.

Component 2: Implementation of IP Value Capture Strategy for Three Distinctive Products in Collaboration with Stakeholders in Three Countries

This component engages stakeholders in the three products selected to move the project toward implementation. It develops the strategic information to engage local ownership and leadership and mobilize stakeholders to consider their current or needed institutional arrangements and ultimately to make their own well-informed decisions. The product’s stakeholders are considered the owners of the work and all actions going forward. Strategies proposed may be adopted in whole or part. Some stakeholders may organize and invest directly as individuals or as a group.

The Feasibility and Strategic Implementation Phase includes the following elements:

- a) An assessment of the distinctive properties of the product and market research to define how they are valued in foreign retail markets
- b) An assessment of the supply and value chains
 - Estimation of intangible value in final retail markets and how this income is allocated
 - A review of the current pricing
 - An analysis of export market conditions
 - An analysis of the distribution network
- c) Deepening of the understanding of international markets to develop creative strategies for changing export negotiating power held by producers
- d) A stakeholder analysis: producer-focused and investment considerations
- e) Design and evaluation of concrete strategies for IP value capture focused on increasing income for primary producers and principal stakeholders
 - Estimate of potential gains for each strategic option
 - An assessment of costs for each option
 - An analysis of the risks and potential challenges to each option
 - Register trademarks, so that brand management is possible
- f) Recommendation for investment in achieving higher income based on the best opportunities

Expected outcome: Decision by stakeholders whether to proceed to Full Project Design and Implementation

Component 3: Institutional IP Value Capture Model Methodology for Export Development Agencies in the Caribbean

This methodology will include the tools to equip governmental institutions/export development agencies to develop, in collaboration with their private sector, the capacity to carry out scoping of distinctive products and implement IP value capture strategies that represent opportunities for stakeholders to capture a larger share of retail prices earned in export markets.

Institutions will learn the methodology to identify distinctive products, analyze the supply and value chains and assess the intangible value component of these products in final retail markets.

The tools include criteria to classify products using specific criteria including uniqueness, distinctiveness, reputation, and the existence of premium prices in final retail markets. The process entails learning how to acquire relevant information about what makes the various products distinctive, if any are unique to a specific geographical location or whether the products are in a premium category as perceived by retail consumers or wholesale buyers. The scoping analysis focuses on a number of key areas: exploration of the product, supply and demand trends, a form of value chain analysis which is focused on estimating intangible value and finally, preliminary notions of what an IP based strategy might look like and the impact it could have on export and producer income. This analysis is done by comparing the difference in price of premium versus commodity products in retail market. High retail value in premium markets often rests upon exploiting the unique traits, which includes distinctive flavor profiles, traditional production process, high or unusual quality, indigenous ingredients, etc.; thus it is important to consider how they will be sustained and even extended if possible. The ultimate goal is to form the skill set for the implementation of strategies using intellectual property to secure more export income from distinctive products.

Expected outcome:

Developed model methodology for Caribbean governments to support their private sector in the identification of distinctive products and design of IP Value Capture Strategies to earn higher export income for Caribbean products.



Status of the Program: ongoing

For more information:

<http://www.lightyearsip.net/downloads/Caribbean%20booklet%2044%20final.pdf>

