



Brief to the Standing Committee on International Trade
Canada's International Trade and Investment Policy: Selected Considerations Concerning COVID-19
Vaccines

April 30, 2021

Re. Canada's position with respect to a proposal at the World Trade Organization to provide "a waiver from certain provisions of the TRIPS Agreement for the prevention, containment and treatment of Covid-19"

Recommendations

Canada must support the TRIPS waiver currently being proposed at the World Trade Organization

This proposal will rapidly scale-up vaccine manufacturing, production and supply to ensure that countries and companies that can produce COVID-19 vaccines can do so free from intellectual property and patent barriers.

Canada must push pharmaceutical companies to share knowledge, technology and know-how to ensure that COVID-19 vaccines can be widely shared through the WHO's COVID-19 Technology Access Pool (C-TAP)

The C-TAP Call to Action is an existing multilateral mechanism that can support technology transfer for COVID-19 vaccines, drugs, therapeutics and other health technologies.

Introduction

COVID-19 has impacted the lives of everyone and Canadians have seen first hand the devastation that this virus has caused. Canadians from across the country and particularly Black, Indigenous, racialized women, women with disabilities, migrant and immigrant women have been disproportionately hit by this virus.ⁱ Globally, COVID-19 has crippled health systems everywhere. However, the impact has been more acutely felt across already fragile health systems in Sub-Saharan Africa, Southeast Asia and Latin America. Oxfam has termed this virus the 'Inequality Virus' as it is deepening and exacerbating existing inequalities. Low and middle-income countries are struggling to vaccinate their citizens as this virus mutates and increasingly infectious variants continue to emerge. As in Canada, elsewhere women are

bearing the brunt in terms of job losses, increased care responsibilities, and exposure to infection as frontline workers.

Equitable access to a COVID-19 vaccine is critical to ensuring that this pandemic ends once and for all, and to prevent a rollback of decades of progress towards eliminating poverty and advancing gender equality. **Oxfam Canada is calling on the government of Canada to support the waiver on the TRIPS (Trade-Related Aspects of Intellectual Property Rights) Agreement currently proposed at the World Trade Organization (WTO).** At current rates of vaccinations many poorer countries will not be able to complete mass vaccination programs until 2024.ⁱⁱ This waiver is vital to scaling-up vaccine manufacturing and production and increasing supply for the poorest countries. Timely access to a vaccine saves lives.

Why we need a TRIPS Waiver

The “*waiver from certain provisions of the TRIPS Agreement for the prevention, containment and treatment of COVID-19*” (IP/C/W/669) was put forth to the WTO council on October 2, 2020 by India and South Africa for consideration.ⁱⁱⁱ Since the waiver’s introduction, over 100 WTO member countries have come forward in support of it. The waiver calls for the temporary suspension of provisions in the TRIPS agreement relating to patents, intellectual property rights (IPR), technology and know-how concerning COVID-19 drugs, vaccines, diagnostics, and other health technologies.

The presence and spread of mutations from the COVID-19 virus means that there is an urgency to quickly vaccinate as many people as possible. Oxfam recently conducted a survey with epidemiologists where two-thirds of respondents stated that the life span of the current vaccines on the market will only be effective for another 12 months or less. A majority of respondents (88%) concluded that low vaccination rates mean that new mutations and variants are likely to occur.^{iv}

The COVAX facility—designed to support equitable distribution of vaccines to low and middle income countries—is not enough. The effectiveness of this mechanism has been undermined as rich countries have cut bilateral deals with manufacturers and driven up vaccine prices. Data by the World Health Organization indicates that 1 in 4 people in wealthier countries have received a vaccine compared to only 1 in 500 in poor countries.^v Considering vaccines will always go to the highest bidder, developing countries need to be able to manufacture COVID-19 vaccines. However, as a few pharmaceutical companies continue to monopolize manufacturing capacity, the disparity in vaccination rates globally will continue to grow.

The past few months have shown that our current system is broken as the scramble for vaccines intensifies and threatens global cooperation. The overreliance on a select few pharmaceutical companies has been a barrier to guaranteeing adequate and consistent global supply. Poor countries are struggling to vaccinate their populations as deals with these companies are out of their reach. Advance purchases by rich nations far above their needs has undermined access to vaccines for poor countries. For example, Canada has purchased nearly five times the number of vaccines it requires, effectively limiting the available supply for many poor countries. Whereas every Canadian will likely receive at least one dose by the end of 2021. As it stands today, Haiti has yet to administer a single dose to its citizens.^{vi}

Vaccine inequality is also crippling the global economy in significant ways. An assessment by Oxfam has shown that up to USD9 trillion in economic losses could result from vaccine inequality. India, where their

unique variant is rapidly escalating COVID cases and deaths, could see losses of up to USD786 billion or 27% of its GDP. South Africa is projected to lose 24% of its GDP.^{vii} Women around the world lost at least USD800 billion in income due to COVID-19, equivalent to more than the combined GDP of 98 countries.^{viii} The cost of not vaccinating everyone will be borne by developed and developing countries for decades to come. Even if wealthier economies vaccinate their populations by the end of 2021, Canada, the U.S. and the EU will still feel the economic fallout by almost USD2 trillion.^{ix} Unless everyone, everywhere is vaccinated, the impact of vaccine inequality will be shouldered by every nation. Of course, not equally so. Poor countries will experience the worst of it. With greater interconnectedness through trade, production and supply networks, we need greater cooperation not less.

The TRIPS waiver—a temporary suspension of intellectual property rights and patents—will be critical to increasing vaccine supply and ensuring a more equitable distribution of vaccines. Canada has stated it is not opposed to the waiver but has not shown the support needed to move towards consensus within the WTO council. Given the global public health crisis we are facing, this inaction is costing lives. The disparity between those that are vaccinated and those that are waiting for a vaccine is growing by the day. So far, of the 1 billion vaccine doses administered, nearly 83% have gone to people in wealthier countries. The lowest vaccination coverage is in Africa with less than 2% of its 1.3 billion citizens vaccinated.^x

The status quo does once again leave poor countries behind. The current system privileges pharmaceutical companies as they rake in excessive profits due to their monopoly over vaccine manufacturing and production. We cannot ask poor countries, burdened by enormous debt, to pay the cost for vaccine inequality when we have a solution in COVID-19 vaccines. Ensuring a global economic recovery that is equity-focused means increasing vaccine supply and manufacturing by removing a range of barriers and supporting the TRIPS waiver.

Patents and profits undermine medicine accessibility

Advance purchase agreements, the cost of vaccines, and limiting manufacturing capacity to a few pharmaceutical corporations has fuelled vaccine inequality and inaccessibility, and has kept vaccine supply artificially low.^{xi} Suspending intellectual property and patents on COVID vaccines and allowing for increased manufacturing, particularly in the Global South, can significantly ramp up supply and lay the path for more equitable and sustainable access to vaccines for everyone, but especially developing countries. However, the existing patent landscape has been problematic in the past, does not serve us now and is unsustainable for future pandemic responses.

The issue of patents and intellectual property barriers to the production of generic life saving medicines is not new and has been raised a number of times, especially as it relates to drugs like anti-retrovirals for HIV/AIDS, as well as drugs for tuberculosis and other diseases. The argument is made that existing tools within the TRIPS agreement, such as compulsory or voluntary licenses, are sufficient to diversify production. But history has shown that it still takes years to go through the process and developing countries often face diplomatic backlash when aiming to access those mechanisms.

Developing countries need access to life-saving medicines now. Among the most proven therapies for COVID-19 symptoms is a drug called *Remdesivir* and yet it is inaccessible to many countries in Latin America because of patent and intellectual property barriers put up by manufacturer Gilead.^{xii} Brazil has 14 million COVID cases and a unique variant that is collapsing existing health care capacity, resulting in

rationing over medical equipment.^{xiii} As the proposed TRIPS waiver applies to not only vaccine manufacturing and production but also therapeutics and drugs, the impact of removing intellectual property and patents will be felt immediately by low and middle-income countries.

Opponents to a waiver also argue that IPR and patents are critical to spur innovation in pharmaceuticals. Moderna, Pfizer/BioNtech, Johnson & Johnson, Nonovax and Oxford/AstraZeneca received billions in public funding and guaranteed orders (USD12 billion from the US government alone). They have also made use of many years of publicly funded research and discoveries. Researchers found that only 3% of the R&D costs to develop the Oxford/AstraZeneca vaccine and its underlying technology was privately funded.^{xiv} Yet, Pfizer, Johnson & Johnson and AstraZeneca have paid out \$26 billion in dividends and stock buybacks to their shareholders in the past 12 months, enough to pay for vaccines for the entire 1.3 people in Africa. Instead of increasing innovation and vaccine access, pharmaceutical companies are transferring billions in profits to their wealthy shareholders.

These figures underscore the need for global solutions and solidarity. Pharmaceutical companies are profit driven and it is not the mandate of these corporations to design public health policies, especially during global crises. The affordability and accessibility of medicines must take priority over patent protections. A TRIPS waiver can ensure that a COVID vaccine can reach anyone, anywhere that needs it, and Canada must not stand in the way.

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