

Intelligence MEMOS



From: Michael J. Trebilcock and Dan Poliwoda
To: Canadians Concerned About Vaccine Equity
Date: September 23, 2021
Re: **THE TRIPS VACCINE WAIVER CONTROVERSY**

The vastly differing [rate](#) at which developed and developing countries have been able to procure COVID-19 vaccines has exposed major inequities in global vaccine access.

In an effort to boost developing countries access to COVID-19 vaccines, some have proposed that the World Trade Organization (WTO) grant a broad IP waiver to enable more widespread vaccine production. A [proposal](#) from India and South Africa requesting a WTO waiver from certain international IP standards ([TRIPS](#) provisions) applying to COVID-19 vaccines and related health products is under consideration.

Generally, support for the TRIPS waiver has reflected WTO members' stage of development. More than 100 developing countries have signed on to sponsor or support the waiver, while several developed countries have opposed the waiver or favour alternative approaches.

Sharply divergent opinions have emerged as to whether loosening IP rules are part of the solution or part of the problem. One school argues that IP rights are a serious impediment to dramatically expanding vaccine production capacity, especially in developing countries. Its proponents [argue](#) that IP rights confer monopoly powers on holders, who will seek to maximize profits by restricting supply and raising prices. They reject the idea that IP waivers would diminish economic incentives for the biotech sector to invest in future medical innovations, claiming that rightsholders are already adequately compensated for generics derived from their products or processes.

A second school of thought takes the view that the relaxation or elimination of IP rights may be marginally beneficial, but that significantly more proactive and coordinated international policy initiatives would be more effective. Most significantly, representatives of the second school of thought [argue](#) that it is unrealistic to manufacture vaccines, especially the complex mRNA vaccines so effective against COVID-19, in many countries in the near-term. In the longer-term, they recommend the international community make major investments in a select number of R&D and production hubs on each major continent.

Meanwhile, a third school of thought [argues](#) that a sweeping waiver of IP rights in vaccines and their inputs is likely to have a deleterious impact on advancing this priority, especially since COVID-19 vaccine manufacturers already have tiered pricing with higher prices for vaccines in high-income countries, lower prices for middle-income countries, and lower prices again for low-income countries.

Our recent [survey](#) of the issue found the second school of thought the most persuasive and that a comprehensive TRIPS waiver, standing alone, is likely to have only a marginal impact. Further, the WTO should suspend its vote on the TRIPS waiver entirely, or approve it, but then suspend it as long global vaccine rollout meets measurable targets for increased output within defined timeframes. As the developed world has learned, this will require capacities for delivery and storage technology, trained healthcare workers, and credible public information campaigns to ensure substantial vaccine take-up.

The [challenges](#) that must be [addressed](#) in boosting global vaccinations can be broken down into three categories: (1) supply; (2) delivery; and (3) financing.

In a recent [study](#), the International Monetary Fund (IMF), proposes these targets: Vaccinating at least 40 percent of the planet's population by the end of 2021 and at least 60 percent by the first half of 2022; tracking and ensuring against downside risks, and ensuring widespread testing and tracing, maintaining adequate stocks of therapeutics; and enforcing public health measures in places where vaccine coverage is low. The approximately \$9 trillion in benefits to the global economy far outweigh the estimated \$50-billion cost, say the authors.

This is persuasive. However, the IMF study and earlier studies are disappointingly thin on the institutional arrangements required for their effective implementation. For our part we see virtues in the constitution of a pandemic "war cabinet" or committee, composed of the heads of the IMF, the WHO, the World Bank, and the WTO, or their senior designates, and supported by a seconded secretariat, that should start with weekly meetings.

Canada should support such a committee and support increasing vaccine supplies, administration, delivery, and financing in developing countries by donating funds and surplus vaccines to [COVAX](#). Canada can also promote the establishment of an international body for reviewing and evaluating the safety, efficacy and quality of vaccines. Canadian [schemes](#) for vaccine administration in remote areas may be especially useful for developing countries where large population swaths may be living in rural communities.

Given the threat posed by variants and the related concern that variants may spread more quickly than vaccination rates, time is of the essence. Implementation of well-conceived international institutional arrangements can meet this challenge.

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