

# “From Virus to Vitamin” Newsletter

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**Rush for Covid-19 vaccine:  
bottle-necks require public-  
private worldwide cooperation**



**Observatoire  
de la Finance**

16, chemin des Clochettes  
1206 Genève, Suisse  
Tél.: +41 22 346 30 35

www.obsfin.ch  
E-mail: office@obsfin.ch

[www.obsfin.ch/virustovitamin-n11/](http://www.obsfin.ch/virustovitamin-n11/)

## QUESTION UNDER DISCUSSION

**"Vaccines are in sight. How should the world cope with two related challenges which are both national and global. The first relates to intellectual ownership rights on patents and related royalties. The second to local distribution (free or not) and access priorities. Would it make sense to envisage setting up a world foundation, private-public partnership, linked or not to the WHO, to which could be entrusted all the rights to present and future COVID vaccines and which would allocate funding for research to private companies?"**

## TABLE OF CONTENTS

- Edito: [Rush for Covid-19 vaccine: bottle-necks require public-private worldwide cooperation](#),  
Virgile Perret & Paul H. Dembinski
- "... [high but ultimately reasonable profit ...](#)",  
Alfredo Pastor
- "... [this opens the way to nationalizations ...](#)",  
Etienne Perrot
- "... [managing an epidemic is a collective good ...](#)",  
Edouard Dommen
- "... [continuous dialogue has to take place ...](#)",  
Archana Sinha
- "... [the COVAX multilateral initiative is moving but needs more funds ...](#)",  
Domingo Sugranyes
- "... [a PPP to produce and distribute the vaccine worldwide ...](#)",  
Oscar Ugarteche
- "... [a world private-public global initiative to manage COVID vaccines ...](#)",  
Valerio Bruno
- "... [an obvious need for a reformed WHO ...](#)",  
Yuriy Temirov
- "... [agreements applicable at regional levels ...](#)",  
Andrew Cornford

## EDITORIAL

### Rush for Covid-19 vaccine: bottle-necks require public-private worldwide cooperation

The recent breakthroughs on COVID-19 vaccines has offered “a ray of hope” for the world, according to UN Secretary General Antonio Guterres, while fears are rising that “vaccine nationalism” – countries competing to inoculate their own populations first – may preclude fair distribution and thereby prolong the pandemic.

Vaccines have been developed at a breath-taking speed by competing private actors with – in some cases – financial support, and risk hedging provided by public agencies. Today all vaccines are “private goods” protected by intellectual property rights at national and international level. The access of populations to vaccines is constrained by a series of bottle-necks, some at producer side, others at logistics (cold chain) and inoculation ends of the operation, mainly in public hands. If the allocation is left to the private players alone, they will possibly prefer to serve first their most interesting clients and many governments of (mainly) rich countries that have made already upfront payments at initial stages of development.

Several experts have argued that in regard of the exceptional nature and impact of the pandemic, the vaccines must be considered as “a global public good”. The UN Secretary General publicly added that it should be “accessible to all.” The wide global access is today critical and bottlenecks have to be overcome without loss of time. First barrier is price: it seems that some vaccine providers have set the prices at affordable levels even for the poorest countries, others not. Second barrier is quantity and speed of delivery: here the question is how

much restraint will show western populations and governments, some of which seem to have placed extravagant orders. Third barrier is local logistics, in poor countries.

The COVAX initiative – under the auspices of WHO - provides some light in the tunnel, however it is unclear, which vaccines it can access, when and at what price. Should COVAX not deliver to poor countries expectations, the temptation to limit or even break patent legislation in the name of public health priorities might come to the fore, as it was the case when in 1999 South Africa managed to obtain from global pharmaceutical companies deliveries of anti-AIDS therapies at production costs, only after having threatened of breaking – referring to WTO TRIPS provisions - the corresponding patents. Most probably patent holders of today will do their best to avoid a remake of such a situation knowing that their reputation, and possibly their very autonomy, in times of pandemic would be even more at risk than in 1999

[Virgile Perret & Paul H. Dembinski](#)

**“... high but ultimately reasonable profit ...”**

As far as the intellectual property question: **I think it would be better to reward success according to cost and a high but ultimately reasonable profit and make the procedure available to all.** As for the second: the idea of the foundation to ensure access seems a good one. Allocation of research does not seem to need a new channel.

**Alfredo Pastor**

**“... this opens the way to nationalizations ...”**

Here, two difficult ethical problems: first, the fair remuneration of research organizations and researchers; second, the universal destination of goods. Christian social teaching has here fairly clear answers in principle: the right price is not the market price, but the "common evaluation", which is the evaluation by the community (of those who are directly concerned); the vaccine must go primarily not to the richest but to the most fragile members of the community. **This opens the way to nationalizations – for which adequate modalities would have to be found – and therefore to a world Foundation of the type mentioned in the question.**



[Etienne Perrot](#)

**“... managing an epidemic is a collective good ...”**

The health sector challenges market economics. The market economy can work well in allocating privately appropriable goods & services where people are free to choose between more of this and less of that. Life itself is not one of those goods: without it there is no choice at all. People are therefore willing to spend extravagant amounts to preserve their own life. Pharmaceutical companies and kidnappers take full advantage of that. Collective goods also foul up the market economy. Once one person has one, it is automatically available to everyone else in reach, so everyone hopes someone else will pay for it. **Managing an epidemic is a collective good. So is intellectual property, hence the contorted efforts to privatise it.**



[Edouard Dommen](#)

**“... continuous dialogue has to take place ...”**

For human life to become normal again, covid vaccines or medicines are the only everlasting solutions. Friction already exists among various stakeholders. The question that arises is whether the exclusivity that is recognised by patent rights will be damaging to society. Will patents create obstruction or is there a solution? **Continuous dialogue has to take place among innovators, manufacturers and supply chains; innovation be made public in order to enable further research for the common public good.** An important move forward that the global community needs to recognize is the need for taking measures to protect public health and promote global access to new vaccines and medicines, **requires a pandemic patent pool be created and managed centrally agency, patents which become part of the pool be readily made available for licensing.**



[Archana Sinha](#)

**“... the COVAX multilateral initiative is moving but needs more funds ...”**

Scenarios for vaccine production and logistics are changing by the hour. A worldwide cacophonous concert made of competition and cooperation, which includes pharma companies, national health services, transnational institutions (eg EU), WHO, NGOs and the media will however lead to solutions, and **this is more credible and effective than any utopian centralised plan.** Apparently, some countries (South Africa, India) have already requested WTO exceptions to property rules on vaccine patents. **The COVAX multilateral initiative is moving but needs more funds...** Let's support the good initiatives already under way and speak for those in need of support. This is not a theory!



[Domingo Sugranyes](#)

**“... a PPP to produce and distribute the vaccine worldwide ...”**

The vaccine is a public good. **The intellectual ownership of the vaccines belongs to the firms that created them but given its public good nature, WHO should pay the developers for their work and turn it into a not for profit activity ensuring global production and distribution.** The World Health Organisation should have a foundation in charge of paying vaccine developers with UN member Government monies. The foundation could then form a PPP to produce and distribute the vaccine worldwide. The resources from that should return to the foundation, distributing them worldwide for further research.



[Oscar Ugarteche](#)

**“... a world private-public global initiative to manage COVID vaccines ...”**

Most of the governments worldwide are seemingly granting vaccines for free to their citizens, according to different access priorities, in some case yet to establish. If big pharma companies had considered the COVID-19 pandemic primarily as a chance to make huge and unexpected profit via patents and royalties, international institutions and governments, in particular, should make clear this cannot be the case. **As concerns the possibility to set up a world private-public global initiative to manage COVID vaccines, research funding and related issues, this could be, at least in theory, an excellent initiative. However, in practice, I am rather skeptical: the foundation would be the immediate focus of the “attentions” of both governments and private sector’s actors, pharmaceutical companies in primis.**



[Valerio Alfonso Bruno](#)

**“... an obvious need for a reformed WHO ...”**

The COVID pandemic is not a reason for a radical revision of the norms of intellectual ownership rights on patents and related royalties or principles of private-public partnership. Democratic societies do not have such an urgent need, and non-democratic communities are unable to carry out such a revision. **There is an obvious need not for a centralized "world foundation", but for a reformed WHO, capable of effectively performing the functions of strategic forecasting and coordination.** As for the issue of distribution (free or not) and access priorities, in developed democracies and rich undemocratic states, most likely such a problem will not exist as such. In poor undemocratic states, solving the problem will require external intervention and control.



[Yuriy Temirov](#)

**“... agreements applicable at regional levels ...”**

On patents and royalties their worldwide protection is generally thought to have been significantly strengthened by the WTO TRIPS Agreement. Articles 7 and 8 of this agreement, intended to assure members of the WTO the right to implement public health measures, have not as yet sufficiently fulfilled these hopes, and the short-term effects of recourse to them would be all too likely to be slow. A world foundation would also take time to establish, even if agreement could be reached. The principal draft resolutions before the UN General Assembly are widely thought “not to provide sufficient guidance beyond broad exhortations of good faith principles”. **A more promising approach might be to rely on agreements applicable at regional levels, for example, to make available proportions of produced vaccines to countries lacking required productive capacities.**



[Andrew Cornford](#)

## LIST OF CONTRIBUTORS

**Valerio Alfonso Bruno** is a Researcher in politics and a Senior Research Fellow at the Centre for Analysis of the Radical Right (CARR), member of AREF and AIESC. He provides regularly political analysis for, among others, the Fair Observer, Social Europe and Indus News.



**Andrew Cornford** (Counsellor, Observatoire de la Finance; from 1977 until 2003 staff member of UNCTAD, latterly with special responsibility for financial regulation and international trade in financial services)



**Paul H. Dembinski** is the initiator and Director of the Foundation of the Observatoire de la Finance. In parallel, he is partner and co-founder of Eco'Diagnostic, an independent economic research institute working for both government and private clients in Switzerland and elsewhere. Paul H. Dembinski is also Professor at the University of Fribourg.



**Edward Dommen** is a specialist in economic ethics, particularly Calvin's. He has been a university professor, a researcher in UNCTAD and president of Geneva's Ecumenical Workshop in Theology (AOT) – an adult-education programme.



Dr. **Virgile Perret** holds a Ph.D in Political Science from the University of Lausanne and he is specialized in the study of monetary innovation from an interdisciplinary perspective. He collaborates with the Observatoire de la Finance where he is responsible for managing the global Prize "Ethics & Trust in Finance for a Sustainable Future".



**P. Etienne Perrot**, Jesuit, Doctor in Economics sciences, member of the editorial board of the magazine Choisir (Geneva), editorial adviser of the journal Études (Paris).



Dr. **Archana Sinha**, a a doctorate in Agricultural Economics, currently is Head, Department of Women's Studies, Indian Social Institute, New Delhi, India. She is responsible for implementing research on various women issues, rural and urban based issues on gender and development, agriculture related rural economy, livelihood, gender and social exclusion, women workers, food security, nutrition, health promotion, SDGs related issues.



**Domingo Sugranyes Bickel**, KCSG. Graduated from the University of Fribourg, Switzerland. Secretary General of UNIAPAC, Brussels, from 1974 to 1981. With MAPFRE international insurance group from 1981, Executive Vice-Chairman until 2008. From 2009 to 2019, Chairman of Vatican-based Foundation Centesimus Annus Pro Pontifice. Knight Commander of the Pontifical Order of Saint Gregory the Great (April 2019).



**Yuriy Temirov**, Dr., Assoc. prof., Dean of Faculty of History and International Relations, Vasyl Stus Donetsk National University. Research interest: International Relations with special focus on World Order, International and European Security, Ukraine – Russia relations.



**Oscar Ugarteche**, PhD. History and Philosophy, U of Bergen. Doctor Honoris Causa, U de San Agustin, Arequipa, Peru. UN system consultant on international debt issues 1978-1994. Visiting professor St. Antony's College, Oxford; Centre for Development, U of Bergen; Institute for Latin American Studies at U. Of London; Free University of Berlin; University of Newcastle; Universidad General Sarmiento de Buenos Aires





## “FROM VIRUS TO VITAMIN” – JOIN THE DISCUSSION

**The Observatoire de la Finance** intends to seize this period of pandemic to step back and take a fresh look at our global economic system, dare to ask new questions which the current crisis brings to the fore and propose innovative ways to rebuild a more resilient and sustainable economy and society. In brief, we want to turn the virus into a vitamin for the future.

**Our Discussion Board** “From Virus to Vitamin” focuses on commenting issues relevant to finance and economy in relations to society, ethics and the environment from a variety of perspectives, of practical experiences and of academic disciplines. It has been designed to share and discuss information and opinions expressed in a short and concise manner.

**Contributors** ([Discover the list of contributors](#)) are invited to react on a question/issue that is submitted in parallel to a limited group of experts. This happens on a regular basis, through a dedicated mailing list. After the deadline for submission, the reactions are edited and published with signatures in one document on the website of the Observatoire de la finance and on its LinkedIn page. If you would like to join the discussion, you may send an email to the editor, Dr. Virgile Perret <[perret@obsfin.ch](mailto:perret@obsfin.ch)>.

### OF Discussion Board – Questions addressed so far

- Question 11 : [Rush for Covid-19 vaccine: bottle-necks require public-private worldwide](#)
- Question 10 : [Does robotisation trigger redistribution?](#)
- Question 9 : [Scaling up industrial policy at regional level](#)
- Question 8 : [Stock markets and the real economy: dangerously skewed allocation](#)
- Question 7 : [Realigning international trade according to the full cost principle](#)
- Question 6 : [Indulgent creditors and industrial policy](#)
- Question 5 : [Caring for care](#)
- Question 4 : [The changing nature of GAFAs: global market players, national champions or public service providers?](#)
- Question 3 : [Squaring the circle between international good intentions and national \(weak\) institutions](#)
- Question 2 : [A simplistic and misleading trade-off but policy dilemmas are real](#)
- Question 1 : [Convictions rarely change... but they get refined](#)