# Grapevine Round 5

### 1

#### Interpretation: reduce means to diminish

**Idaho State Court of Appeals 03**

(State v. Knutsen, 71 P. 3d 1065 - Idaho: Court of Appeals 2003) EE

By its plain language, Rule 35 grants a district court the authority within a limited period of time to reduce or modify a defendant's sentence after relinquishing jurisdiction. To "reduce" means to diminish in size, amount, extent or number, or to make smaller, lessen or shrink. WEBSTER'S THIRD NEW INTERNATIONAL DICTIONARY 1905 (1993). To "modify" means to make more temperate and less extreme, or to lessen the severity of something. Id. at 1452. Thus, under the plain meaning of its language, Rule 35 authorizes a district court to diminish, lessen the severity of, or make more temperate a defendant's sentence. An order placing a defendant on probation lessens the severity of a defendant's sentence and thus falls within the district court's authority granted by Rule 35. Other state jurisdictions have held likewise in interpreting similar rules for reduction of sentence. See [State v. Knapp, 739 P.2d 1229, 1231-32 (Wy.1987)](https://scholar.google.com/scholar_case?case=1318610396541051353&q=%22the+term+reduce%22+OR+%22the+word+reduce%22+OR+%22the+phrase+reduce%22+OR+%22reduce+means%22&hl=en&as_sdt=2006) (similar rule of criminal procedure authorizes reduction of a sentence of incarceration to probation); [People v. Santana, 961 P.2d 498, 499 (Co.Ct.App.1997)](https://scholar.google.com/scholar_case?case=17890892396701062585&q=%22the+term+reduce%22+OR+%22the+word+reduce%22+OR+%22the+phrase+reduce%22+OR+%22reduce+means%22&hl=en&as_sdt=2006) (grant of probation is a "reduction" under Colorado Cr. R. 35(b)).

#### Reductions must be permanent

**New York Supreme Court 3rd Appellate Division**

(MATTER OF MONTESANI v. Levitt, 9 AD 2d 51 - NY: Appellate Div., 3rd Dept. 1959) EE

Section 83's counterpart with regard to nondisability pensioners, section 84, prescribes a reduction only if the pensioner should again take a public job. The disability pensioner is penalized if he takes any type of employment. The reason for the difference, of course, is that in one case the only reason pension benefits are available is because the pensioner is considered incapable of gainful employment, while in the other he has fully completed his "tour" and is considered as having earned his reward with almost no strings attached. It would be manifestly unfair to the ordinary retiree to accord the disability retiree the benefits of the System to which they both belong when the latter is otherwise capable of earning a living and had not fulfilled his service obligation. If it were to be held that withholdings under section 83 were payable whenever the pensioner died or stopped his other employment the whole purpose of the provision would be defeated, i.e., the System might just as well have continued payments during the other employment since it must later pay it anyway. The section says "reduced", does not say that monthly payments shall be temporarily suspended; it says that the pension itself shall be reduced. The plain dictionary meaning of the word is to diminish, lower or degrade. The word "reduce" seems adequately to indicate permanency.

#### Violation: their aff is temporary

#### Vote neg for limits and ground – nonpermanent affs open the floodgates to delay and conditions affs that could hypothetically result in future reductions. These affs don’t materially change the status quo which destroys neg link uniqueness and avoids core topic questions of medical IP good/bad in favor of burner condition-of-the-week affs that gain advantages from the most extreme of crises.

DTD

CI

No RVI’s

## **2**

#### Economy’s recovering now – Delta and inflation are challenges but surmountable

Sully 8/19 - Evan Sully, 8/19/21, Reuters, U.S. leading indicator points to further economic recovery in July, https://www.reuters.com/world/us/us-leading-indicator-points-further-economic-recovery-july-2021-08-19/ WJ

(Reuters) -A gauge of future U.S. economic activity increased in July, suggesting the economy continued to expand from the recession caused by the coronavirus pandemic even in the face of a resurgence in cases fueled by the Delta variant.

The Conference Board on Thursday said its index of leading economic indicators (LEI) rose 0.9% last month to 116.0. Economists polled by Reuters had expected an increase of 0.8%.

Even though the U.S. economy is forecast to grow this year at its fastest pace since the 1980s, there are signs the recovery could be cooling off. Supply-chain bottlenecks continue to slow manufacturing growth, and consumer sentiment plummeted in early August to a decade-low as Americans gave faltering outlooks on everything from personal finances to inflation and employment.

Meanwhile, consumer price increases slowed in July, the Labor Department said last week, but inflation overall remained at a historically high level amid supply-chain disruptions as well as stronger demand for travel-related services.

"The U.S. LEI registered another large gain in July, with all components contributing positively," said Ataman Ozyildirim, the Conference Board's senior director of economic research. "While the Delta variant and/or rising inflation fears could create headwinds for the U.S. economy in the near term, we expect real GDP (gross domestic product) growth for 2021 to reach 6.0% year-over-year, before easing to a still robust 4.0% growth rate for 2022."

The LEI's coincident index, a measure of current economic conditions, rose 0.6% in July after increasing 0.4% in June.

But the lagging index increased 0.6% last month after being unchanged in June and increasing 0.8% in May.

"Even with more moderate growth in the second half of the year, the economy’s momentum remains encouraging with constraints on labor supply easing, a trove of excess savings still waiting to be drawn down, and strong vaccine numbers that will insulate the economy from the worsening health situation more so than prior waves," said Mahir Rasheed, U.S. economist at Oxford Economics.

#### Biotech is resilient and fundamentals are strong – but this trend relies on innovation and investment

Cancherini et al 21 -- Laura Cancherini is a consultant in McKinsey’s Brussels office; Joseph Lydon is an associate partner in the Zurich office, where Jorge Santos da Silva is a senior partner and Alexandra Zemp is a partner, McKinsey, What’s ahead for biotech: Another wave or low tide?, April 30, 2021, https://www.mckinsey.com/industries/pharmaceuticals-and-medical-products/our-insights/whats-ahead-for-biotech-another-wave-or-low-tide WJ

As the pandemic spread across the globe in early 2020, biotech leaders were initially pessimistic, reassessing their cash position and financing constraints. When McKinsey and BioCentury interviewed representatives from 106 biotech companies in May 2020,4 half of those interviewed were expecting delays in financing, and about 80 percent were tight on cash for the next two years and considering trade-offs such as deferring IPOs and acquisitions. Executives feared that valuations would decline because of lower revenue projections and concerns about clinical-trial delays, salesforce-effectiveness gaps, and other operational issues.

Belying this downbeat mood, biotech has in fact had one of its best years so far. By January 2021, venture capitalists had invested some 60 percent more than they had in January 2020, with more than $3 billion invested worldwide in January 2021 alone.5 IPO activity grew strongly: there were 19 more closures than in the same period in 2020, with an average of $150 million per raise, 17 percent more than in 2020. Other deals have also had a bumper start to 2021, with the average deal size reaching more than $500 million, up by more than 66 percent on the 2020 average (Exhibit 3).6

What about SPACs?

The analysis above does not include special-purpose acquisition companies (SPACs), which have recently become significant in IPOs in several industries. Some biotech investors we interviewed believe that SPACs represent a route to an IPO. How SPACs will evolve remains to be seen, but biotechs may be part of their story.

Fundamentals continue strong

When we asked executives and investors why the biotech sector had stayed so resilient during the worst economic crisis in decades, they cited innovation as the main reason. The number of assets transitioning to clinical phases is still rising, and further waves of innovation are on the horizon, driven by the convergence of biological and technological advances.

In the present day, many biotechs, along with the wider pharmaceutical industry, are taking steps to address the COVID-19 pandemic. Together, biotechs and pharma companies have more than 250 vaccine candidates in their pipelines, along with a similar number of therapeutics. What’s more, the crisis has shone a spotlight on pharma as the public seeks to understand the roadblocks involved in delivering a vaccine at speed and the measures needed to maintain safety and efficacy standards. To that extent, the world has been living through a time of mass education in science research and development.

Biotech has also benefited from its innate financial resilience. Healthcare as a whole is less dependent on economic cycles than most other industries. Biotech is an innovator, actively identifying and addressing patients’ unmet needs. In addition, biotechs’ top-line revenues have been less affected by lockdowns than is the case in most other industries.

Another factor acting in the sector’s favor is that larger pharmaceutical companies still rely on biotechs as a source of innovation. With the top dozen pharma companies having more than $170 billion in excess reserves that could be available for spending on M&A, the prospects for further financing and deal making look promising.

#### Pharma collapses without strong IP protections

Buckland 17 - Danny Buckland (award-winning journalist who writes about health, general features and news, shortlisted for the prestigious Mind Media Awards for his work covering mental health issues), April 26, 2017, “Patents are lifeblood of pharmas”, https://www.raconteur.net/legal/intellectual-property/patents-are-lifeblood-of-pharmas/ WJ

Pharmaceutical companies are staffed by ranks of attorneys, and the intellectual property (IP) specialist is now a pivotal position in the research and development (R&D) cycle that keeps a company profitable and new drugs flowing to patients.

Tighter regulatory frameworks and even tighter purse strings controlled by healthcare systems are putting the squeeze on pharma returns and limiting R&D budgets. Figures from analysts Deloitte in 2016 reported projected return on investment was at a six-year low while development costs had risen by almost a third.

The litany of market changes is vexing for the industry. The generation of blockbuster drugs, with massive returns, has ended, national healthcare budgets are receding, traditional management methods are being challenged and new players, such as electronics and software companies, are entering the arena.

“For pharmaceutical companies, the patent system is its lifeblood and it simply wouldn’t survive without it,” says Simon Wright, a patent attorney with J A Kemp and chairman of the Chartered Institute of Patent Attorneys’ life sciences committee. “The cost of getting a product to market is high and there is a high failure rate, so you are not going to get investment unless you can protect your product and innovation. Quite frankly, it would all collapse without good IP.”

#### Biopharmaceutical research is the bedrock of our economy – even minor reductions in income result in mass unemployment and butterfly effects

Sullivan 11 – Thomas Sullivan (Thomas Sullivan is Editor of Policy and Medicine, President of Rockpointe Corporation, founded in 1995 to provide continuing medical education to healthcare professionals around the world. Prior to founding Rockpointe, Thomas worked as a political consultant), July 12, 2011, Study Shows Importance of Biopharmaceutical Jobs For US Economy,” Policy and Medicine, http://www.policymed.com/2011/07/study-shows-importance-of-biopharmaceutical-jobs-for-us-economy-for-every-20-billion-loss-in-revenue.html WJ

Biopharmaceutical research companies produce the highest-value jobs, the types of jobs Americans want in the 21st century economy, the kinds of jobs that can drive future economic growth. No other sector has the ability to drive innovation, create high-quality jobs and provide new life-saving medicines for patients.

According to a recent report from the Battelle Technology Partnership Practice (TPP), “nationwide, the biopharmaceutical sector supported a total of 4 million jobs in 2009, including nearly 675,000 direct jobs. Battelle is the world’s largest non-profit independent research and development organization, providing innovative solutions to the world’s most pressing needs through its four global businesses.

TPP has an established reputation in state-by-state assessment of the biopharmaceutical sector, and has recently undertaken major impact assessment projects for the Human Genome Project, the nation’s biotechnology sector, and major bioscience organizations such as Mayo Clinic. TPP has also been active in provision of analysis to industry organizations, including the Council for American Medical Innovation, PhRMA and BIO-the Biotechnology Industry Organization.

Each job in a biopharmaceutical research company supported almost 6 additional jobs in other sectors, ranging from manufacturing jobs to construction and other building service jobs to contract researchers and child care providers. Together, this biopharmaceutical sector-related workforce received $258 billion in wages and benefits in 2009.

“Battelle also found that across all occupations involved in the biopharmaceutical sector, the average wage is higher than across all other private sector industries, due to the sector’s role as a ‘high value-added sector.” Specifically, the annual average personal income of a biopharmaceutical worker was $118,690 in 2009 as compared to $64,278 in the overall economy.

Additionally, the biopharmaceutical sector’s total economic output (including direct, indirect and induced impacts) was $918 billion in 2009. The sector generated an estimated $85 billion tax revenues in 2009—$33 billion in state and local and more than $52 billion in federal. This impact comprises $382 billion in direct impact of biopharmaceutical businesses and $535 billion in indirect and induced impacts (an output multiplier of 2.4—meaning that every $1 dollar in output generated by the biopharmaceutical sector generates another $1.4 in output in other sectors of the economy).

To put this export volume into perspective, 2010’s total biopharmaceutical exports of $46.7 billion compares favorably to other major U.S. exports including: automobiles ($38.4 billion in 2010 exports); plastics and rubber products ($25.9 billion); communications equipment ($27 billion) and computers ($12.5 billion).

In addition, the U.S. Congressional Budget Office noted that, “the pharmaceutical industry is one of the most research-intensive industries in the United States and that pharmaceutical firms invest as much as five times more in research and development, relative to their sales, than the average U.S. manufacturing firm.”

At over $105,000 in biopharmaceutical R&D per employee, the sector is way ahead of the average across all U.S. manufacturing which stands at about $10,000 per employee—and is far ahead of the second and third ranked sectors of “communications equipment” and “semiconductors, which respectively spend $63,000 and $40,000 per employee in R&D annually.

PhRMA Statement on Battelle Report

Consequently, Pharmaceutical Research and Manufacturers of America (PhRMA) President and CEO John J. Castellani issued a statement discussing the results from this report and the biopharmaceutical research sector’s impact on jobs and the American economy.

Castellani asserted that, “at a time when the U.S. is facing a jobs crisis, evidenced by the terrible employment numbers from last Friday, it is critical that our policymakers embrace dynamic and innovative business sectors such as the biopharmaceutical research sector and refrain from stifling job growth through shortsighted proposals such as government-mandated price controls in Medicare Part D.”

Specifically, the PhRMA CEO pointed to a new paper from the Battelle Technology Partnership Practice, which underscored the pharmaceutical sector’s tremendous contribution to America’s economy. Castellani recognized that, “startling potential job losses would result from undermining the business foundations of biopharmaceutical companies.”

He noted that the Battelle report estimated “that a $20 billion per year reduction in biopharmaceutical sector revenue would result in 260,000 job losses across the U.S. economy” and a $59 billion reduction in U.S. economic activity. As a result, Castellani recognized that, “as the President and Congressional leaders negotiate an important agreement on the debt ceiling and the future of the nation’s economy, it is critical that the jobs crisis is not exacerbated.”

For example, Castellani noted how “the President and some in Congress have proposed including government-mandated rebates in Medicare Part D as part of a debt ceiling agreement.” However, he recognized that “such a provision would have a dramatic negative effect on the economy and patients, and could undermine the success of the Part D program, which has very high beneficiary satisfaction and has cost far less than original government projections.”

He pointed to the “Battelle numbers, which clearly demonstrated that reducing the biopharmaceutical sector’s annual revenue by $20 billion would be a serious blow to employment.” Castellani added that, “while the research is not specific to any one policy or event, proposals being considered, such as government-mandated Part D rebates, would be expected to have revenue impact of this magnitude.”

Moreover, he noted that, “Part D is an unparalleled success, providing unprecedented access to life-saving medicines for seniors.” Accordingly, Castellani asserted that PhRMA does not “believe policies that discourage R&D and cutting-edge science and that will inevitably slow the development of needed new medicines are fair for seniors waiting for new treatments against our most challenging and costly diseases.”

Battelle Report

The Battelle Report quantifies the economic impact of the biopharmaceutical sector on the U.S. economy and jobs using input/output analysis, measures the direct and indirect impacts of the biopharmaceutical sector, and quantifies the economic impacts that would occur if biopharmaceutical revenues increase or decrease from significant changes in the business operating environment.

The report also highlights some of the functional impacts of the sector—the wide-ranging benefits provided through the biopharmaceutical sector’s contributions to enhancing human health, improving life spans and sustaining the high quality-of-life that Americans enjoy—and assesses the contributions of the biopharmaceutical sector to key areas of importance to our economy— innovation, product exports and quality of jobs produced.

The Battelle Report starts by recognizing that the biopharmaceutical sector has all of the characteristics for an ideal industry for economic growth and sustainability in the U.S. Specifically, the biopharmaceutical sector:

Grows in output and employment even in tough economic times

Provides high wage, good quality jobs

Is innovative and deploys high-technology to generate comparative advantage for U.S. companies

Generates significant exports that boost the U.S. economy

Has a strong supply chain that drives further economic growth across the economy through “multiplier effects”

Builds on America’s long-standing strengths and investment in fundamental and applied research

Encourages capital flows to sustain growth, and is profitable to provide funds for reinvestment into the research and development (R&D) cycle;

Generates federal, state and local taxes and other economic contributions that support public services

Is sustainable and not a major drain on global resources

Is geographically dispersed, providing opportunities for job creation and economic growth across many areas of the nation, not just a few selected places

Produces a product of value to society, something that improves the quality of life for humankind, including

Improved life spans (personal longevity)

Improved productivity resulting from prevention and effective management of disease and chronic conditions; and

Reductions in unnecessary hospitalizations resulting in potential cost-offsets elsewhere in the health care system.

Fundamental to major progress in human longevity, reducing the marginalization of individuals from disease and disability, and generally improving our quality-of-life, biopharmaceuticals are a unique contributor to societal and individual well-being.

Moreover, the output of the biopharmaceutical sector is highly valued by society because the sector develops and manufactures a broad-range of unique products to treat disorders and diseases that, were they to go untreated, can ruin individual quality of life, personal abilities and productivity. In many instances, biopharmaceuticals are central to helping to prevent and treat a range of public health issues, address pandemic risk and thereby support national economic security.

For example, innovation in the biopharmaceutical sector, combined with the diagnostic and treatment skills of U.S. healthcare professionals, has contributed to a lengthening of the average life span of Americans. In 1900, the expected life span of an American at birth was just 47.3 years. With the advent of more modern medicines and advanced medical knowledge, life expectancy at birth has seen a steady increase rising to 69.7 years in 1960, and 77.9 years in 2007.

In fact, the National Bureau of Economic Research reports that “there is a highly statistically significant relationship between the number of new molecular entities [drugs] approved by the FDA and increased longevity.” Furthermore, Lichtenberg found in a study of FDA data that “approval of priority-review drugs—those considered by the FDA to offer significant improvements in the treatment, diagnosis, or prevention of a disease—has a significant positive impact on longevity.”

Additionally, the American Hospital Association (AHA) notes that “advances in medicine contribute to national economic growth by helping Americans recover more quickly from injury and illness, avoid lost or ineffective work time due to flare-ups of chronic conditions, and live longer with higher quality of life.” Without effective medicines and treatments for illnesses, injuries, pain and chronic conditions, the productivity of the U.S. economy would clearly be greatly impaired. Biopharmaceuticals are a key contributor to a more productive and healthy America and U.S. economy.

Beyond direct employment in biopharmaceutical companies, the biopharmaceutical sector is the foundation upon which one of the United States’ most dynamic innovation and business ecosystems is built. A large part of the modern biomedical economy is built upon a robust foundation of biopharmaceutical companies that perform and support advanced biomedical and technological R&D, and act as the funnel and distribution engine for getting life-saving and quality-of-life-sustaining therapeutics to the marketplace.

Providing R&D impetus and funding, capital resources, technology licensing opportunities, and a sophisticated market access and distribution system, the biopharmaceutical sector is of central importance to the much broader biomedical and life sciences economy.

Fueled by private investment capital, venture capital investments, and public/private collaborations, and enabled by the U.S. open market system, the nation has been able to advance biomedical innovation, which in turn has led to new start-up companies, business growth and exports across the world.

Conclusion

Despite the tremendous success in the biopharmaceutical industry, emerging infectious diseases continue to present new challenges and a substantial volume of long-standing diseases such as cancer, diabetes, neurodegenerative diseases, psychiatric diseases, immunological diseases, etc. continue to demand novel treatments and improved therapeutics. There are millions of people suffering from diseases and disorders for which a therapy has yet to be found. The need for ongoing biopharmaceutical research and development is simply enormous.

The only way the U.S. economy can stay ahead of international competition is by using advanced R&D and innovation to drive the growth of high value-added industries. By leveraging investment in federal lab, university and industry R&D, our nation is able to produce high-value, typically technologically advanced products that the rest of the world values highly. In recent decades, life sciences have come to the fore as a leading driver of U.S. technological innovation and competitive advantage, and the biopharmaceutical sector is a key foundation of the life sciences innovation ecosystem.

#### Bipoharma collapse causes economic meltdown – it’s far worse than previous recessions

Howrigon 17 -- Ron Howrigon “(President and Founder of Fulcrum Strategies. He earned a Bachelor's degree in Business Administration from Western Michigan University and a Master's in Economics from North Carolina State University, focusing in the area of Health Economics) http://www.kevinmd.com/blog/2017/01/health-care-crash-u-s-economy.html, January 19 2017, WJ

In recent history, the U.S. economy has experienced the near catastrophic failure of two major market segments. The first was the auto industry and the second was the housing industry. While each of these reached their breaking point for different reasons, they both required a significant government bailout to keep them from completely melting down. What is also true about both of those market failures is that, looking back, it’s easy to see the warning signs. What happens if health care is the next industry to suffer a major failure and collapse? It’s safe to say that a health care meltdown would make both the automotive and housing industries’ experiences seem minor in comparison. While that may be hard to believe, it becomes clear if you look at the numbers. The auto industry contributes around 3.5 percent of this country’s GDP and employs 1.7 million people. This industry was deemed “too big to fail” which is the rationale the U.S. government used to finance its bail out. From 2009 through 2014, the federal government invested around $80 billion in the U.S. auto industry to keep it from collapsing. Health care is five times larger than the auto industry in terms of its percentage of GDP, and is ten times larger than the auto industry in terms of the number of people it employs. The construction industry (which includes all construction, not just housing) contributes about 6 percent of our country’s GDP and employs 6.1 million people. Again, the health care market dwarfs this industry. It’s three times larger in terms of GDP production and, with 18 million people employed in the health care sector, it’s three times larger than construction in this area, too. These comparisons give you an idea of just how significant a portion health care comprises of the U.S. economy. It also begins to help us understand the impact it would have on the economy if health care melted down like the auto and housing industries did. So, let’s continue the comparison and use our experience with the auto and housing industries to suggest to what order of magnitude the impact a failure in the health care market would cause our economy. The bailout in the auto industry cost the federal government $80 billion over five years. Imagine a similar failure in health care that prompted the federal government to propose a similar bailout program. Let’s imagine the government felt the need to inject cash into hospital systems and doctors’ offices to keep them afloat like they did with General Motors. Since health care is five times the size of the auto industry, a similar bailout could easily cost in excess of $400 billion. That’s about the same amount of money the federal government spends on welfare programs. To pay for a bailout of the health care industry, we’d have to eliminate all welfare programs in this country. Can you imagine the impact it would have on the economy if there were suddenly none of the assistance programs so many have come to rely upon? When the housing market crashed, it caused the loss of about 3 million jobs from its peak employment level of 7.4 million in 1996. Again, if we transfer that experience to the health care market, we come up with a truly frightening scenario. If health care lost 40 percent of its jobs like housing did, it would mean 7.2 million jobs lost. That’s more than four times the number of people who are employed by the entire auto industry — an industry that was considered too big to be allowed to fail. The loss of 7.2 million jobs would increase the unemployment rate by 5 percent. That means we could easily top the all-time high unemployment rate for our country. OK, now it’s time to take a deep breath. I’m not convinced that health care is fated to unavoidable failure and economic catastrophe. That’s a worst-case scenario. The problem is that at even a fraction the severity of the auto or housing industry crises we’ve already faced, a health care collapse would still be devastating. Health care can’t be allowed to continue its current inflationary trending. I believe we are on the verge of some major changes in health care, and that how they’re implemented will determine their impact on the overall economic picture in this country and around the world. Continued failure to recognize the truth about health care will only cause the resulting market corrections to be worse than they need to be. I don’t want to diminish the pain and anguish that many people caught up in the housing crash experienced. I think an argument can be made, though, that if the health care market crashes and millions of people end up with no health care, the resulting fallout could be could be much worse than even the housing crisis.

#### Extinction

Tønnesson 15 Stein Research Professor, Peace Research Institute Oslo; Leader of East Asia Peace program, Uppsala University, 2015, “Deterrence, interdependence and Sino–US peace,” International Area Studies Review, Vol. 18, No. 3, p. 297-311

Several recent works on China and Sino–US relations have made substantial contributions to the current understanding of how and under what circumstances a combination of nuclear deterrence and economic interdependence may reduce the risk of war between major powers. At least four conclusions can be drawn from the review above: first, those who say that interdependence may both inhibit and drive conflict are right. Interdependence raises the cost of conflict for all sides but asymmetrical or unbalanced dependencies and negative trade expectations may generate tensions leading to trade wars among inter-dependent states that in turn increase the risk of military conflict (Copeland, 2015: 1, 14, 437; Roach, 2014). The risk may increase if one of the interdependent countries is governed by an inward-looking socio-economic coalition (Solingen, 2015); second, the risk of war between China and the US should not just be analysed bilaterally but include their allies and partners. Third party countries could drag China or the US into confrontation; third, in this context it is of some comfort that the three main economic powers in Northeast Asia (China, Japan and South Korea) are all deeply integrated economically through production networks within a global system of trade and finance (Ravenhill, 2014; Yoshimatsu, 2014: 576); and fourth, decisions for war and peace are taken by very few people, who act on the basis of their future expectations. International relations theory must be supplemented by foreign policy analysis in order to assess the value attributed by national decision-makers to economic development and their assessments of risks and opportunities. If leaders on either side of the Atlantic begin to seriously fear or anticipate their own nation’s decline then they may blame this on external dependence, appeal to anti-foreign sentiments, contemplate the use of force to gain respect or credibility, adopt protectionist policies, and ultimately refuse to be deterred by either nuclear arms or prospects of socioeconomic calamities. Such a dangerous shift could happen abruptly, i.e. under the instigation of actions by a third party – or against a third party. Yet as long as there is both nuclear deterrence and interdependence, the tensions in East Asia are unlikely to escalate to war. As Chan (2013) says, all states in the region are aware that they cannot count on support from either China or the US if they make provocative moves. The greatest risk is not that a territorial dispute leads to war under present circumstances but that changes in the world economy alter those circumstances in ways that render inter-state peace more precarious. If China and the US fail to rebalance their financial and trading relations (Roach, 2014) then a trade war could result, interrupting transnational production networks, provoking social distress, and exacerbating nationalist emotions. This could have unforeseen consequences in the field of security, with nuclear deterrence remaining the only factor to protect the world from Armageddon, and unreliably so. Deterrence could lose its credibility: one of the two great powers might gamble that the other yield in a cyber-war or conventional limited war, or third party countries might engage in conflict with each other, with a view to obliging Washington or Beijing to intervene.

## 3

#### Big pharma companies are now turning to developing countries to distribute drugs for cheap – solvency in squo

**McNeil Jr. 19**[science and health reporter specializing in plagues and pestilences. He covers diseases of the world’s poor and wider epidemics, The New York Times, “Drug Companies Are Focusing on the Poor After Decades of Ignoring Them”, June 24, 2019, <https://www.nytimes.com/2019/06/24/health/drugs-poor-countries-africa.html>] DD MN

Nearly **20 million Africans are now on H.I.V. treatment — for less than $100 a year. Top-quality drugs for malaria, tuberculosis,**[**hepatitis C**](https://www.nytimes.com/2015/12/16/health/hepatitis-c-treatment-egypt.html)[**and some cancers**](https://www.nytimes.com/2017/10/07/health/africa-cancer-drugs.html)**are now sold at rock-bottom prices in poor countries.**

Once demonized as immoral profiteers, many of **the world’s biggest 20 pharmaceutical companies now** boast about how they **help poor countries and fight neglected diseases**. They [compete](https://www.globenewswire.com/news-release/2018/11/20/1654460/0/en/Novartis-rises-to-second-place-in-2018-Access-to-Medicine-Index.html) on the Access to Medicine Index,[which scores their charitable efforts](https://accesstomedicinefoundation.org/access-to-medicine-index/2018-ranking).

**Several** of them even **cooperate with the Indian generics companies** they once dismissed as “pirates” **by sub-licensing patents so the generics makers can produce cheap drugs for Africa, Asia and Latin America.**

But there is still opportunity for growth. Most of the industry’s remarkable progress [is limited to a few companies, and their efforts are too reliant on donor dollars](https://accesstomedicinefoundation.org/news/new-study-from-the-foundation-analyses-10-years-of-data-on-pharma-companies-and-access-to-medicine), according to a report issued last month by the Access to Medicine Foundation, which publishes the index, and interviews with experts.

#### Pharma companies have stopped seeking patents in developing countries – Glaxo is one example

**Roland 16**[pharma reporter for WSJ, Wall Street Journal, “Glaxo to Stop Seeking Drug Patents in Low-Income Countries”, March 31, 2016, https://www.wsj.com/articles/glaxo-to-stop-seeking-drug-patents-in-low-income-countries-1459443494#comments\_sector] DD MN

**GlaxoSmithKline PLC** said it would **stop seeking patents for its drugs in low-income countries, a move the drugmaker said could help the world’s poorest people access copycat versions of its medicines at affordable prices.**

**The** U.K.-based **company said it would take this approach in low-income and least-developed countries, a group totaling around 85 nations.** **In** so-called **lower-middle-income countries, a group of 51 nations that includes Vietnam, Cameroon and Sri Lanka,** it said **it would file patents** but aim to **grant licenses to generic manufacturers to supply low-cost versions of its drugs** in those markets in return for a small royalty.

Glaxo previously filed patents in most lower-middle-income countries, and in low-income nations where a patent office exists. But that “patchwork” approach meant that generic drugmakers held back from manufacturing copycat medicines for these markets owing to the risk of being sued by pharmaceutical companies, according to Glaxo Chief Executive Andrew Witty.

“By doing this we’re taking away one potential issue or excuse…which is that generic companies hold back because they don’t know what intellectual property exists,” he said.

Mr. Witty said the decision wouldn’t significantly affect Glaxo’s revenue or profit as the countries in question don’t have well-developed markets for pharmaceuticals. Still, he added that **the company’s success in India—its biggest market by volume—illustrated that a flexible approach to intellectual property didn’t necessarily dent a company’s commercial prospects.**

#### Intellectual property protection doesn’t apply to developing countries

**Bonadio 15**[senior lecturer in law at City University London, Quartz India, “The world’s poorest countries can still make patent-protected drugs to save millions of lives”, November 24, 2015, <https://qz.com/india/558146/the-worlds-poorest-countries-can-still-make-patent-protected-drugs-to-save-millions-of-lives/>] DD MN

**It costs pharmaceuticals companies about**[**$2.6 billion**](http://www.scientificamerican.com/article/cost-to-develop-new-pharmaceutical-drug-now-exceeds-2-5b/)**to develop a new drug. If these companies were not allowed to protect their investment with patents, it is doubtful that any new drugs would be developed. So patents are an important incentive.**

**But patent protection doesn’t work for poor countries**. Intellectual property (**IP) rights**, like patents, **aren’t an effective incentive in countries which have not reached an adequate level of economic development because they have no intellectual property to protect**. IP rights might be effective over the long term, but only after a local and relatively strong pharmaceutical industry is developed. The exemption could be dropped once countries that have benefited from it have developed enough, and the industry reaches a self-sustaining size.

Although building a homegrown pharmaceuticals industry is not a requirement of the WTO waiver, **a strong local industry would give poor countries direct access to much needed cheap medicines.**

The **WTO’s transitional waiver** makes sense. By temporarily allowing least developed countries to ignore patents on drugs, it **gives them [developing countries] time to develop their own pharmaceuticals industries**. **And we are already seeing evidence of this happening. According to the UN agencies, UNDP and UNAids, the proportion of people with HIV who are not receiving antiretrovirals reduced from**[**90% in 2006 to 63% in 2013**](http://allafrica.com/stories/201511091872.html)**thanks to the availability of drugs made by least developed countries.**

Despite some criticisms, the WTO’s decision to extend the waiver should be praised. It seems fair and reasonable, and it doesn’t excessively jeopardise companies that make branded (non-generic) drugs. They don’t seem to lose much from missed royalties. Overall, **the poorest countries account for less than 2% of the world’s gross domestic product and about 1% of global trade in goods. Not a big business opportunity for big pharma.**

## Case

**Patent waiver doesn’t solve; patents don’t contain manufacturing instructions**

**Turner and Rourke 21**, Mark Eccleston-Turner and Michelle Rourke, American Society of International Law, “The TRIPS Waiver is Necessary, but it Alone is not Enough to Solve Equitable Access to COVID-19 Vaccines” May 21st 2021, Insights Volume 23 Issue 9<https://www.asil.org/insights/volume/25/issue/9> Livingston RB

Unlike chemical pharmaceuticals (most drugs**), vaccines are large-molecule biological products requiring a great deal of information and know-how to manufacture—information that is not disclosed through patents.** Thus, **waiving patent rights alone will not enable new manufacturers to come online**. The initial text of the proposed waiver by India and South Africa recognizes the crucial role that know-how plays in vaccine manufacturing capacity. However, unlike with patent rights, **there is no** clear, easy **fix contained within the proposed waiver, and pharmaceutical companies will likely strenuously resist such technology transfer. Without knowledge transfer, it will be** extremely **difficult** for LMICs **to start COVID-19 vaccine manufacturing, regardless of the removal** of patent barriers from the **TRIPS** waiver.The TRIPS Agreement recognizes the importance of technology transfer through its Objectives, and Article 66.2 of TRIPS states that "developed country Members shall provide incentives to enterprises and institutions in their territories for the purpose of promoting and encouraging technology transfer to least-developed country Members in order to enable them to create a sound and viable technological base." The WHO has set up a mRNA technology transfer hub to provide a mechanism to facilitate the sharing of know-how related to manufacturing mRNA vaccines, but **none of the technology holders have** thus far **engaged** with the hub. This is reflective of wider efforts by **the WHO to** facilitate the **transfer** of **technology from established** vaccine **manufacturers to new manufacturers in developing countries**. In recent history this was most notably attempted through the WHO's Pandemic Influenza Preparedness Framework (PIP Framework), where the WHO has attempted to use multilateral access and benefit-sharing arrangements to negotiate the sharing of technology in the field of pandemic vaccine manufacturing. To this end, pandemic influenza vaccine manufacturers who wish to receive influenza virus samples from the WHO's network of specialized laboratories must sign a contract with the WHO called a Standard Material Transfer Agreement, committing to at least two of the following options:

#### Waiving IP protections doesn’t solve because tech transfers for mRNA are ineffective

Tabarrok 21 Alex Tabarrok 21, 5-6-2021, "Patents are Not the Problem!," Marginal REVOLUTION, https://marginalrevolution.com/marginalrevolution/2021/05/ip-is-not-the-constraint.html, accessed 7/27/2021 EH

For the last year and a half I have been shouting from the rooftops, “invest in capacity, build more factories, shore up the supply lines, spend billions to save trillions.” Fortunately, some boffins in the Biden administration have found a better way, “the US supports the waiver of IP protections on COVID-19 vaccines to help end the pandemic.” Waive IP protections. So simple. Why didn’t I think of that??? Patents are not the problem. All of the vaccine manufacturers are trying to increase supply as quickly as possible. Billions of doses are being produced–more than ever before in the history of the world. Licenses are widely available. AstraZeneca have licensed their vaccine for production with manufactures around the world, including in India, Brazil, Mexico, Argentina, China and South Africa. J&J’s vaccine has been licensed for production by multiple firms in the United States as well as with firms in Spain, South Africa and France. Sputnik has been licensed for production by firms in India, China, South Korea, Brazil and pending EMA approval with firms in Germany and France. Sinopharm has been licensed in the UAE, Egypt and Bangladesh. Novavax has licensed its vaccine for production in South Korea, India, and Japan and it is desperate to find other licensees but technology transfer isn’t easy and there are limited supplies of raw materials: Virtually overnight, [Novavax] set up a network of outside manufacturers more ambitious than one outside executive said he’s ever seen, but they struggled at times to transfer their technology there amid pandemic travel restrictions. They were kicked out of one factory by the same government that’s bankrolled their effort. Competing with larger competitors, they’ve found themselves short on raw materials as diverse as Chilean tree bark and bioreactor bags. They signed a deal with India’s Serum Institute to produce many of their COVAX doses but now face the realistic chance that even when Serum gets to full capacity — and they are behind — India’s government, dealing with the world’s worst active outbreak, won’t let the shots leave the country. Plastic bags are a bigger bottleneck than patents. The US embargo on vaccine supplies to India was precisely that the Biden administration used the DPA to prioritize things like bioreactor bags and filters to US suppliers and that meant that India’s Serum Institute was having trouble getting its production lines ready for Novavax. CureVac, another potential mRNA vaccine, is also finding it difficult to find supplies due to US restrictions (which means supplies are short everywhere). As Derek Lowe said: Abolishing patents will not provide more shaker bags or more Chilean tree bark, nor provide more of the key filtration materials needed for production. These processes have a lot of potential choke points and rate-limiting steps in them, and there is no wand that will wave that complexity away. Technology transfer has been difficult for AstraZeneca–which is one reason they have had production difficulties–and their vaccine uses relatively well understood technology. The mRNA technology is new and has never before been used to produce at scale. Pfizer and Moderna had to build factories and distribution systems from scratch. There are no mRNA factories idling on the sidelines. If there were, Moderna or Pfizer would be happy to license since they are producing in their own factories 24 hours a day, seven days a week (monopolies restrict supply, remember?). Why do you think China hasn’t yet produced an mRNA vaccine? Hint: it isn’t fear about violating IP. Moreover, even Moderna and Pfizer don’t yet fully understand their production technology, they are learning by doing every single day. Moderna has said that they won’t enforce their patents during the pandemic but no one has stepped up to produce because no one else can. The US trade representative’s announcement is virtue signaling to the anti-market left and will do little to nothing to increase supply. What can we do to increase supply? Sorry, there is no quick and cheap solution. We must spend. Trump’s Operation Warp Speed spent on the order of $15 billion. If we want more, we need to spend more and on similar scale. The Biden administration paid $269 million to Merck to retool its factories to make the J&J vaccine. That was a good start. We could also offer Pfizer and Moderna say $100 a dose to produce in excess of their current production and maybe with those resources there is more they could do. South Africa and India and every other country in the world should offer the same (India hasn’t even approved the Pfizer vaccine and they are complaining about IP!??) We should ease up on the DPA and invest more in the supply chain–let’s get CureVac and the Serum Institute what they need. We should work like hell to find a substitute for Chilean tree bark. See my piece in Science co-authored with Michael Kremer et. al. for more ideas. (Note also that these ideas are better at dealing with current supply constraints and they also increase the incentive to produce future vaccines, unlike shortsighted patent abrogation.) Bottom line is that producing more takes real resources not waving magic patent wands.

#### **WTO legitimacy enables multiple existential crises – climate change, rising debt, and economic crises**

Hilary 15 [John Hilary is the Executive Director of War on Want, an organization that works in the UK and with partners around the world to fight poverty and defend human rights, as part of the movement for global justice.] “Want to know how to really tackle climate change? Pull the plug on the World Trade Organisation” <http://www.independent.co.uk/voices/want-to-know-how-to-really-tackle-climate-change-pull-the-plug-on-the-world-trade-organisation-a6774391.html> VMYet this grandiose plan soon fell victim to its own ambition. The WTO’s first summit after the launch of the Doha Round collapsed in acrimonious failure. The next was marked by pitched battles in the streets of Hong Kong as riot police fought Asian farmers desperately trying to save their livelihoods from the WTO’s free trade agenda. The WTO slipped into a coma. Government ministers must decide this week whether to turn off its life support. The answer is surely yes. It was the WTO’s poisonous cocktail of trade expansion and market deregulation that led to the economic crisis of 2008. Years of export-led growth resulted in a crisis of overproduction that could only be sustained with mountains of debt. The parallel deregulation of financial services meant that this debt soon turned out to be toxic, and the world’s banking system went into freefall. Nor is the WTO fit for purpose on ecological grounds. If last week’s climate talks in Paris taught us anything, it is that we must rethink the model of ever-expanding production and consumption in order to avoid planetary meltdown. Global capitalism may need limitless expansion in order to survive, but the planet is already at the very limits of what it can take. The choice is ours. Worst of all, it is the WTO’s ideology of unrestricted trade and corporate domination that lies behind all the bilateral trade deals that are proliferating at the moment, including the infamous Transatlantic Trade and Investment Partnership (TTIP). We need a radically different model of regulated trade and controlled investment if we are to have any chance of breaking the cycle of economic and ecological crisis. For the planet to survive, the WTO must die.

#### No ev IP hurts access, waivers don’t address root problem of capacity and turn—this hurts innovation

Mercurio 21 Bryan Mercurio [Chinese University of Hong Kong - Faculty of Law], 15 March 2021, “WTO Wavier from Intellectual Property Protection for COVID-19 Vaccines and Treatments: A Critical Review”, https://poseidon01.ssrn.com/delivery.php?ID= 732088024087092091113064080127110089026050064018017000018 0031221260080940690 05111120099022017 06202305700711703012701708109509505 1090012016041007114071124113127008068012087073001083113027126083074031005 001016117022001025118004082004113091069075097031&EXT=pdf&INDEX=TRUE accessed 7/20/2021 EH

. Intellectual property rights have not hampered access to COVID-19 vaccines A WTO waiver is an extreme measure which should only be used when existing WTO obligations prove inadequate. This was the case in relation to the compulsory licencing provisions under Article 31 of the TRIPS Agreement, which essentially precluded Members with no or inadequate manufacturing capabilities from making use of the flexibility granted in the TRIPS Agreement. 25 This was also the case with the Kimberley Process, which attempts to eliminate trade in “conflict diamonds”. 26 Although the IP waiver proposal states that “there are several reports about Intellectual property rights hindering or potentially hindering timely provisioning of affordable medical products to the patients”, 27 the sponsors did not provide further elaboration or evidence to support their declaration that “many countries especially developing countries may face institutional and legal difficulties when using flexibilities available [under the TRIPS Agreement]”. 28 Instead, many of the examples used by India and South Africa point to problems not with the TRIPS Agreement but rather to failures at the domestic level. As mentioned above, the WTO allowed for the importation of medicines under a compulsory licence in 2003, and yet many developing countries have yet to put in place any framework to allow their country to make use of the flexibility. 29 This is not an institutional problem of the international system but rather a problem at the country level. Two additional factors which make the proposed waiver unnecessary and potentially harmful. First, pharmaceutical companies are selling the vaccine at extremely reasonable rates and several announced plans for extensive not-for-profit sales.30 Although agreements between the pharmaceutical companies and governments are not publicly disclosed, the Belgian Secretary of State Eva De Bleeker temporarily made publicly available in a tweet the prices the EU is being charged by each manufacturer. The De Bleeker tweet indicated the European Commission negotiated price arrangements with six companies, with the range of spending between €1.78 and €18 per coronavirus vaccine dosage. Specific price per dose listed for each of the six vaccines was as follows: Oxford/AstraZeneca: (€1.78), Johnson & Johnson (€8.50), Sanofi/GSK (€7.56), CureVac (€10), BioNTech/Pfizer (€12) and Moderna (€18).31 While much as been made of the fact that South Africa agreed to purchase 1.5 million doses of the Oxford/AstraZeneca from the Serum Institute of India (SII) at a cost of €4.321 per dose,32 these criticisms are directed at the lack of transparency in pharmaceutical licenses and production contracts – an issue which would be wholly unaddressed by a waiver of IPRs. Moreover, while the disparity in pricing is concerning the overall per dosage rate South Africa is paying nevertheless represents value for money given the expected health and economic returns on investment. Despite the disparity in pricing between nations, the larger point remains that the industry has not only rapidly produced vaccines for the novel coronavirus but is making them available at unquestionably reasonable prices. Second, the proposed waiver will do nothing to address the problem of lack of capacity or the transfer of technology and goodwill. Pharmaceutical companies have not applied for patents in the majority of developing countries – in such countries, any manufacturer is free to produce and market the vaccine inside the territory of that country or to export the vaccine to other countries where patents have not been filed.33 Patents cannot be the problem in the countries where no patent applications have been filed, but the lack of production in such countries points to the real problem – these countries lack manufacturing capacity and capability. While advanced pharmaceutical companies will have the technology, know-how and readiness to manufacture, store and transport complex vaccine formulations, such factories and logistics exist in only a handful of countries.34 Regardless of whether an IP waiver is granted, the remaining countries will be left without enhanced vaccine access and still reliant on imported supplies. With prices for the vaccine already very low, it is doubtful that generic suppliers will be able to provide the vaccine at significantly lower prices. Under such a scenario, the benefit of the waiver would go not to the countries in need but to the generic supplier who would not need to pay the licence fee or royalty to the innovator. Thus, the waiver would simply serve to benefit advanced generic manufacturers, most of which are located in a handful of countries, including China and Brazil as well as (unsurprisingly) India and South Africa. Countries would perhaps be better off obtaining the vaccine from suppliers that have negotiated a voluntary licence from the patent holder, as such licences include provisions for the transfer of technology, know-how and ongoing quality assurance support

#### IP is what keeps vaccine prices low through competition; a TRIPS waiver ruins this

**Stevens and Schultz 21**,  [Philip Stevens](https://geneva-network.com/author/philip/) and [Mark Schultz](https://geneva-network.com/author/prof-mark-schultz/), January 14, 2021, Philip holds degrees from the London School of Economics and Durham University. He is also a Senior Fellow at the Institute for Democracy and Economic Affairs, Malaysia. Professor Mark F. Schultz is the Goodyear Tire & Rubber Company Endowed Chair in Intellectual Property Law and the Director of the Intellectual Property and Technology Law Program at the University of Akron School of Law. He teaches and writes primarily in the area of intellectual property. Prior to coming to Akron, he was a professor at Southern Illinois University School of Law for 16 years and was co-founder and a leader of the Center for Protection of Intellectual Property (CPIP) at George Mason University in Washington, D.C., where he remains a non-resident Senior Scholar. , he worked with the Organization for Economic Cooperation and Development (OECD) to co-author a groundbreaking global trade secret protection index (the TSPI). The TSPI is being used to frame policy discussions on this cutting-edge topic in capitals around the world. “Why intellectual property rights matter for COVID-19” Geneva Network, <https://geneva-network.com/research/why-intellectual-property-rights-matter-for-covid-19/> Livingston RB

Owning IP rarely gives control over a market and IP markets are often intensely competitive. In medicines, for instance, there are usually many substitutes and alternatives. For example, a patient needing a cholesterol drug has a host of statins from which to choose, both patented and generic. Similarly, patients with osteoporosis and their doctors can choose from Fosamax®, Actonel®, or Boniva®. Recent years have seen the emergence of competing shingle vaccines, increased competition in the lung cancer therapeutic space, and a slew of promising clinical trials and new drug launches in the [under-served area of lung disease](http://www.mmm-online.com/therapeutic-focus/therapeutic-focus-respiratory/article/404496/). Each of the owners of patents in these products has a temporary exclusive right to their product; none of them has a monopoly over the market for this type of treatment.The most spectacular demonstration of this point is the recent emergence of multiple competing hepatitis C cures, which have opened up a wide range of [treatment options](https://www.healio.com/news/infectious-disease/20171010/the-changing-hcv-treatment-cascade) and placed downward pressure on [prices](https://www.bizjournals.com/boston/blog/bioflash/2015/01/competition-in-hepatitis-c-drug-market-lowering.html). As Geoffrey Dusheiko and Charles Gore wrote in [The Lancet](https://linkinghub.elsevier.com/retrieve/pii/S2214109X19303134), “The market has done its work for HCV treatments: after competing antiviral regimens entered the market, competition and innovative price negotiations have driven costs down from the initially high list prices in developed countries.” Every step of the development of this new market in hepatitis C cures was accompanied by [calls to override their IP](https://www.southcentre.int/wp-content/uploads/2018/10/PB54_The-Use-of-TRIPS-Flexibilities-for-the-Access-to-Hepatitis-C-Treatment_EN.pdf) by civil society and certain intergovernmental organizations. Had those calls been heeded, it is doubtful such a competitive market would exist today. A similar story is unfolding in the COVID-19 vaccine space. Pharmaceutical market analysts predict competition will hold COVID-19 vaccine prices down even in the unlikely scenario of rights holders declining to license their IP to other manufacturers. “In two years’ time, there could be 20 vaccines on the market,” Emily Field, head of European pharmaceutical research at Barclays told the BBC. “[It’s going to be difficult to charge a premium price](https://www.bbc.com/news/business-55170756).”

#### There is a fundamental issue in the drug practices and markets in poor countries – patented drugs are not the problem

**Silverman et al 19**[Rachel Silverman is a policy fellow at the Center for Global Development, where she leads policy-oriented research on global health financing and incentive structures. Janeen Madan Keller is a senior policy analyst and assistant director of global health at the Center for Global Development. Amanda Glassman is executive vice president and senior fellow at the Center for Global Development and also serves as chief executive officer of CGD Europe. Kalipso Chalkidou is the Director of Global Health Policy and a Senior Fellow at the Center for Global Development, Center for Global Development, “New Study Finds Some Poor Countries Paying 20 to 30 Times More for Basic Medicines Than Others”, June 17. 2019, <https://www.cgdev.org/article/new-study-finds-some-poor-countries-paying-20-30-times-more-basic-medicines-others>] DD MN

WASHINGTON – **Basic,** **everyday drugs can cost up to 20 to 30 times more in some poor countries** than others, **according to a new study released today by the Center for Global Development. The study examined billions of dollars of health spending on common, life-saving medicines in developing countries, mostly in Africa and Asia.** To date, it is one of the largest-ever studies on global health procurement.

“Developing countries are often paying far more for everyday drugs than they should be. Why do some poor countries pay 20 to 30 times as much as others for common medicines to relieve pain or treat hypertension? In large part, **because of flawed drug buying practices and broken generic medicines markets**,” said Amanda Glassman, one of the authors of the study and the executive vice president at the Center for Global Development.

“A robust market for generic drugs is a core part of an affordable health system. But in way too many countries, generic drug markets are broken and patients are paying the price,” said Kalipso Chalkidou, the director of global health policy at the Center for Global Development and an author of the study. “You need enough competition to keep prices low and quality assurance that consumers trust, or essential medicines are going to be much more expensive than they should be.”

The study had three main findings:

**In developing countries, prices for basic generic medicines can** vary widely and **far exceed wealthy-country prices**. Some purchasers in low- and middle-income countries pay as much as 20 to 30 times more for basic generic medicines like omeprazole, used to treat heartburn, or acetaminophen (also known as paracetamol), a common pain reliever.

**Low- and middle-income countries purchase more expensive branded generic drugs rather than unbranded quality-assured generics**. In the US, most drugs are either on-patent medicines or unbranded generics, but in many developing countries more expensive brand-name generics are widely used, because people are concerned about unsafe or counterfeit drugs. **In the poorest countries, unbranded generics are only 5 percent of the pharma**ceutical **market** by volume—**in comparison to the US where unbranded** quality-assured **generics are 85 percent of the market** by volume.

**There is little competition in the supply of** essential medicines in low- and middle-income countries. The largest seller of products like contraceptives, cancer medicines, and antiparasitics can account for upwards of 85 percent of all sales in some countries.

“We’re talking about access to **common medications for pain or high blood pressure, not the latest cutting-edge cancer drugs**,” Glassman said.

“It’s not as exciting to talk about procurement as new health technologies or biotech breakthroughs,” she continued. “But drug purchasing is incredibly important, and if it’s done badly you end up with the poorest countries in the world paying some of the highest drug prices.”