

Of poor nations rich enough to have imported vaccines Vivek Moorthy Tuesday, 11 May 2021

Just the extra foreign exchange reserves last year were enough to vaccinate all of India

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After covid deaths rose very sharply, since mid-April India has authorized the import of vaccines and provided some incentives to Serum Institute of India (SII) and Bharat Biotech (BB) to ramp up production. Yet, it will take time for vaccine supply to increase substantially. Meanwhile, the horrendous daily toll, greatly aggravated by an oxygen shortage, keeps rising.

Unfortunately, the criticisms of government policies by opposition parties have been myopic. Some Congress Members of Parliament, vehemently against the approval of BB's Covaxin before full clinical trials, did not simultaneously demand allowing vaccine imports, which they should have. They are now opportunistically denouncing the country's slow rate of vaccination.

In this vituperative atmosphere, anything one says could be misconstrued as indulging in a damaging blame game. Nevertheless, the tragic situation calls for highlighting some neglected facts, since that may enhance awareness of wide-ranging policy options.

To begin with, I should clarify my overall opinion: Globally, the biggest blunders have been in travel, not medical policy. Deaths due to epidemics will always be at the mercy of the vagaries of viruses and their dangerous mutations. The Sars epidemic in 2003, and then Ebola, should have led countries to impose steep 'virus risk' taxes to discourage short-duration global travel. While vaccines are pre-emptive compared to ventilators, such travel taxes are far more so.

This article is about the slow vaccination rates of poor countries, compared to rich ones. While rooted in Indian developments, its focus and conclusions are global. It makes the case that many poor countries are to blame for not using their resources to vaccinate their populations faster.

Let us broadly examine the data. As of mid April, the US and UK had vaccinated, with at least one dose, well over half their population, while Canada and the EU had achieved over a quarter. By contrast, India and Bangladesh had vaccinated about 9% and 4%, and Pakistan much less.

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The mission of the Global Alliance for Vaccines and Immunization (GAVI) spearheaded by the World Health Organization (WHO) and comprising Unicef, the World Bank and many organizations and countries is to ensure cheap or free vaccines. They have been aggressively promoting the Covax partnership. In mid-January, GAVI issued a statement that out of 46 countries that had begun vaccination, 38 were high-income nations. In a co-authored oped piece, the economist Joseph Stiglitz stated that, "Preserving intellectual property barriers to covid vaccines is morally wrong and foolish" (*Washington Post*, 26 April). The WHO's head Tedros Ghebreyesus recently stated that out of a billion doses administered, 82% were in high and upper income countries and only 0.3% in low income countries.

Evaluating Stiglitz's conclusion requires analyzing how to finance research and development for life saving drugs, and then how to price them. In my view, specifically for corona, his opinion is misleading, since the price is quite low—as documented below.

The goal of each nation, as of December 2020, when vaccinations were about to start in high-income countries, should have been to book and start vaccinating its people as soon as possible, using all financial resources at its disposal to do so. Ordering and even over-booking vaccines, which the US and Canada did massively, was like taking an insurance policy. If some of these vaccines get stopped due to adverse side effects, or are not ready on time, others can be used.

For countries like India with manufacturing capacity and a very large population, there is a further decision to make: whether to import pricier vaccines or slowly vaccinate the public with only cheap domestic jobs. The latter would cut the import bill, but as people are waking up to now, at what human and economic cost? While there is some justification for a country to ban vaccine exports to ensure domestic supply, there is hardly any for banning imports.

As of end 2019, India, Bangladesh and Pakistan had respectively \$335, \$200 and \$90 in foreign exchange reserves per person. Even at \$100 for two doses, more than double the priciest Pfizer's charge of \$ 46 to the EU, both India and Bangladesh could easily afford to fully vaccinate all and Pakistan 90% of its population.

Between 2019 and 2020 December, India's foreign exchange reserves went up from \$457 billion to \$579 billion. Suppose SII and BB had signed up to provide vaccines for almost 200 million Indians as soon as they could. For the remainder 1,200 million, even at the 'rip-off price' of \$100, using just the extra \$120 billion in reserves would have ensured that everybody in India could be fully vaccinated in 2021.

Instead of advising countries with ample forex reserves to use them to book vaccines early on, the International Monetary Fund's (IMF) chief economist talked about vaccine inequity. Within India, as with taxes, *if states were allotted some reserves*, many more people would have been vaccinated by now.

Even countries without adequate reserves could have booked vaccines, letting their currencies weaken in the process. In the IMF groupings for 2019, sub-Saharan Africa has the lowest per capita income of \$1,600. At \$20, double the US price of the one-shot Johnson & Johnson vaccine, or at a rough global market price of two doses of the robust Sputnik vaccine, it still costs only 1.25% of their annual income to vaccinate people fully—not that huge an amount.

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