

## Study shows vaccine nationalism could cost rich countries US\$4.5 trillion

- ***Comprehensive economic modelling shows advanced economies stand to lose USD trillions through vaccine nationalism – more than previously thought***
- ***Economic benefits of funding multilateral efforts to ensure equitable access to vaccines dwarf the costs***
- ***Advanced economies with international linkages have the most to gain from global collaboration on vaccine access and distribution***

**Paris, Zurich, 25 January 2020** – A new study commissioned by the International Chamber of Commerce (ICC) Research Foundation has found that the global economy stands to lose as much as \$9.2 trillion if governments fail to ensure developing economy access to COVID-19 vaccines, as much as half of which would fall on advanced economies. The study clearly demonstrates the economic case to invest in the Access to COVID-19 Tools (ACT) Accelerator, the global collaboration to accelerate the development, production, and equitable access to COVID-19 tests, treatments, and vaccines.

While other analyses have highlighted the economic costs of vaccine nationalism, this new study is the first to incorporate both supply and demand shocks, domestic and foreign, at the sector level, for an open economy operating within global supply chains. The integrated analysis shows the full possible ramifications of vaccine nationalism, which is significantly higher than previous best estimates. The paper demonstrates the economic costs of suboptimal vaccine distribution to the international trading system at the global scale, showing that even if a particular country has access to the vaccine, it “experiences a sluggish recovery with a drag on its GDP” if its trading partners do not have such access.

Strikingly, a US\$ 27.2 billion investment on the part of advanced economies – the current funding shortfall to fully capitalize the ACT Accelerator and its vaccine pillar COVAX – is capable of generating returns as high as 166x the investment.

The study also shows that those economies and sectors with a high degree of international exposure will bear the brunt of economic losses.

Welcoming this latest contribution on the economic impacts of a fully funded ACT Accelerator, Dr Tedros Adhanom Ghebreyesus, Director-General of the World Health Organization (WHO), said:

*“The world faces a catastrophic moral failure in equal access to the tools to combat the pandemic. This research shows a potentially catastrophic economic failure.”*

*“The progress made by the ACT Accelerator shows solidarity in beating this virus. The longer we wait to provide vaccines, tests, and treatments to all countries, the faster the virus will take hold, the potential for more variants will emerge, the greater the chance today’s vaccines could become ineffective, and the harder it will be for all countries to recover. No-one is safe until everyone is safe.”*

One of the study authors, Şebnem Kalemlı-Özcan – Neil Moskowitz Endowed Professor of Economics and Finance at the University of Maryland, College Park – said:

“No economy can fully recover until we have global equitable access to vaccines, therapeutics and diagnostics. The path we are on leads to less growth, more deaths, and a longer economic recovery.”

ICC Secretary General John WH Denton AO said:

“The new year presents us with an opportunity to correct course – to consign vaccine nationalism to the past and ensure multilateral efforts have the funding and support necessary to succeed.

As this study shows, ensuring equitable access to COVID-19 tests, treatments and vaccines is not only the right thing to do – to do otherwise is economically irresponsible. International business needs a fully funded ACT Accelerator.”

#### Key findings:

- The economic costs borne by wealthy countries in the absence of multilateral coordination guaranteeing vaccine access and distribution range between **US\$ 203 billion** and **US\$ 4.5 trillion, depending on the strength of trade and international production network relations**. The ACT Accelerator is fully costed at **US\$ 38 billion**.
- These costs are an order of magnitude larger than those estimated by earlier studies, which calculated the costs of inaction at between US\$ 119 – US\$ 153 billion in 2021 and up to US\$ 466 billion by 2025 ([Duke Health](#), [Eurasia Group](#), [RAND](#)). This is because the new study is calibrated to a large set of countries and sectors, fully incorporating international trade and production network.
- The study shows a clear positive relationship between the economic cost of uneven vaccine distribution and trade linkages – the more open an economy is, the stronger the economic incentive it should have in ensuring trading partners have access to vaccines.
- If advanced economies continue to prioritize vaccination of their susceptible populations without ensuring equitable vaccination for developing economies, the total cost to the world varies between **US\$ 1.5–9.2 trillion**.
  - The expected economic cost to the United States is **US\$ 45 billion** to **US\$ 1.38 trillion**. The expected economic cost to the United Kingdom is **US\$ 8.5–146 billion**. The expected cost to Germany is **US\$ 14–248 billion**.
- Key advanced economies most impacted include many European countries (including Belgium, France, Germany, the Netherlands) Norway, Switzerland, the United Kingdom and the US, who might lose up to 3.9 percent of their GDPs relative to a world where all countries are vaccinated.

#### The ACT Accelerator

The Access to COVID-19 Tools Accelerator (ACT Accelerator), is the proven, up-and-running global collaboration to accelerate the development, production, and equitable access to COVID-19 tests,

treatments, and vaccines. It was set up in response to a call from G20 leaders in March and launched by the WHO, European Commission, France and The Bill & Melinda Gates Foundation in April 2020.

The ACT Accelerator is not a decision-making body or a new organization, but works to speed up collaborative efforts among existing organizations to end the pandemic. It is a framework for collaboration that has been designed to bring key players around the table with the goal of ending the pandemic as quickly as possible through the accelerated development, equitable allocation, and scaled up delivery of tests, treatments and vaccines, thereby protecting health systems and restoring societies and economies in the near term. It draws on the experience of leading global health organizations which are tackling the world's toughest health challenges, and who, by working together, are able to unlock new and more ambitious results against COVID-19. Its members share a commitment to ensure all people have access to all the tools needed to defeat COVID-19 and to work with unprecedented levels of partnership to achieve it.

**The ACT Accelerator comprises four pillars: diagnostics, therapeutics, vaccines and health system strengthening**

The diagnostics pillar, co-convened by the Global Fund and FIND is focused on bringing to market 2–3 high-quality rapid tests, training 10,000 healthcare professionals across 50 countries and establishing testing for 500 million people in Low and Middle-Income countries by mid-2021.

The therapeutics pillar is led by Unitaid and Wellcome. Therapeutics can play a role in all stages of COVID-19 disease: to prevent infection; suppress symptoms and spread of infection to others; treat or prevent symptoms; as a life-saving treatment for severe symptoms; and as a treatment that can speed up recovery. The aim in the next 12 months is to develop, manufacture and distribute 245 million treatments, helping COVID-19 sufferers to recover from the disease.

The COVAX vaccines pillar, convened by CEPI, Gavi and WHO, is speeding up the search for an effective vaccine for all countries. At the same time, it is supporting the building of manufacturing capabilities, and buying supply, ahead of time so that 2 billion doses can be fairly distributed by the end of 2021.

The health systems connector, led by the WHO, World Bank and the Global Fund, is working to ensure that these tools can reach the people who need them.

Cross-cutting all of these is the workstream on Access & Allocation, hosted by the WHO.

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ICC represents business interests at the highest levels of intergovernmental decision-making, whether at the World Trade Organization, the United Nations or the G20 – ensuring the voice of business is heard.

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