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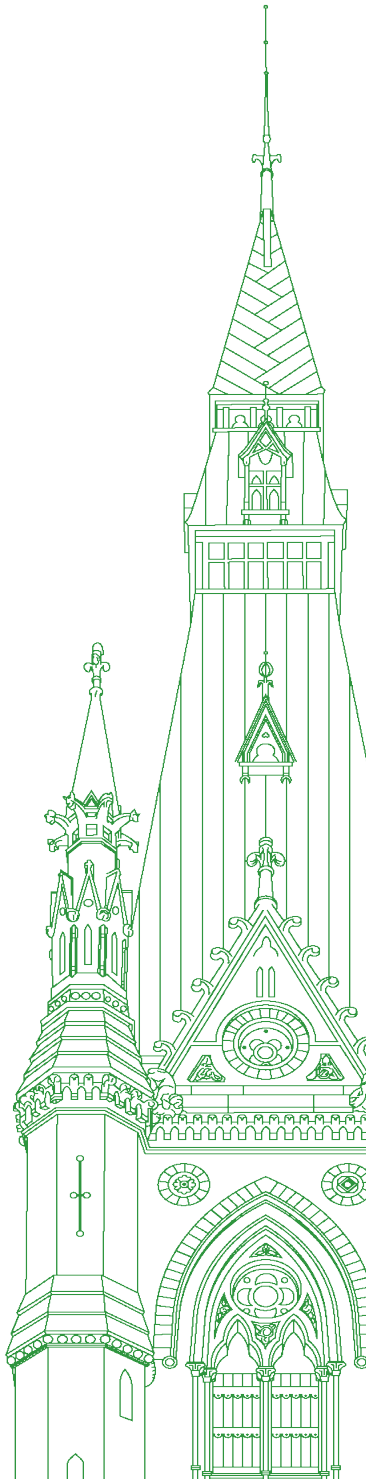

Chair: The Honourable Judy A. Sgro

Standing Committee on International Trade

Friday, April 16, 2021

● (1305)

[*English*]

The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)): Welcome to our meeting this Friday. I'm calling this meeting to order.

Welcome to meeting number 23 of the House of Commons Standing Committee on International Trade.

Today's meeting is webcast and is taking place in the hybrid format, pursuant to the House order of January 25, 2021.

Before I begin, there is a bit of committee business. I need approval from the committee for the budget of the study relating to COVID-19 in the amount of $2,625. If somebody could move approval of that.

Mr. Sukh Dhaliwal (Surrey—Newton, Lib.): I so move, Madam Chair.

The Chair: Okay. We have everybody's approval.

(Motion agreed to)

The Chair: One other thing is that we did receive a joint written brief from Professor Dupras and Professor Parent on the WTO study. It came in after the deadline. It was distributed to all of the members. Is it the will of the committee to accept that brief that came in slightly late, since we have not started consideration of the draft report?

I do not see any objections. I appreciate that.

Pursuant to Standing Order 108, and the motion adopted by the committee on March 12, 2021, the committee will proceed with its study of Canada's international trade and investment policy regarding selected considerations concerning COVID-19 vaccines.

I'd like to introduce our witnesses today.

From England, as an individual, we have Simon Evenett, professor at the University of St. Gallen. From the United States, on behalf of the Center for Global Development, Rachel Silverman, policy fellow; and Prashant Yadav, senior fellow. From Canada, on behalf of Innovative Medicines Canada, Pamela Fralick, president; and Declan Hamill, vice-president, legal, regulatory affairs and compliance. From Intellectual Property Institute of Canada, Nathaniel Lipkus, past board member, intellectual property lawyer and patent agent.

Professor Evenett, you have the floor, please.

Mr. Simon Evenett (Professor, University of St. Gallen, As an Individual): Thank you, Madam Chair.

I will go through the points that were raised in the notice one by one.

With respect to TRIPS waiver, I'd like to make the following points. Speedy and equitable access to COVID-19 vaccines is imperative. The end is not in dispute; the means are. The key question is how to ramp up production quickly. The point of contention is whether waiving elements of the TRIPS agreement would help.

I would urge members to distinguish between those who are advocating for real solutions to today’s vaccine challenges versus those who are fighting yesterday's trade battles, especially with respect to intellectual property.

Notwithstanding the letter that has apparently been sent by former government leaders to President Biden and mentioned in yesterday's Financial Times and a campaign by certain NGOs, I have yet to read a single expert on vaccine production who says that compulsory licensing of intellectual property is the principal bottleneck to scaling up production of COVID-19 vaccines. I have read trade policy experts make such claims. I have not read any vaccine production experts who make such claims.

If one thinks about it, I think it's fairly clear why this is so. By now it should be evident that even the firms that have developed the intellectual property in question have faced significant challenges scaling up production. Moreover, AstraZeneca’s experience with contract manufacturing provides a shot across the bow to anyone who believes that solving this problem is merely a matter of transferring intellectual property.

The production of vaccines is a sophisticated, complex process that requires well-trained talent and specialist facilities. It is quite likely that the real bottleneck is the availability of talent able to manage these processes. I can understand the frustration of some listeners who would like to pass a law, introduce a new regulation or suspend a trade agreement to fix this problem, but I fear that is not the right place to start.

With respect to the CETA agreement and making sure that Canada’s advance purchase agreements will be respected, I do not see, in short, how CETA helps in this regard.

My remarks will focus principally not on the vaccine manufacturers but on the governments where those manufacturers are located. Those governments can block exports through a variety of means, some of which are very subtle. Many of those subtle means have been documented by my colleagues and me over the past year.

Few trade agreements contain provisions, let alone strong provisions, that curb the use of export controls. Agreements like CETA certainly indicate a high level of goodwill and trust between the signatories, but whether that goodwill amounts to much in times of crisis is far from clear. Clearly the lack of disciplines in trade agreements on export curbs is an oversight that should be fixed in the years ahead.

Let me turn, then, to the question of building domestic vaccine capacity. I'd like to make the following points.

The first is that American vaccine production is ramping up very quickly. Depending on the choices the U.S. makes concerning inoculation of children and the building up of vaccine reserves in the second half of 2021, the U.S. may well have very significant surpluses available. In this respect, an expert in London and I circulated a note this morning with estimates of what the scale of those surpluses would be.

What the Americans do with those surpluses is the key question. Already the U.S. has lent Canada AstraZeneca vaccines, and the White House has gone on record defending that action, saying that it is in the U.S.'s interest to ensure its neighbours have vaccines.

In light of these considerations, there is both a short-term and a long-term answer to the question of building vaccine capacity.

In the short run, we have to remember that such investments are costly and will take time to implement. What you may find is that, by the time any new capacity is installed, there may already be vaccines being shipped to Canada from the United States and elsewhere.

The longer-term answer to the question points to a precedent that is not particularly promising. Since 2012, Korea has built up its biopharmaceutical sector. It too vowed that it would never be short of vaccine production capacity; however, according to press reports I've seen, the Korean government has spent over two trillion won on this sector, yet this has not delivered during this pandemic.

● (1310)

Vaccination in Korea did not begin until February 26, 2021. According to the World Health Organization, Korea had administered fewer than 1.9 million doses of vaccine by April 5. That is just enough for 2.5% of its population. In other words, a decade-long effort of building production capacity for vaccines in Korea has not given that country a leg-up in terms of COVID-19 inoculation.

What I take from the Korean example is that, if one is thinking about engaging in industrial policy to build up vaccine production, one should learn form the Korean mistakes and understand why, despite spending over $2.2 billion Canadian in public money, they were unable to have in place production facilities to be able to deliver COVID-19 vaccines when this crisis arose.

Thank you very much, Madam Chair.

The Chair: Thank you very much, Professor Evenett.

We go now to Ms. Silverman.

Ms. Rachel Silverman (Policy Fellow, Center for Global Development): Good afternoon. My sincere thanks to the honourable members of this committee for the opportunity to testify today.

In the context of appalling inequities in access to COVID-19 vaccines between wealthy countries and the global south, as this committee knows, South Africa and India have requested that the World Trade Organization adopt a temporary waiver on intellectual property protections related to COVID-19 health technologies. I would like to briefly make a few comments in relation to the merits of this specific proposal before handing over to my colleague Prashant Yadav to discuss the intricacies of a manufacturing scale-up.

First, I think we would all agree that Canada has a moral imperative and self-interest in taking all possible actions to accelerate the timeline for global vaccine manufacturing, distribution and administration. I understand that there has been frustration in Canada and in many other wealthy countries about the pace of vaccination to this point. Nonetheless, that is now ramping up.

However, in large African countries like Nigeria, South Africa, Kenya and Angola, it is still the case that less than 1% of the population has been vaccinated. The most optimistic projections suggest that widespread vaccine coverage and herd immunity are roughly a year away in many of these countries. Others suggest a much longer timeline, into 2023 and 2024. Ongoing circulation of the virus will also create ongoing opportunities for mutation, potentially creating new variants that evade existing vaccines and that will threaten countries like Canada anew.

Finally, the optics of Canada's return to normal life and full economic activity amid ongoing death and devastation across the global south would be a foreign policy disaster, driving justified anger and resentment. Canada must therefore examine the merits of this specific proposal vis-à-vis the goal of rapidly ending the global pandemic and mitigating these moral and practical risks.

It is my view in this context, however, that the proposed waiver would have very limited impact, in practical terms, on efforts to scale up manufacturing and make COVID-19 vaccines available to poorer countries. This is not to say that patents never pose a problem; they do. To the contrary, for many drugs, including HIV drugs in the 1990s, patents have created an artificial monopoly that has kept many in the global south from accessing life-saving health innovation.

It is important to understand that there is a key practical distinction between HIV drugs, for example, and COVID-19 vaccines. HIV drugs and most essential medicines are relatively simple chemical compounds that can be reverse-engineered by a competent generic manufacturer. In these cases, it is patents and patents alone that would prevent a generic manufacturer from imitating and selling these products for affordable access in low- and middle-income countries.

COVID-19 vaccines, in contrast, cannot be easily reverse-engineered. Generic manufacturers require not just IP rights, which could be waived under the TRIPS waiver, but also access to proprietary know-how, cell lines, manufacturing processes and so forth, to produce equivalent versions of approved vaccines. With or without a patent waiver, this is almost impossible to accomplish without the active assistance and co-operation of the originator pharmaceutical company.

For these reasons, it is my view that the adoption of the proposed waiver would have roughly zero net impact on the availability of COVID-19 vaccines in low- and middle-income countries. However, Canada's trade policy posture can still play a constructive role in increasing global access, and it must not signal apathy or indifference to poorer countries' need for affordable, timely vaccine access.

G7 countries have used all policy levers at their disposal to increase the pharmaceutical industry's sense of urgency in meeting domestic vaccine demand in their respective countries via voluntary licensing deals, contracted manufacturing and technology transfer. They should use the same tool box, while leveraging global advocacy, to drive that same sense of urgency around prompt and affordable global access.

Canada, along with its G7 allies, should leverage the TRIPS waiver campaign and use trade policy and leverage to further the pharmaceutical industry's sense of urgency vis-à-vis this goal. As one specific measure, for example, Canada could unilaterally declare a policy of non-retaliation for any use of existing TRIPS flexibilities—not adoption of this waiver—vis-à-vis COVID-19 health technologies and encourage its allies to follow suit by a broader G7 declaration.

Thank you. I yield now to my colleague Prashant Yadav to further discuss the intricacies of manufacturing challenges.

● (1315)

Mr. Prashant Yadav (Senior Fellow, Center for Global Development): Thank you.

Thank you to the members of this committee for giving me the opportunity to share my viewpoint on this very crucial topic.

We acknowledge that there is an urgent need to further scale up the production of safe, efficacious COVID vaccines, but also to keep in mind the need for versatility of the vaccine platform to deal with new COVID variants of concern and preparedness for any future pathogens.

Preliminary estimates of capacity show us that in the aggregate—that is, across all vaccine types—we may have sufficient manufacturing capacity to reach global herd immunity by quarter one or quarter two of next year. However, in the disaggregate—implying for specific vaccines such as the messenger RNA vaccines—the overall manufacturing capacity today is lower than the potential market demand.

How can we raise manufacturing capacity and expand it for specific platforms?

Expanding manufacturing capacity to additional secondary manufacturing sites is a complex process that has four main prerequisites: new manufacturing equipment or significant upgrades to existing equipment in the new site; skilled and experienced chemistry, manufacturing and controls staff and quality management professionals at the receiving site; a strong regulatory agency in the country of the new site, which can evaluate and approve the manufacturing process; and lastly, the open and free flow of international supply lines for vaccine ingredients and equipment and, in particular, single-use equipment.

All the companies that have received authorizations for their COVID-19 vaccines have already expanded manufacturing to a few additional sites. Given that the medium- and long-term demand for additional COVID-19 vaccine capacity remains uncertain and that, as such, the long-term sustainability of new manufacturing sites remains unclear, the vaccine developers may not be willing to make additional capital investment and incur the additional operating costs of adding more manufacturing sites to their network.

Public support in the form of capital subsidies or firm purchasing contracts can help resolve this medium- to long-term demand uncertainty and can incentivize the company to further expand manufacturing capacity in new locations. It will strengthen the business case for them to explore and evaluate not only vaccine manufacturing sites but also contract manufacturing sites or sterile manufacturing sites, which could be added to the global manufacturing network. In some cases, the efforts of individual companies could be further strengthened if publicly funded third parties can work to identify new sites that can meet the above-mentioned criteria and have some spare capacity.

More important, the success of existing capacity expansion efforts and of any new manufacturing capacity expansion efforts depends on the free flow of vaccine ingredients and equipment. I'm sure all of you have heard recent news about the shortages of single-use bioreactor bags and specialized filters, which could put manufacturing plants at risk of not being able to produce sufficient doses of vaccine. These would be manufacturing plants that already have the technology transfer, the manufacturing know-how, the intellectual property licence and all the other prerequisites.

Any restrictions on global supply chain flows create the risk of jeopardizing even the existing manufacturing capacity and delaying the start of new sites that are currently getting ready for COVID-19 vaccine production. This is an extremely important area to address through the World Trade Organization and other trade partnerships.

In the medium- to long-term, we need to focus on four key areas to achieve higher production capacity. The first is investing in manufacturing sites that are flexible and can easily switch from one vaccine platform to another. Second is creating a larger pool of human capital that is specialized in biologics manufacturing. Third is further strengthening regulatory co-operation across countries. Fourth is preventing trade and policy barriers in the supply chains for vaccines and other critical health products.

Thank you for the opportunity to share my thoughts. I look forward to questions or any other ways in which I can help the work of the committee.

● (1320)

The Chair: Thank you very much, Mr. Yadav.

For the witnesses at our committee, you can leave your cameras on even though you've completed your testimony so that you'll be available to participate in the question and answers. Please feel free to leave your cameras on.

Ms. Fralick, president of Innovative Medicines Canada, please go ahead.

Ms. Pamela Fralick (President, Innovative Medicines Canada): Thank you, Madam Chair and honourable members, for this opportunity to address this motion to study Canada's trade and investment policies and the impact they are currently having on the production and distribution of COVID-19 vaccines within our borders. These efforts, I'd like to note, have been remarkable for the degree of co-operation we are seeing across governments and our health systems during a time of unprecedented challenges. As someone who has worked in the health sector for most of her career, I would like to commend this government's unwavering focus and commitment to the health and safety of Canadians.

Before I speak to the scope of your study, I would like to provide you with some background information on Innovative Medicines Canada and how it informs our organization's perspective on aspects of the current motion. There are 47 companies that constitute our membership. Together they support 100,000 high-value jobs. They contribute $15 billion annually to the Canadian economy and $2 billion in research and development. Though so much of the spotlight is currently on our sector's biomanufacturing capacity for vaccines, it's also important to remember that even now there are more than 500 new products and medicines in development in Canada. This work includes the discovery and development of therapies for cancers as well as rare and infectious diseases.

Canadians can be proud of how our industry has taken up the fight against COVID-19 and the evolving challenges the variants of this virus present. The focus for our members from the very beginning has been on collaborating with each other, governments, researchers and patients to develop and deliver appropriate testing tools for diagnostics, medicines to treat those infected with the virus, and vaccines to stop its spread. This has been our industry's approach in Canada and across the sector's global ecosystem.

One aspect of your study is in relation to a proposal to the World Trade Organization's trade-related aspects of intellectual property rights council, or TRIPS, to essentially waive countries' core obligations under the TRIPS agreement to protect intellectual property for a broad range of technologies related to COVID-19 for the duration of the pandemic. Proponents of this initiative argue that revoking IP rights would lead to an increase in the supply of new vaccines in developing nations. However, there is no credible evidence validating this assumption. We recommend that Canada stand with leading innovative jurisdictions to oppose this proposal.

In the heat of a battle like the one we're currently fighting against COVID, we do risk making decisions without substantively analyzing their anticipated efficacy and potential consequences. We must look at the nature of vaccines themselves, as other witnesses have already mentioned. They are complex biologics that require highly specialized manufacturing facilities. Some of the new vaccines have been created using advanced processes and technology that did not exist until a few years ago.

As collaborative as the industry has been, we would not have been able to develop them without the support of a strong global innovation ecosystem rooted in competitive research and protected by globally agreed-upon IP standards. Pfizer's vaccine, as an example, involves 280 components, 86 suppliers and 19 countries. Sanofi and BioNTech's partnership will allow the latter to have access to the infrastructure and expertise to produce 125 million doses of the vaccine for Europe.

Companies and governments have worked together around the world, identifying other manufacturers with the appropriate expertise, technical capabilities and facilities, and entering into partnerships and agreements to speed up and scale up the production of vaccines. These are success stories based on the strong network for support and collaboration.

While we are open and receptive to policy measures that would improve on current processes and timelines, they must be evidence-based. Some may argue that desperate times call for desperate measures, suggesting that eliminating IP rights is worth trying, given the current issues with vaccination production and rollout in many nations.

Let me be clear: This will simply not address the problem, but it will have negative consequences. Biological vaccine-manufacturing capacity expansion requires expertise and know-how to be successful. Even if IP rights are no longer an issue, they cannot be efficiently and safely manufactured in a timely manner without the assistance and collaboration of the original manufacturer. However, the proposed IP waiver would create potential impediments to current technology transfer partnerships, which may in turn negatively impact the response to the current pandemic.

● (1325)

It is also important to look at the long-term effects of such proposals in detail. Weakening IP protections for vaccines will actually undermine the global response to the pandemic, and to the pandemics we could face in the future. It will create confusion in the ecosystem, and that will inevitably delay research and innovation. It will also undermine the confidence in what has proven to be a functioning IP system, one that has allowed industry to confidently partner with academia, research institutes, foundations and other private companies.

However, there are constructive improvements to our current processes that can be implemented. We can increase manufacturing capacity with technology transfer, voluntary licences and partnerships between companies. We can also identify and address regulatory inefficiencies, while maintaining strict safety standards. We can eliminate export barriers to mitigate situations, like what recently occurred in the EU where vaccine shipments to other countries have been delayed or blocked.

Canadian officials should be commended for their swift action to strengthen international supply chains in the wake of this incident. This is indicative of our core strengths in advancing multilateral solutions and international regulatory harmonization.

Biopharmaceutical companies are also working with international partners and NGOs to accelerate the delivery of COVID-19 vaccines. Our industry is working with the WHO's COVAX facility for global vaccine distribution, which began rolling out two billion vaccine doses for low- and middle-income countries in February this year.

Companies are also working with the Bill and Melinda Gates Foundation, Wellcome Trust and Mastercard on the COVID-19 therapeutics accelerator. Innovative life sciences companies are uniquely suited to collaborate in such partnerships, and know which partners will be best to help maintain an increased supply.

Canada's leadership role in the Ottawa Group, a group of 13 WTO members that was formed pre-COVID to ensure better coordination and co-operation among their countries, has been an important development. They have launched a trade and health initiative, outlining concrete measures that can be taken by members to strengthen supply chains and facilitate the flow of essential medicines and medical supplies, including vaccines. They've also promoted the implementation of trade facilitating measures in customs and services, limiting export restrictions, temporarily removing or reducing tariffs on essential medical goods and improving transparency overall.

Diluting IP protections will also have the effect of deterring investment in our own country's life sciences sector. At a time when the pandemic has shown just how important the life sciences sector is to the health and well-being of Canadians, we can ill afford supporting any measure that could drive out investment.

IP is one of the key elements for Canada to take into consideration if it wants to grow its life sciences sector and improve its biomanufacturing capacity in a sustainable way. While further domestic IP improvements could be and should be undertaken, the Government of Canada made incremental life sciences IP improvements in the landmark Comprehensive Economic and Trade Agreement with the EU. We're also supportive of a new trade agreement with the U.K. that protects IP and promotes greater regulatory harmonization.

This progress must be reinforced with more agile regulations, timely public access to innovation, skills and talent development, and other elements of a comprehensive life sciences strategy that we are eager to discuss with Canadian governments.

Of course, we can do better. To that end, all changes affecting the Canadian life sciences sector and the innovative pharmaceutical industry should be addressed by a whole-of-government approach in order to properly evaluate the impacts on the various other components of the sector. Indeed, we have made such recommendations through this government's biomanufacturing consultations.

These recommendations include references to an urgent need to suspend the July 2021 implementation of damaging changes to the Patented Medicine Prices Review Board, or PMPRB, at least until the COVID-19 pandemic has abated.

The PMPRB changes are having a destabilizing impact on our industry at a highly sensitive time. They are strongly opposed, not only by industry but by patient groups and life sciences stakeholders, due to concerns about impacts on access to new, innovative medicines in Canada's future domestic life sciences capacity. We maintain it is the innovative research companies who have proven uniquely qualified to create and sustain the partnerships to maintain and increase supply.

Canada's trade and regulatory policies can and should be used to improve conditions for investment, ensure the acceleration of approvals, advance the most effective solutions to address supply chain bottlenecks and strengthen our health systems around the world to get vaccines to citizens as quickly as possible.

We continue to welcome an enhanced dialogue and partnership with the federal government in these efforts.

● (1330)

Thank you for the time you have provided to me to speak to you today. We would be happy to take your questions.

The Chair: Thank you very much, Ms. Fralick.

We'll go on to Nathaniel Lipkus, please.

Mr. Nathaniel Lipkus (Past Board Member, Intellectual Property Lawyer and Patent Agent, Intellectual Property Institute of Canada): Thank you, Madam Chair and honourable members of the committee. I represent the Intellectual Property Institute of Canada, or IPIC, as a past board member and a past chair of its international trade policy committee.

For those who don't know, IPIC is the professional association of patent agents, trademark agents and lawyers practising in all areas of intellectual property law. Our membership totals over 1,800 individuals in Canada, consisting of practitioners in law firms and agencies of all sizes, including sole practitioners, in-house corporate IP professionals, government personnel and academics. Our members' clients include virtually all Canadian businesses, universities and other institutions that have an interest in IP in Canada or elsewhere, as well as foreign companies that hold IP rights in Canada.

My comments today will focus on Canada's position with respect to the WTO TRIPS waiver.

The purpose of the waiver is to remove IP barriers that prevent WTO members from manufacturing and accessing COVID-19 medical products. A primary goal is to get as many vaccine doses as possible into the arms of the world's 7.8 billion people.

My organization, IPIC, is not here to take a position on whether a TRIPS waiver or any other IP solution will enhance vaccine access. Rather, we are here to provide necessary information about the IP rights framework and Canada's role within it. Our hope is to assist this committee to make recommendations that appropriately balance effective IP protection with the imperative of access to essential medical products. I will make three principal points.

First, the TRIPS waiver is not about enhancing domestic biomanufacturing or Canadian vaccine access. It is about empowering less-developed countries.

Second, TRIPS was designed to provide certain flexibilities to address national health emergencies. The sensibility of a waiver, or any TRIPS-based solution, depends on what needs are unaddressed by those flexibilities.

Third, Canada's experience shows that the effectiveness of a TRIPS solution requires careful consideration and implementation.

My first point is that this committee should not view the proposed TRIPS waiver as being about enhancing Canadian manufacturing or access to COVID-19 vaccines. Removing TRIPS obligations would empower TRIPS members to suspend patent and other IP rights without violating TRIPS. For some countries, such as South Africa or India, provided other important barriers already mentioned are removed, this waiver may clear a path to enhanced COVID-19 vaccine access, both domestically and for export.

This is not so for Canada. Canada's most significant trade agreements over the last 30 years have included IP commitments over and above TRIPS. If TRIPS obligations were suspended, Canada would continue to be subject to such commitments in the Canada-U.S.-Mexico agreement that replaced NAFTA, the trans-Pacific partnership and CETA. These additional barriers mean that Canada would need to negotiate with the U.S., Mexico, the EU and the CPTPP member countries in order to give domestic effect to a TRIPS waiver in those agreements in Canada. After that, domestic amendments would be required to suspend domestic IP provisions to facilitate any extraordinary measure facilitated by the TRIPS waiver.

It is unlikely that all this would be accomplished in a time frame that would be meaningful for enabling Canadian vaccine access, if at all. Canada benefits from near- and medium-term vaccine commitments, and it is unlikely to be capable of large-scale biomanufacturing for export any time soon.

My second point is that the sensibility of a waiver, or any TRIPS-based solution, depends on what needs are unaddressed by the current TRIPS flexibilities for addressing public health. COVID-19 is not the first international health crisis that has led to the rethinking of international IP rules. In fact, the international consensus on IP rules embodied in TRIPS was forged in the fire of the AIDS crisis.

The TRIPS agreement, which was signed in 1994, harmonized a minimum standard of 20 years of patent protection for pharmaceutical inventions, but the agreement also created certain flexibilities. Article 8 of TRIPS authorizes members to adopt measures necessary to protect public health and nutrition, provided that such measures are consistent with TRIPS.

Article 31 of TRIPS enables a government, or a third party authorized by government, to use the subject matter of a patent without the authorization of the patent holder. This authorization is called a compulsory licence. The scope and duration of a compulsory licence must be limited to the purpose for which it was authorized, as well as non-exclusive, non-assignable and predominantly for domestic supply.

● (1335)

Prior to gaining a licence, efforts to obtain authorization from the rights holder on reasonable commercial terms must have be made and been unsuccessful. However, there's no need to seek a voluntary licence in the case of a national emergency or other circumstances of extreme urgency, or in cases of public, non-commercial use.

Lastly, article 6 of TRIPS provides for parallel importation of patented medicines. Parallel importation allows countries to obtain patented products from other countries without the authorization of the patent holder. This can be legally permissible in countries applying the legal doctrine of exhaustion of rights.

These three flexibilities—measures to protect public health, domestic compulsory licences and parallel imports—were the only TRIPS flexibilities available until it became clear that they were inadequate to address HIV/AIDS. Countries requiring AIDS medicines did not have the domestic capacity to manufacture the drugs they needed.

In 2003, countries with manufacturing capacity were empowered under TRIPS to export patented products to eligible importing countries having insufficient or no pharmaceutical manufacturing capacity. Compulsory licences for export could be issued for amounts necessary to meet the identified needs of an importing country, with imported medicines clearly identified as produced under this system, and with the importing country required to take reasonable measures to prevent re-exportation of products.

The wisdom of a TRIPS waiver must be assessed against the backdrop of these flexibilities I've just described, taking into account today's barriers—not the HIV ones but the ones that confront manufacturing and access of COVID-19 medical products in light of our collective experience under the current TRIPS framework.

This brings me to my third point, which is that Canada's experience shows that the effectiveness of a TRIPS solution requires careful consideration and implementation.

Canada was the first country to attempt to implement compulsory licences for export to enable access to AIDS medicines after AIDS killed three million people in 2003 alone. The Jean Chrétien Pledge to Africa act would have empowered Canadian generic drug manufacturers to manufacture and export medicines to least-developed countries being ravaged by AIDS.

The political and corporate will was there in spades, but the implementation was unsuccessful. Only two drug shipments were ever exported. The restrictions were considered by manufacturers to be impractical, because new operations were needed just to enable the licences, which themselves, were valid for only two years and only eligible for one renewal. There is no other success story to speak of anywhere in the world.

Contemporaneously, brand name manufacturers of AIDS medicines began to issue voluntary licences to generic manufacturers to supply AIDS drugs to the developing world. This campaign started slowly around 2006, but many millions of generic AIDS medicines were being exported at pennies on the dollar within a few years. This approach was replicated for hepatitis C drugs in the mid-2010s. Although domestic compulsory licences have continued to play a meaningful role in enabling domestic access to essential medicines, brand name manufacturers have developed their own global access solutions that have played a significant role as well.

It's 2021, and the cauldron of access to medicines policy solutions continues to stir as we confront COVID-19. We have learned what we can and can't do with TRIPS. We've learned what brand name companies have been able to do to support global access. A good decision regarding the TRIPS waiver will be based on identification of the true barriers to access and the successful targeting of those barriers, taking into account extraordinary global health efforts over decades across the stakeholder spectrum.

To determine if a TRIPS solution is warranted, TRIPS member countries should identify what COVID-19 vaccine access will be enabled by the solution, over and above what's already enabled by existing TRIPS flexibilities, and members should co-operate to facilitate and remove barriers to that increased access, whether they be imposed by TRIPS or otherwise.

If, on the other hand, a TRIPS solution is unlikely to enable meaningfully faster or broader vaccine access, or there are other more effective solutions, then TRIPS members should come together to support other solutions that will facilitate that access. Canada should not place the burden of proof on proponents or detractors of the TRIPS waiver, but rather undertake its own critical assessment and support what it thinks will work best.

● (1340)

The common goals are shots in arms and saving lives. We at IPIC applaud the committee for taking seriously any initiative that will help achieve these goals in Canada and around the world.

Thank you.

The Chair: Thank you very much, Mr. Lipkus.

On to our members, we will start with Ms. Gray, please, for six minutes.

Mrs. Tracy Gray (Kelowna—Lake Country, CPC): Thank you, Madam Chair.

I'd like to thank all of the witnesses for being here today.

My first questions are for Ms. Fralick at Innovative Medicines Canada.

I appreciate your comments today on intellectual property with respect to innovation in biomanufacturing. We know how important it is to get COVID-19 vaccines to developing countries. If it's not intellectual property concerns slowing down the distribution of vaccines to these developed countries, what would you say the issues would be?

Ms. Pamela Fralick: I think the answer to that question is complex. There are multiple possible answers, from supply chains to the fact that it is a revolutionary technology. As I mentioned in my comments, the technology we're using for most of the current vaccines didn't even exist a few years ago, etc.

I will, by the way, call on my colleague, Mr. Hamill, to jump in. His expertise is on the IP side of things as well.

Again, my quick response to you would be that there are multiple reasons for it. This is why we are pushing to make sure we don't move too quickly to any one solution that is nice and shiny on the outside but will not have the intended effect in terms of the goals of this particular committee.

Declan, did you want to add any comments?

Mr. Declan Hamill (Vice-President, Legal, Regulatory Affairs and Compliance, Innovative Medicines Canada): Yes, thank you.

Thank you, Madam Chair, and thank you to the committee for allowing the IMC to speak to you today.

I would just add—and this was already touched upon by some of the witnesses to the committee—that the issue of regulatory barriers and impediments to international supply chains is right now a clear and present danger. Canada has directly experienced this in the context of the European Union and some of the measures the EU has undertaken. Fortunately, and partially because of the great work of officials at Global Affairs Canada, this hasn't been a significant issue for Canada, but it has been for other nations.

Impediments to global supply chains are certainly a significant issue. Regulatory co-operation, in terms of recognition of vaccines, is also a very important issue that needs to be addressed.

Mrs. Tracy Gray: Great. Thank you.

You actually answered the second question I was going to ask, so thank you for that.

Your organization has suggested publicly that the relationship between the present federal government and your industry is not the most friendly. Would you say this type of working relationship has an impact on Canada's rapid access to vaccine doses?

Ms. Pamela Fralick: I do believe there is a relationship. Without pointing fingers at any particular government, for decades now it's not been an, I'd say, “ideal” relationship. The life sciences sector writ large—the pharmaceutical industry is one part of that—has not been viewed as the contributor to the health and the economy of the country that we feel it should be.

Despite multiple attempts on the part of the industry, from our global CEOs—this is a global industry—pre-pandemic, global leaders were concerned about some of the measures being taken by the current government. They had reached out in an effort to find that more balanced approach that we're seeking. We understand there are sustainability issues for the cost of drugs, but there's a huge value to the economy as well. Our global CEOs have reached out to meet with Mr. Trudeau, Ms. Freeland and others on at least four occasions over the last three years, but they have not been successful in that regard.

I should say, by the way, that the Canadian CEOs have also worked very hard over the last few years to engage with the government and to have a more productive conversation about how we can work together but with.... I was going to say “limited success”, but “no success” is probably more legitimate.

Yes, when you don't have a relationship with the industry, it is difficult to achieve some of your other options. The industry does not see Canada as an attractive country in many ways, from regulatory, access, IP and data protection perspectives, to come and invest in the country. While the government did do a good job of procuring through contractual agreements, actually getting a lot of vaccines into the country and being at the top of the list simply have not been happening.

● (1345)

Mrs. Tracy Gray: Thank you for that. It's really shocking to hear that you were reaching out to the Prime Minister and to other leadership, and they're not returning your calls. I'm sure that will be pretty shocking for people to hear, considering what's going on.

Last week Canada received our first shipment from COVAX of about 300,000 doses. We know that we're the only G7 country to be accepting vaccines from the program at this point, with current vaccines procured through the program going mostly to developing countries.

Would you say that Canada's not raiding vaccines meant for low- and middle-income countries would be important to get vaccines to those countries that need it right now?

Ms. Pamela Fralick: I think there is a global ethical and moral obligation to make sure that everyone in this world has access to vaccines, absolutely.

In terms of the COVAX facility, it was very clearly set up to do that, but also to be of assistance to countries that were contributing the vaccines. I'm not an expert on the COVAX facility, although we're very aware of it, obviously. In fact, I would go further to say that COVAX, being one pillar under the accelerating access to COVID-related tools initiative.... Our international body is a co-founder of that initiative, so we're very supportive. I'm not the expert on it; however, I do know that it was set up to allow for both actions to take place.

Beyond that I really can't—

The Chair: Thank you, Ms. Fralick and Ms. Gray.

We go on to Mr. Dhaliwal, please, for six minutes.

Mr. Sukh Dhaliwal: Thank you, Madam Chair.

Madam Chair, I would like to thank all the presenters here.

My question will go to Mr. Lipkus of IPIC.

It has been indicated that concentrating on the TRIPS waiver as a magic bullet for vaccine access and production will not work. First, am I right in saying that the TRIPS member countries must be pragmatic and realistic, and agree on what are truly effective solutions first based on, as you said, flexibility?

Second, seeing that we need to seek an agreement with other member countries on these broader considerations first, am I right in saying that this would be your recommendation?

Mr. Nathaniel Lipkus: I started my comments by saying that we were not going to recommend a solution, and I'm certain that, if I were to canvass the membership of IPIC, there would be a diversity of views.

What I can say is that a pragmatic solution is needed. We're trying to get vaccines to as many people as possible, and talking about intellectual property rules is just one means for consideration. It may be a tool that's useful. It may be that a TRIPS waiver is an option. It may be that there's something short of that which makes sense, depending on whether other capacity can be marshalled.

We heard from Mr. Yadav about four barriers: manufacturing equipment, skilled workers, regulatory agencies and the free flow of supply lines. If there is a solution that somebody puts forward where a TRIPS waiver will couple with those and lead to better outcomes than any other solution that's on the table, then we shouldn't ignore it.

At the same time, there are a lot of good people trying to do good things, and we need to make sure we look at everything. This is one where some might say the more the merrier, but others might say there are too many cooks in the kitchen. Some smart people need to figure out which one we're dealing with here.

● (1350)

Mr. Sukh Dhaliwal: We all know that it took significant innovation to develop the COVID vaccines around the globe. How would the uncertainty created by a potential TRIPS waiver damage innovation in life sciences and biotech industries?

Mr. Nathaniel Lipkus: Is that question posed to me?

Mr. Sukh Dhaliwal: Yes, please.

Mr. Nathaniel Lipkus: It's hard for me to answer on behalf of an industry. I note that you have the representatives of the industry sitting here, and they can provide a view.

Mr. Sukh Dhaliwal: I would love them to—

Mr. Nathaniel Lipkus: I'll let them explain what they perceive as the impact to their industry.

Ms. Pamela Fralick: Declan, this probably is a good one for you to take on.

Mr. Declan Hamill: Yes, certainly. Thanks for the question.

The industry has established in record-breaking time a network of voluntary licensing agreements with other parties. It's interesting that the IP always seems to be the focus of these issues.

The CEO of the Serum Institute, which is a huge India-based producer of vaccines—basically licensing the Oxford-AstraZeneca vaccine currently, but they plan to produce other vaccines as well—was asked straight out whether there's a problem of collaboration and voluntary licensing with originator entities.

He said no, that's not the problem. He said the problem is that it takes time to ramp up facilities. The scale of facilities needed to deal with COVID vastly eclipses the existing capacity in the world. There's an exponential ramp-up needed by existing vaccine makers, and they're doing it as quickly as they can. Nevertheless, it takes time and effort.

His focus, and this is on the public record.... I think it was in the The Guardian. He said the issue is his problems with the U.S. FDA and with the European Medicines Agency, in terms of rapid approval of medicines.

When we consider TRIPS and existing flexibilities, we have to ask ourselves what problem we are trying to solve. If voluntary licensing agreements and other forms of tech transfer partnerships between innovative companies and entities such as the Serum Institute are working—granted, everyone would like them to work faster than they do now, and everybody would like more production—we have to ask ourselves, is a TRIPS waiver going to contribute to this?

The answer from the innovative industry would be no. If anything, it would be disruptive to existing arrangements, which, while everyone would like these things to move faster, are actually yielding real world benefits in terms of vaccine production.

I hope I have addressed your question.

Mr. Sukh Dhaliwal: Thank you.

The Chair: Thank you, Mr. Dhaliwal. I'm sorry, but your time is up.

Thank you, Mr. Hamill.

We will go now to Monsieur Savard-Tremblay, for six minutes, please.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot, BQ): Thank you, Madam Chair.

Good morning to all the witnesses. I thank them for their presentations and for their time.

I would like to put my first question to Ms. Silverman.

You mentioned the idea of temporarily lifting patents on vaccines. That is an idea that we are hearing about more and more. I understand the principle and am even relatively favourable to it. Yet, it might make less of a difference than we think, since the problem seems to be a lack of factories, technology, and labour to make vaccines.

How would a patent waiver fill these gaps?

● (1355)

[*English*]

Ms. Rachel Silverman: Thank you very much for the question.

I agree with you that the patents are not the primary barrier, which is why I do not think the TRIPS waiver will be particularly effective. However, that's not to say that IP, broadly speaking, is not an issue at all.

I would distinguish between two things. One is the legal right to produce a product, which is what the patent would cover, roughly speaking. There are some intricacies here, but it's the legal right to produce a product. The other is the knowledge, the know-how, the trade secrets, the proprietary info required to actually do so.

There's a process called “technology transfer” whereby an originator company can impart this knowledge to a generic manufacturing firm. There are still generic manufacturing firms who are saying that they have the capacity to produce and are not doing so and that they have not received technology transfer or that information from the originators.

The specifics of any individual case are a little bit hard to parse. It's hard to parse the economics of whether this is actually viable to do and scale up, or whether they actually have the necessary capabilities. It's on a case-by-case basis.

However, I think what we would like to see is a bit more pressure being placed on pharmaceutical companies—and they're already doing this. I'm not trying to say that none of this is happening. It is. We would, however, like to see a process whereby they are evaluating tech transfer and voluntary licensing opportunities and making use of the capacity that does exist.

None of this is a magic bullet, but to the extent we can feed and motivate rapid evaluation and discovery of such capacity and help facilitate voluntary licensing deals—which, by the way, would protect IP within the balance of that licensing deal.... This is not about freeing IP for everyone. It's about a voluntary process of technology and product knowledge transfer and sharing.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Thank you for the response.

You are targeting the problem, essentially. Tell me if I'm wrong, but, if I summarize what you're saying, factories are seeking to obtain this technology nevertheless, but it gets stuck and doesn't transfer. So you don't see a lack of factories per se.

Do you see a shortage of manpower, though? That's what we've noticed so far.

[*English*]

Ms. Rachel Silverman: I might turn it over to my colleague, Prashant Yadav, who would be more knowledgeable on this point.

Mr. Prashant Yadav: Thank you.

It's fair to say that there are many facilities globally, some of which—and I'm underscoring the words “some of which”—may have the required equipment to start manufacturing COVID vaccines of different types, but equipment is only one part of the multidimensional needs for a facility to start manufacturing. Like I emphasized earlier, having trained chemistry, manufacturing and control specialists and having trained and—

The Clerk of the Committee (Ms. Christine Lafrance): Mr. Yadav, it's the clerk here. Could you raise your mike a bit? It would help the interpreters, please.

Mr. Prashant Yadav: I'm sorry about that, yes.

Having trained chemistry, manufacturing and control staff and having quality management specialists is an important prerequisite. Even when we have facilities around the world that have equipment to manufacture COVID vaccines, they do not necessarily have the human resources that are required.

One way to think about it is that we can supplement their human resources with the company that has the originative product, helping them out, but again those are the things that require both larger public investment and also time and resourcing on the side of the innovative company.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Thank you for your answer, Mr. Yadav.

What do you think about the COVAX initiative, which aims to provide vaccine doses to a minimum of 20% of the population?

We know that Canada has invested heavily in this and for every dose they receive, they will donate an equivalent number overseas. Canada revealed that it would receive between 1.9 and 3.2 million doses of AstraZeneca vaccine by the end of June.

Is this a good or bad initiative, in your opinion? Is it incomplete or insufficient?

[*English*]

Mr. Prashant Yadav: My viewpoint is that it's a very good initiative. For a large number of countries that either do not have the financing, the working capital, the size of the market or the ability to negotiate vaccine access for themselves, it does it collectively for them. In addition to this, it also provides them a pooled indemnity insurance. Therefore, many aspects are addressed by pooling the needs of multiple countries.

The challenges have been how we guarantee enough supply to the COVAX facility so that it can deliver on its promise of providing at least 20% to all of the countries. In reality, we would want to ask the question, why only 20%? Perhaps this should be a structure we use for providing 40% or a higher percentage of coverage for each country.

The current constraints have been the supply coming into COVAX.

● (1400)

The Chair: Thank you, Mr. Yadav.

We will go to Mr. Blaikie, please, for six minutes.

Mr. Daniel Blaikie (Elmwood—Transcona, NDP): Thank you very much.

We certainly heard today, and I think members probably reasonably expected this going in today, that there are a number of factors beyond simple access to intellectual property that go into the manufacture of a vaccine. Certainly intellectual property is one of those factors. Even in the case of negotiating a voluntary licensing agreement, presumably that takes a fair bit of time and resources.

We now have countries that have come to the WTO asking for, not a blanket exemption to the entire intellectual property infrastructure, but a temporary waiver for a very specific purpose, which is to make the recipes for COVID-19 vaccines able to be used by as wide a cross-section of those in the vaccine manufacturing industry as possible. It is a recipe that has benefited, and its development has been made possible, not by the typical process where you have a lot of private investment and risk-taking, but by a considerable amount of public investment by governments the world over, not just in Canada but the world over.

It does seem to me that taking one of those complicated elements off the table would help facilitate a speedier expansion of global supply. That's not to say that it helps overcome all of the obstacles, but it helps overcome one of the obstacles. I haven't heard anybody here today say that intellectual property rights present no obstacles at all to the expansion of the global vaccine supply, just that it's only one among many. It seems to me that if our goal is to try to increase that supply, taking as many obstacles off the table as possible is a prudent approach.

In terms of direct questions, one of the things that I also haven't heard.... I have heard that this waiver is not a panacea. Fair enough. In fairness, I don't know that anyone is really suggesting that it is. It's just a step in the right direction. I don't see that the waiver would do harm in the sense of relaxing some of the typical intellectual property restrictions for a very targeted purpose and for a temporary time frame.

I don't know if we have a witness who wants to speak to that issue, but it seems to me that taking this off the table would be helpful. It would give facilities where they believe they have capacity the opportunity to explore that with fewer restrictions in their way.

I see Ms. Fralick has her hand up. I'll giver her the opportunity to respond.

Ms. Pamela Fralick: Thank you so much for raising that issue. It's such a good discussion point.

I will turn to my colleague, Mr. Hamill, in a moment, but I wanted to make one quick comment.

We actually do believe there could be harm. I mentioned this in my comments, but we'd be pleased to go into that in a little bit more detail. The other piece I wanted to raise...and you may have information we don't have, by the way. There's so much going on in the world these days, it's hard to keep up, but we simply have not seen any evidence that any of the COVID-19 vaccine developers, when asked, have refused to license their IP. The system does seem to be working as far as we can tell.

Of course, the other piece that I think all the witnesses have made reference to is that it's not quite as simple as just having—as someone referred to it today—the recipe, the IP information, and then you can suddenly produce a vaccine. There is a practicality behind this that we feel is quite a significant barrier.

In terms of the harm piece, the undermining of the process that is working well, I'll turn to Declan to answer your question a little more clearly.

● (1405)

Mr. Daniel Blaikie: I do have a quick question just in follow-up to that comment, because we've heard often today already that there are other pieces in order to be able to effectively manufacture vaccines, and that's quite a reasonable claim. As I say, I think many people are not surprised to hear that.

We have the governments of India, South Africa and others coming to the table pursuing an initiative that takes time and resources for them, in order to try to mobilize a global campaign of governments signing on to this waiver to take this issue up repeatedly at the World Trade Organization. Surely, it can't be your position that it will be news to them to find out, once they have broader access to the intellectual property involved, that there are other dimensions to manufacturing a vaccine. I find it very hard to believe that they put the effort into organizing behind this waiver in ignorance of the fact that there are a number of factors that go into the manufacturing of a vaccine, and it'll be a surprise to them, when they get the IP, that the people they've been working with domestically aren't able to produce the vaccine.

I find it insufficient for me to hear of these other factors. As I say, I think reasonable people would expect that there are many things that go into this kind of complex manufacturing process. However, the idea that somehow the proponents of the waiver would be ignorant of that and that they wouldn't have promising leads within their own country, where intellectual property is either the primary barrier or a significant barrier to increasing their production, strikes me as very hard to believe.

I see that we have another witness with their hand up, who just moved on their screen. It might be Ms. Silverman and her colleague from the institute.

Perhaps you'd like to weigh in on that question.

The Chair: I'm sorry, Mr. Blaikie, but your time is up.

Perhaps we could get a brief answer from Ms. Silverman, please.

Ms. Rachel Silverman: I'll just make one point briefly on that. I think our colleague from the IP association referenced this briefly. A lot of the history regarding these access-to-medicine sites has to do with threats to IP, compulsory licensing and other measures that then extract concessions around voluntary licensing and other more voluntary measures.

I think that's one potential explanation. If you increase the pressure on industry and you make it clear that you are willing to take more dramatic actions, that is going to create some amount of momentum around voluntary action on behalf of the pharmaceutical industry.

The Chair: Thank you very much, Ms. Silverman.

We will go on to Mr. Aboultaif for five minutes.

Go ahead, please.

Mr. Ziad Aboultaif (Edmonton Manning, CPC): Thank you, Madam Chair.

Thanks to the witnesses. It was a great presentation this morning.

I have an article dated November 13, 2020, from Reuters: “Canada's reliance on supply contracts to secure COVID-19 vaccines from drugmakers like Pfizer Inc has put...life for Canadians, and prospects for the economy over the next year, in the hands of a few foreign companies facing overwhelming global demand.”

The article adds that, “As other governments pour hundreds of millions or billions into vaccine development, Canada has earmarked C$1 billion ($761 million) to buy doses abroad.”

The first question is this: To what extent do you think this article is accurate? Second, what have we done wrong in Canada, in racing against the time, to be able to provide Canadians better results at such a difficult time?

I will start with Ms. Fralick, and then maybe I'll move to Mr. Evenett after that.

Ms. Fralick, go ahead, please.

Ms. Pamela Fralick: Thank you.

I will invite my colleague to jump in on this one because I would be repeating a few things that I said earlier.

I do believe that there's a history of a less-than-ideal relationship between this industry and government, which has led to a very unattractive business environment for the industry to be present here in Canada. That has lessened our domestic capacity, which I think is what you're referring to primarily in the article.

There are a couple of aspects that I'm quite sure Mr. Hamill would like to comment on, if you don't mind.

● (1410)

Mr. Ziad Aboultaif: Sure.

Mr. Declan Hamill: Professor Evenett pointed this out as well. Sometimes having a robust pharmaceutical industry doesn't necessarily insulate you from the difficulties that can occur as a result of a global pandemic. Clearly, it's helpful for your public health policy. It's also helpful for your economy, but that said, these things are extremely difficult to predict, and they're very difficult to manage in practice.

However, in terms of getting more infrastructure into the country, here I'll express a little bit of frustration, because there's a room somewhere at Innovation, Science and Economic Development Canada that is filled with reports about life sciences innovation over the years. Most recently, we had one which was put out by the health and biosciences economic strategy table, HBEST, in late 2018, by a group of industry, academia and government officials.

The deputy minister of health and the deputy minister of ISED participated. They put out a report on how to build a life sciences sector with greater capacity in Canada. It related not just to IP but also talked about regulatory barriers, taxation, labour skills, etc. It was a great report. Since the report came out, not much has happened.

We have a history in Canada of thinking very long and hard about life sciences innovation, but we don't really do very much. We don't implement our great thoughts. A good starting point would be to go back to HBEST, revisit that and implement some of its recommendations. That in and of itself will not necessarily, as Professor Evenett pointed out, yield direct benefits in terms of a pandemic vaccine, but it would create more infrastructure and capacity within the country in the medium to long term.

Mr. Ziad Aboultaif: To be ready to face a pandemic or any other challenge as such, it's not just about vaccination. There's also rapid testing, for example. Being able to provide rapid testing to keep the economy going and to have some security and certainty to what we do on a daily basis was not even there.

If the vaccine needs some kind of special licensing, an IP licence, to be passed in certain countries, I don't know where we failed. Do you agree there's a big failure in dealing with this whole thing? By the way, as a matter of timing, we knew about the pandemic coming our way months before it hit our border. What do you think of that?

I'll ask Ms. Fralick to comment on this as well as Mr. Evenett.

The Chair: I'm sorry, but you're time is up. It's going to have to be a brief answer from Ms. Fralick and Mr. Evenett.

Ms. Pamela Fralick: There are a great number of things we could have done differently. I will be happy to have that conversation with you perhaps off-line to share some extra thoughts.

Mr. Simon Evenett: My brief observation is that the cost-benefit analysis of investments in vaccine production and development were not correct. We have, as you noted, a $1-billion investment by the Canadian government. The losses to the Canadian economy are orders of magnitude larger. You have to wonder if more money had been spent and invested along the entire vaccine supply chain, whether the result would have been different.

In this regard, the British experience, where they spent over 10 billion pounds doing this, gives you some sense of the type of money involved. I would argue that the British experience showed there was a very close partnership between industry and government, and that does not appear to be the case in Canada.

The Chair: We move to Ms. Bendayan for five minutes.

Ms. Rachel Bendayan (Outremont, Lib.): Thank you very much, Madam Chair, and thank you to all of the witnesses for this very interesting discussion.

Mr. Lipkus, in his opening remarks, identified three articles of the TRIPS agreement, articles 6, 8 and 31, which reflect current flexibilities in the TRIPS agreement.

Ms. Silverman, do you agree with Mr. Lipkus's reference to those articles? Were those the flexibilities you were referring to earlier?

● (1415)

Ms. Rachel Silverman: I would defer to him on the numbering of the flexibilities, but yes, generally speaking, those are the flexibilities to which I was referring.

Ms. Rachel Bendayan: Ms. Silverman, is it your opinion that those flexibilities are not only useful but are sufficient at this point in time of the pandemic?

Ms. Rachel Silverman: The challenge with TRIPS flexibilities is not just in the letter of the law or what is technically written into it. It's in the actual applicability of those flexibilities. As Mr. Lipkus mentioned, many countries are also bound by bilateral trade deals with the U.S. or Europe or the U.K. or Canada or others. Then there are extra trade deal pressures that are often brought to bear against countries that try to exercise TRIPS flexibilities. Even though these are legal under the TRIPS framework, that does not mean there is no consequence for trying to exercise them.

It is my opinion that if these flexibilities could be exercised without retaliation or threat thereof, or without constraint within other bilateral trade deals, they would be sufficient. However, as it is, they are problematic.

Ms. Rachel Bendayan: I see.

We also heard in earlier testimony that there hasn't been, at least to date, any issue in terms of granting these compulsory licences or in exercising these flexibilities—at least so far. Is that your understanding of the current situation?

Ms. Rachel Silverman: It is my understanding that there have been no compulsory licences issued for COVID vaccines thus far. It's hard to know to what extent that is, whether there is no opportunity for a compulsory licence to be issued where it would be useful, or whether countries are doing a cost-benefit analysis and finding that maybe there would be some upside to this but that they would expect trade retaliation from many other countries, so they do not want to do it. I suspect it's part of both. Probably the retaliation makes them hesitant to even consider it. On the other hand, there's probably no golden opportunity where the upside would justify doing so.

I think it's a little bit of both, but the retaliation certainly plays a role.

Ms. Rachel Bendayan: Thank you very much.

Ms. Fralick, I believe you were interrupted earlier in your conversation with another colleague, when you had wanted to identify, along with your colleague Mr. Hamill, some of the risks we would be opening ourselves up to should we move forward with a TRIPS waiver.

I don't know if you wanted to expand on that, Mr. Hamill.

Mr. Declan Hamill: Thank you very much. I appreciate your bringing that back before the committee. Ms. Fralick may also want to add to this.

In any case, first of all, I take issue with the statement made with respect to the financing of the vaccine production. It's not the case that this has all somehow been underwritten by governments. Governments have funded and have provided significant support. It depends on the vaccine manufacturer, but it's not the case, as is portrayed by some, that this is some sort of issue where, to put it colloquially, the industry has “already been paid”, and, therefore, there's nothing to recoup anymore. That's simply untrue. There have been huge investments made.

In many cases, there hasn't been success. Huge multinational entities with vaccine expertise—for example, Merck, GSK and Sanofi—have tried, and ultimately they have not been successful so far with respect to COVID-19 vaccines. A lot of costs are assumed by these manufacturers.

Ms. Rachel Bendayan: I'm sorry to interrupt, Mr. Hamill, but does that put us at risk, perhaps, for future pandemics in terms of having these players in the market?

Mr. Declan Hamill: Yes, precisely. They are making significant investments. They make these investments based on a playing field that they believe they understand. Intellectual property is part of that. In terms of their business planning, in terms of how they're going to map out expansions in productions, and in training skilled personnel, developing resources and working with partners in other jurisdictions, they have to understand the lay of the land. If you have a situation where the rules might change because somebody decides that this is a situation where the rules must change, that will clearly be disruptive.

On the idea that there's no consequence, I think that's simply not the case.

● (1420)

The Chair: Thank you very much.

Monsieur Savard-Tremblay, you have two and a half minutes, please.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Thank you, Madam Chair.

My question is for Mr. Hamill and Ms. Fralick.

As far back as 2003, the Naylor report on the SARS crisis was very critical of Canada's lack of scientific research capacity on a national level and suggested that significant dollars be spent to increase that capacity, while linking it to academic institutions through several partnerships.

In February 2020, Dr. Gary Kobinger, a highly regarded Quebec microbiologist, contacted the government and said that discussions needed to be set in motion to form partnerships, as was being done in Britain, for example. So, from the beginning, Canada could have formed partnerships for domestic production of a vaccine.

Earlier, you told us about the lack of communication with the Prime Minister.

Did Ottawa's inaction cause us to lose several months?

[*English*]

Ms. Pamela Fralick: Thank you for the question.

I will respond in English, just to keep it straight.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Please feel very comfortable.

Ms. Pamela Fralick: Thank you very much.

[*English*]

You have captured the situation well, I think. If I could raise it one level, in general, governments of all stripes in all countries do not put the emphasis on prevention and early warning systems.

Speaking specifically to Canada, we have not done a good job of using the knowledge that we have, whether it's from SARS or H1N1, or of looking at some of the work maybe outside of Canada, like that by Bill Gates. That work was predicting a pandemic in 2015, I believe. There were many signals that many countries, including Canada, should have looked at and should have been better prepared with.

In Canada itself, I've said this before and I'll say it with a note of optimism, because you have an industry represented here by me and by my colleague that is ready to engage with government to have these tough conversations.... We appreciate that it's industry. There's always a bit of tension there, but we do believe that there's a much better solution for Canadians when industry and government are talking regularly with one another. That has not been the case. I do believe that it has been a factor in all of the decisions that have been made along the way.

Again, we have global leaders who are used to meeting with Boris Johnson—in deference to our colleague from the U.K. who is here—and with Emmanuel Macron, U.S. President Biden, Prime Minister Suga, etc. They are confounded as to why they've not been able to get a meeting here in Canada, so that is, I believe, a significant part of this.

The Chair: Thank you very much.

We will go on to Mr. Blaikie for two and a half minutes, please.

Mr. Daniel Blaikie: Thank you very much.

Ms. Silverman, I want to return to your comments at the end of my last period of questioning.

I do think that one of the possibilities here is that governments the world over are showing that they're prepared to take more aggressive action in order to be able to ramp up vaccine manufacturing. It might help. I recognize that there are already efforts within the pharmaceutical industry, but it might help incent more rapid collaboration and a wider extent of co-operation, and it might also play into some of the conversations that are rumoured to be happening at the board tables of some of these companies.

There have been reports that they're already talking about when they could raise the prices of the COVID-19 vaccine. There has been talk about differential pricing: selling vaccines at different costs to different countries, depending on who they are negotiating with.

I wonder if you would want to speak to the question of galvanizing governments at the WTO to show that other options are possible and, as a way of getting leverage with existing manufacturers, to accelerate their attempts to expand within the voluntary licensing system and to keep their prices low.

Ms. Rachel Silverman: I think that's exactly [*Technical difficulty—Editor*]. In my opening remarks, I referenced the role of the TRIPS waiver campaign in helping create some of that momentum and increasing pressure. I also think a policy of non-retaliation around use or indication of existing TRIPS flexibilities would be very helpful in this space, because it would allow countries the space to drive their own negotiations with pharmaceutical companies within existing legal boundaries and our existing IP framework. I think that's a way of driving this forward that addresses some of the concerns of industry about unpredictability and the idea of changing the rules of the game midway. These are the rules of the game, so it's not changing them. It's using the rules as they're written.

The one thing I would just respond to in your specific comments is around tiered pricing. We do need to be on the lookout for changes to pricing that pharmaceutical companies might want to put in place later on, after they perceive that public pressure around the immediate pandemic has receded. However, tiered pricing is not always a bad thing. It's often quite a useful way of getting access to low- and middle-income countries and getting universal access to prices that are affordable to different countries, understanding that different countries have different capacities to pay for medicines, even if they're respecting IP and even if they want to contribute to the overall innovation ecosystem.

Therefore, I don't think tiered pricing is necessarily bad, so long as the prices are affordable in every setting in which they are offered.

● (1425)

The Chair: Thank you, Ms. Silverman.

Mr. Blaikie, I'm sorry, but your time is up.

We'll go on to Mr. Hoback, for five minutes, please.

Mr. Randy Hoback (Prince Albert, CPC): Thank you, Chair.

Thank you, witnesses, for being here this afternoon on a Friday.

I am amazed how quickly we actually did get a vaccine developed and established around the world. I think it's phenomenal and it shows you what the private sector can do when given the appropriate incentives to do that.

If we went down the path where we brought in TRIPS, would that same motivation be there for these companies to actually do that for the next phase or a variant phase, or something else down the road? What kinds of dangerous precedents would that set?

Ms. Fralick, I'll go to you to answer that question.

Ms. Pamela Fralick: We've made comments about that. My colleague Mr. Hamill mentioned that, as you and most of your committee members would know, any business needs as much predictability as possible. If the lay of the land is changing on the spur of the moment, there is no incentive to invest or to continue along that path. It would have a very chilling effect on the industry, especially as we keep saying that things are working well as they are right now. This would be viewed as, frankly, a punitive or a difficult, very disruptive act on behalf of the government.

Declan, could you—

Mr. Randy Hoback: Maybe I'll just stop you right there, because that said, and I tend to agree with you, it doesn't mean we can't help those countries. It doesn't mean we can't be compassionate.

You talked about some ideas in regard to training and making sure we have capacity in the actual manufacturing process that we can provide to these other countries so that they would have, in the future, the ability to take on projects like COVID vaccines and say, “Yes, we can do that.” We can put forward a combination of things. We could donate vaccines. We could donate the expertise to do that.

Wouldn't that be a way to actually accomplish the end goal of making sure these folks are vaccinated and still keep the industry at the top of the leading edge to make sure we have the latest and greatest vaccines coming to the market at all times?

Ms. Pamela Fralick: The industry has been open, and in fact, suggesting these sorts of solutions from day one when this pandemic started. From it being, as I said earlier, a founding member of the accelerating access to COVID tools, the COVAX facility is part of that. It's very clear that they are negotiating, and it is a business. There are differential prices, as previous witnesses just mentioned, making sure that those prices are affordable for those countries that do not have the resources that some developed countries do.

There are a number of initiatives that industry has been very open to. There is no lack of understanding that this is a global pandemic and we need solutions. I can't speak to the individual arrangements for every company as that gets into commercial sensitivities, but we do know that some companies are offering at cost. They are not making a profit on this at all. There's a differing range and different models of approach to making sure that companies are able to be viable and continue the work they do, but also to make sure that every citizen of the globe is receiving their vaccination.

Mr. Randy Hoback: Mr. Evenett, looking at your position in the EU, what things are you looking at in regard to the most effective and fastest way to vaccinate people in third world countries?

● (1430)

Mr. Simon Evenett: The one thing we have to do is to keep these supply chains open with vaccine ingredients, vaccine production and vaccine distribution. Anything that impedes this is going to be a major source of problems.

The nature of vaccine production is that it's typically geographically concentrated. We have a lot of concentration here in Europe, but also in places like India. It's imperative that we persuade governments here not to engage in export controls and not to fragment the single market, which could possibly happen under the existing EU treaties if different countries, like Belgium for example, decide to ban exports.

The trade policy side of this is extremely important if we are serious about ensuring distribution. It's very important for the commercial case for producing vaccines, because most countries, other than the biggest, need to be able to export in order to make a business case for building such a plant and making such a risky investment.

Mr. Randy Hoback: Is there a strategy—even more of a global strategy—that would be better than TRIPS in regard to meeting those ends?

If it means adding capacity in some of these third world countries, why wouldn't we go down that path in making sure that capacity is there, not just for COVID but for anything else that may come along in the future? Why didn't we learn from AIDS, for example, that we needed that type of capacity in third world countries?

Mr. Simon Evenett: That's a very good question.

I would also put on the table the H1N1 pandemic, which ended much faster than expected. As colleagues have said, a lot of vaccine manufacturers actually felt burned because that pandemic ended earlier. They had put in massive investments and were unable to reap particular revenue streams.

I think we really need the public sector and the private sector to understand the risks associated with vaccine investments and to structure public procurement contracts and financial incentives to build capacity in a way the ensures that the world has a lot of vaccine capacity.

Remember, though, that having vaccine capacity and then being able to repurpose it to whatever new pandemic comes up are two very different matters. One needs to have the base, but one also needs to be able to repurpose it. That takes time. Still, having the base would be a lot better than not having it.

The Chair: Thank you very much, Mr. Evenett.

I'm sorry, Mr. Hoback. Your time is up.

We're on to Mr. Sarai for five minutes, please.

Mr. Randeep Sarai (Surrey Centre, Lib.): Thank you, Madam Chair.

I want to thank all the witnesses. We've heard very impressive background and knowledge from you on this committee.

I want to commend the industries that created vaccines in such a short and accelerated period of time. The current model we have shows that if you invest in research and development and the world puts its minds together, you can come up with solutions very quickly.

Having said that, Mr. Evenett, I heard you saying that you want to ensure that trade rules are solidified so that vaccines get to the right people at the appropriate times. However, vaccine production is concentrated. That model used to work. That seems to be the previous case. That's what we relied on. That's what the whole world expected and that's what Canada did. It invested in them. It contracted with agencies. It tried to do so with some of the better countries that had good trade relationships.

However, as someone said earlier, desperate times call for desperate measures. Countries don't exactly abide by those rules when things get rough and when their own population starts saying, “Me first, and then we'll take care of our backyard afterwards.”

What's your thought process on that? Doesn't that call for more domestic production, even if it's not concentrated and even if perhaps, going forward, it might not be economically as wise? The government may have to put some efforts—as we have done in Saskatchewan and Quebec—into ramping up production for the future.

Do you not see that countries will be having more domestic production facilities so that this predicament doesn't happen again?

Mr. Simon Evenett: I would make two observations.

First, I would note with caution the Korean experience. Korea was exactly at this point 10 to 15 years ago. It drew exactly the same lessons you have from this and spent a huge amount of money on building a vaccine industry that has not delivered this time around. Having the vaccine capacity there is, at most, an unnecessary condition for success.

The alternative I would put to you is much smarter sourcing. It has been said by one CEO of a pharma company that the reason they wanted to source from Switzerland is that Switzerland only has seven million people and its production capacity was into the tens of millions of doses. Even if the Swiss government needed vaccines for every single Swiss person, there would still be a huge amount that would be left—

● (1435)

Mr. Randeep Sarai: Mr. Evenett, you wouldn't know if Switzerland is going to come up with the vaccine at a time like this, in a pandemic. You have to hedge with several industries and several countries.

Mr. Simon Evenett: I agree that one needs to hedge, but please remember that there is a difference between vaccine development and contract manufacturing of vaccines, and the Swiss have, for example, contract manufacturers that are particularly good. I think a combination of smarter sourcing and diversified sourcing, where I'd fully agree with you, is an alternative to spending a lot of funding on building up production capacity, which might not be well directed.

Mr. Randeep Sarai: I will say that I agree that sourcing is imperative, and Canada has tried to source it from countries we felt were much better at it. For research, you have to throw it out to everyone and then pick out of that lot which one you think is the most promising to get that.

Is it positive to have production abilities, like the Serum Institute of India, which doesn't necessarily have to develop its own vaccine but can have licensed facilities, which we've heard has been very effective. To have those types of facilities here....

I think getting the licensing has not been as big of a challenge, but the lack of that facility has been. For Canada, it might be important to have that going forward. Regardless of who creates it, we would be able to have domestic production, not only to help ourselves but to help others.

Mr. Simon Evenett: There's some merit to what you're saying about the contract manufacturing side of this.

Mr. Randeep Sarai: Mr. Yadav, maybe I can go to you. You see it from a global perspective. Would that be something that Canada should put some resources into so that we are not caught off guard?

I think that licensing has not been the issue but production has been. Something that we noticed, with some of our members here being on the trade committee, Canada-U.S. committee and others, is that, yes, it looks great on paper, but when times get tough, even when your stuff is getting loaded onto an airplane in China, somebody pays a bigger buck and it gets switched off one cargo plane and onto another. If we have our own domestic capacity; however, we can probably protect ourselves from this event in the future.

Mr. Prashant Yadav: I'd like to add two comments. First, Professor Evenett mentioned the example of South Korea. While I largely agree that South Korea hasn't been able to vaccinate as many people as some other countries have, SK Bioscience in South Korea is indeed a manufacturer of AstraZeneca's vaccine and will be a manufacturer of Novavax's vaccine when that is approved, so the investments that South Korea has made have yielded some benefits. We cannot completely write them off. That's the first point.

The second is that, given what we've seen around trade and export controls, if we assume a state of the future that will not let this happen again, and if we have a global treaty that prevents this from happening, then perhaps we don't need to think about every country looking at domestic manufacturing.

If we assume that future scenario will still have similar kinds of export controls, the important consideration becomes, if Canada or any country thinks about having a domestic manufacturing side—a contract manufacturing type—then how does that case remain sustainable so that the manufacturing plant is not only serving the needs during a pandemic but has a steady demand to supply something that is required during routine times? As Professor Evenett said, it must be flexible so that it can switch from one vaccine platform to another, or one vaccine type to another, so that its overall demand remains sustainable.

Those would be areas to examine when you think about domestic manufacturing.

The Chair: Thank you very much.

Thank you, Mr. Sarai. By the way, happy birthday, Mr. Sarai.

Now we're on to Ms. Gray for five minutes, please.

Mrs. Tracy Gray: Thank you, Madam Chair. I would like to ask some questions of Professor Evenett.

First, would you be able to talk about the importance of vaccine producers being able to work with manufacturers globally to ensure the vaccines being produced are up to standard and effective, specifically where there could potentially be risks that might arise with quality control if vaccines are produced under the TRIPS waiver?

● (1440)

Mr. Simon Evenett: One of the consistent messages that you hear from the manufacturers of vaccines and the developers of vaccines is the need to find manufacturing facilities that meet best practices, including the highest standards of safety and regulatory compliance. This is something that would have to be taken very seriously.

If there were a TRIPS waiver and a free-for-all for production, then I suspect there would be concerns about this. Presumably the production would be in the countries offering the waiver, however, so the risks would be taken by the population in the countries offering the waiver and that may be a very unsatisfactory situation from a health point of view.

Mrs. Tracy Gray: Thank you.

You have written about the unclear standards in the EU measures. Canada is not specifically on the EU's exemption list alongside roughly 100 other countries. We were told that it wasn't a concern, because countries such as Japan and Australia were also not exempted. Since then, however, Japan has stated that the EU restrictions are already affecting their vaccine supply schedule, and Australia had a vaccine shipment to them blocked as well.

Would you consider this a concern, or something that would be a big deal for Canada to be worried about?

Mr. Simon Evenett: Yes, I would consider it a concern. We are seeing more evidence within Europe of what's called a chilling effect; that is, that some vaccine manufacturers are not even asking for permission to export, because they suspect the national authorities and then the European Commission will deny it. There's no guarantee that Canada's interests are protected under those circumstances.

Mrs. Tracy Gray: Thank you. This leads into my next question.

Another concern that you've highlighted, in a paper you wrote on EU export controls, is with the authorization decisions. Even if vaccine shipments are authorized, in the end, these measures may add delays between the time of a shipment's being prepared and its then landing in the intended country.

What types of delays could Canada see in receiving vaccines versus those for a country that is specifically exempted from these types of measures?

Mr. Simon Evenett: As I'm sure you know, a company that wants to seek an authorization from the European authorities must provide the information to the authorities. Then the authorities check it, and then Brussels checks the national authorities. Both of those authorities can ask for more information. All of this delays potential exportation.

Again, how this plays out will depend very much on a member-state by member-state basis, and it must be a source of concern, which is why I wrote that earlier in the year.

Mrs. Tracy Gray: Are you saying, just to be clear, that we wouldn't even know, if a vaccine shipment was rejected. It's not something that would really be publicized or that we would even know about. It would just happen and we wouldn't know the rationale behind it?

Mr. Simon Evenett: That's one point. The second point is that we wouldn't even know about cases in which a vaccine manufacturer in Europe didn't ask for authorization because they anticipated denial of the application. That we wouldn't even know, either. That's exactly why the system the European Union has at the moment is non-transparent.

Mrs. Tracy Gray: Part of the concern is that we don't know what the content of the different contracts is, so we wouldn't know what would be expected and what the different authorizations and what the different contracts would be to fulfill, because there hasn't been any transparency here.

What you're saying, then, is that because we haven't had any transparency with the contracts, we wouldn't know what has been approved. We wouldn't even know what issues there are, because there hasn't been any transparency along the way.

Is that a fair assessment?

Mr. Simon Evenett: There's plenty of non-transparency, both in the contracting process and the export authorization process. I would say, however, that in preparing for today's session I looked on the Government of Canada's website and they have clear schedules for delivery. I'm assuming that those schedules of delivery were informed by the contracts that Canada has signed. One could, then, essentially match up those forecasted delivery dates with what Canada actually receives and then identify whether or not there was in fact a delay.

● (1445)

The Chair: Thank you very much, Ms. Gray.

We go on to Mr. Arya for five minutes, please.

Mr. Chandra Arya (Nepean, Lib.): Madam Chair, I'm really concerned, when the representatives of the global industry start facilitating partisan political attacks. Complaining about not getting a meeting is more on a matter of style than of substance.

Mr. Lipkus, I have a question for you. You mentioned TRIPS article 8, article 31 and article 6, and you also mentioned amendments made in 2003 such that there are flexibilities available. If I understand you right, there's no need for any knee-jerk reaction to battle the current pandemic by going for changes to the TRIPS. Am I correct?

Mr. Nathaniel Lipkus: The way I see it is that there are the current flexibilities on one end of the spectrum, and a waiver is basically saying, let's completely do away with copyright, patents, industrial designs and trade secrets, which is a very big carve-out from TRIPS.

The existing flexibilities may work, if potential manufacturers who meet all of the capacity requirements are able to comply with those flexibilities: if they are able to identify the need, understand exactly what they are going to need to make and ensure that they take all the steps needed to ensure that those vaccines are properly identified and not re-exported anywhere else. If they meet the TRIPS requirements and are able to do these things, then the TRIPS flexibility is enough.

If, on the other hand—

Mr. Chandra Arya: Thank you, Mr. Lipkus.

Madam Chair, I would like to give my remaining time to my colleague Rachel Bendayan.

Ms. Rachel Bendayan: Thank you, colleague.

Madam Chair, with your permission, I would like to ask Mr. Evenett a few questions following his discussion with Ms. Gray, because it is an issue near and dear to me and one that I'm working on quite carefully with the Minister of International Trade.

Mr. Evenett, as you pointed out, there is a schedule online for all Canadians to see as to when our expected deliveries are to arrive. I see that you're nodding in agreement. I think that is an important point to be made, because we do know whether or not a shipment comes in based on that schedule, of course, and the history of these last few months since the export controls were introduced shows us that not a single one of our shipments was refused or delayed for export authorization purposes.

I understand, of course, your concern, but do you agree that we would know if a contractor or manufacturer was not even asking for an export authorization? We have the dates in front of us.

Mr. Simon Evenett: Presumably the Government of Canada must know what it contracted for and what lands in Canadian airports.

Ms. Rachel Bendayan: We certainly do.

Mr. Simon Evenett: I think that's pretty clear.

The chilling effect argument that I made earlier is one that we have seen within Europe. It may not yet have applied to exports to Canada, but then your colleague was asking me about risks, not necessarily about definitive outcomes.

Ms. Rachel Bendayan: Correct, and we have been successful in ensuring that all Canadian shipments did receive export authorizations, and we have numerous assurances from the European Union that it would continue to be the case.

We have seen only one export authorization refused, and that was to Australia for AstraZeneca, which is really the target of these export restrictions when you parse things out and really look into the details.

Would you agree with that?

Mr. Simon Evenett: As a statement of fact, you're correct.

Ms. Rachel Bendayan: Thank you, Mr. Evenett.

I would like to go back to an earlier discussion. I believe it was involving Ms. Fralick with respect to our investments in research and development and the life sciences sector over the last many decades, as I believe you mentioned.

I understand. I have a few statistics here that we cut research and development investments at the federal level quite significantly between 2014 and 2017, and even earlier than that in comparison to other OECD countries.

Do you think that the cuts to research and development and to life sciences in Canada made during those early years, thinking primarily, of course, of 2007 to 2011, which I believe had the highest number of cuts, impacted the industry and our ability to grow the industry?

● (1450)

Ms. Pamela Fralick: A simple answer is yes. Certainly, it is a signal among many that shows that the life sciences sector writ large has not been embraced as a strong industry with potential to help Canada's economy and health.

The Chair: Thank you, Ms. Fralick.

I'm sorry, Ms. Bendayan. I will try to see if there's still time at the end.

We go on to Mr. Savard-Tremblay for two and a half minutes, please.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Thank you, Madam Chair.

According to a November 13, 2020, Reuters article, Canada's reliance on supply contracts to obtain COVID-19 vaccines from drug manufacturers like Pfizer has put the daily lives of Canadians and the economic outlook for the coming year in the hands of a few foreign companies facing overwhelming global demand.

The article also adds that while other governments spend hundreds of millions or billions of dollars on vaccine development, Canada has spent $1 billion buying vaccine doses from abroad.

How accurate is this article?

The question is for whoever wishes to answer it.

[*English*]

The Chair: Who would like to answer the question from Mr. Savard-Tremblay?

Ms. Pamela Fralick: I will jump in, and perhaps my colleague or Professor Everett would like to.

I don't have the global comparison, but I have been stating this all along, that investments in and in support of the life sciences sector and the innovative medicines industry have not been strong in Canada.

I would like to add, because I haven't had a chance to do so, that what we have seen in the last few months, the outreach from the current government to this industry, has been remarkable. To me, it's such a good news story for Canada of what can be. I can't help but think of what we might have left on the table in previous years and what might be ahead of us, so there is an optimism for me that the government will start embracing this industry and appreciate, not just that it's a cost centre in their eyes but a value centre as well.

We look forward to what the government will do going forward.

Mr. Declan Hamill: I would add that Canada, obviously, is a federation, and a successful life sciences strategy and policy involves the provincial governments, notably Quebec and Ontario. The governments of Ontario and Quebec—Premier Legault's and Premier Ford's governments—are actually already there. They understand the importance of the life sciences and they are willing to get on board and do things differently in the future.

The Chair: Thank you very much. You time is up, Mr. Savard-Tremblay.

We'll go on to Mr. Blaikie for two and a half minutes.

Mr. Daniel Blaikie: Thank you.

We've heard a number of our witnesses today talk about the importance of certainty for investment in the pharmaceutical industry. I think it's beyond dispute that the pharmaceutical industry has done a very good job globally of creating an intellectual property regime that provides a lot of certainty and price protection for their industry.

I find it hard to believe that a targeted and temporary TRIPS waiver in respect of a COVID-19 vaccine could really jeopardize that larger context of certainty. Certainly it couldn't have interrupted any medium- or long-term investment that the industry was engaged in prior to the pandemic, because nobody really saw this coming. We are in uncertain times. Everybody is living through uncertainty. There have been massive risk-mitigating investments by the public sector in respect of most of the vaccines that are out there. I'll say for the sake of the record that I think it's perfectly appropriate to provide some relief from the usual regime for the purpose of expanding global supply, even if this is only one component of what needs to be done to realize that expansion.

When it comes to the kind of statement that can be made at the World Trade Organization by implementing the waiver, one of the things we heard from Ms. Silverman is that there are still bilateral and multilateral trade agreements that could represent barriers to some countries in benefiting from a TRIPS waiver.

Is it not also the case, Ms. Silverman, that having an understanding at the WTO might help countries seeking further exemptions under bilateral or multilateral trade agreements to get those exemptions? Might it not be of greater benefit to start at the WTO and work our way through those agreements rather than to have countries fighting on all fronts without any kind of international consensus or decision they can point to?

● (1455)

Ms. Rachel Silverman: Thank you for the question.

It's a bit complicated. On the one hand, I think you're right. If this measure was adopted at the WTO, it would certainly be a signal of support from the underlying member states of the WTO that are engaged in the bilateral and multilateral trade deals that would otherwise apply. Their support would be a signal that they are looking to be more flexible. That signal can be sent in other ways. This is only one of many ways. I agree it would be a signal.

I think the thing that's complicated here is that.... Again, it is my view that the waiver itself does not have much practical value but a campaign around the waiver, the threat of the waiver and the threat of compulsory licensing can motivate good behaviour. In a way, if you actually adopt the waiver, you're then removing that leverage point to some degree. You can have pharma companies saying, “Why should we make the effort to do this? You adopted the waiver. You go do it.”

I think the dynamics there are complicated. It's a leverage point because pharma sees it as a very negative precedent and a source of uncertainty not really related to this particular pandemic but related to the future of the entire industry.

The Chair: Thank you, Ms. Silverman.

We'll go on to Mr. Lobb, please, for five minutes.

Mr. Ben Lobb (Huron—Bruce, CPC): Thank you, Madam Chair.

I want to point out Ms. Bendayan's comments about looking back to previous years and trying to lay blame. I don't know that's all that productive. If you go back a previous government and a previous government, pretty soon you're at John A. Macdonald for blame here. It's pretty safe to say the Liberals had four or five budgets before COVID, and spent over a trillion bucks. If they wanted to do something, they had plenty of time and money to do it.

I appreciate everybody's comments here today. I think back to my manufacturing years and to set up a basic plant takes an extreme amount of time and takes a lot of expertise—engineers and electricians. To be able to set up a plant that runs is one thing. To set it up to run well and without scrap.... In this case, it would have to run well to produce world-class vaccines.

There is a lot to be said here, and I hope that everybody that's involved in politics, governance and public service has learned a very valuable lesson with our lack of production here and the inability to procure vaccines when we need them.

I look at the Australian example, the recent CSL example, where it's producing AstraZeneca in a big way. That's a model we need to look at, to have the ability to procure something here and manufacture something here to protect our citizens, so that we can then serve the rest of the world in a generous way.

Did anybody want to comment on that example in Australia, with CSL and what's going on there right now that's positive?

Mr. Simon Evenett: I have read about this case. My understanding is that CSL was a candidate trying to produce a vaccine that was unsuccessful. The production facilities were there, CSL met the regulatory standards, which one of your clients emphasized as being very important, and the Australian government did, indeed, tie the procurement contract to a requirement for some degree of local manufacturing. Again, some hedging was built into this. This might be the type of flexible and smart procurement that could be done, but please note the prerequisite that the Australians had the facility in place before it could take this step.

● (1500)

Mr. Ben Lobb: Yes, and that's a fantastic point.

My preamble there was to indicate just how complicated it is to set up the most basic of production facilities, let alone a world-class vaccination production facility.

Does anybody else want to comment on that briefly before time runs out?

Mr. Declan Hamill: For the benefit of the committee members, there's a really good article that came out a few months ago by Derek Lowe, entitled “Myths of Vaccine Manufacturing”. It is worth taking a look at in terms of what goes into manufacturing vaccines. It demonstrates that the discussion around TRIPS waivers and IP is a little bit off-key in the context of the issues relating to manufacturing. We can provide a copy of that.

The Chair: Thank you very much.

Mr. Lobb, it's three o'clock. Do you have your answers?

Mr. Ben Lobb: That's good, Ms. Sgro. We go over many times, and we'll finish on time.

The Chair: You have a minute left if you want to use it.

Mr. Ben Lobb: No, I appreciate it. Thank you.

The Chair: Thank you, Mr. Lobb.

Thank you so much to all of the witnesses for the very valuable and interesting information, as we deal with a complex and critically important plan. We need to learn as much as we can from all of our witnesses. We appreciate your being here, especially Mr. Evenett, who was talking to us all the way from England via video. Thank you all very much.

This is Friday, so have a wonderful weekend and we will see you all on Monday.