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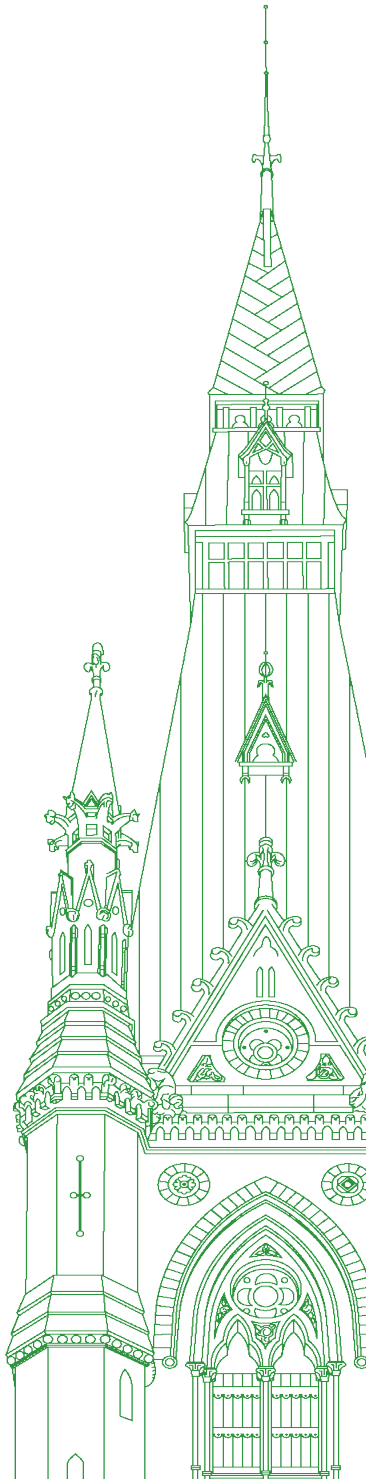

Chair: The Honourable Judy A. Sgro

Standing Committee on International Trade

Friday, April 23, 2021

● (1300)

[*English*]

The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)): I call the meeting to order.

This is meeting number 25 of the House of Commons Standing Committee on International Trade.

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

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

I'd like to welcome all of our witnesses and thank them for taking the time to appear today.

As an individual, we have Mark Warner, principal counsel, MAAW Law; from BioPharma Services, we have Renzo DiCarlo, chief executive officer; from the Centre for International Governance Innovation, we have Rohinton Medhora, president; and from the Trade Justice Network, we have Jesse Whattam, coordinator.

Mr. Medhora, thank you for the brief you sent to the committee. I invite you to make your presentation.

Mr. Rohinton Medhora (President, Centre for International Governance Innovation): Thank you, Madam Chair. Thank you for having CIGI join your discussions on this important and timely issue. I look forward to engaging with you and the other witnesses on an interrelated set of issues that bear lots of scrutiny.

By way of introduction, my organization, the Centre for International Governance Innovation, has been before this committee previously. For 20 years, we have been working at the interface of innovation, international affairs, public welfare and prosperity. In the last two or three years, I've had even more of a window into this through the membership on two international panels on structural change and on global health and new technologies.

The committee has set for itself three main questions: first, Canada's position on the so-called TRIPS waiver; second, ensuring a vaccine supply for Canada; and third, ways to accelerate domestic capacity.

Rather than deal with each of these separately, I would like to speak around the issues that I expand upon with colleagues in the CIGI brief and make three sets of observations.

I'll begin with the issue of the waiver. To echo my colleague Nathaniel Lipkus, who appeared before you representing IP Institute of Canada last week, the TRIPS waiver itself is not so much about Canada; it is about ensuring access to technology and vaccines mainly for developing countries. Whether the waiver is granted or not would not make much difference in Canada. In fact, I'm aware of colleagues who make the point that it wouldn't make a difference anywhere.

I don't take a position directly on the waiver, but the waiver, in and of itself, is not the issue. The question is whether, in times of emergency, the global community has access to the technologies and processes it needs, because we're all in this together. That's because of the important spillover effects that the pandemic and vaccines have. There's a broader arsenal of policy issues in which the waiver might be one element, but it certainly cannot be a sufficient condition. In that arsenal of issues, I point to the COVAX facility and funding for COVAX, which is currently underfunded; the price of vaccines; the public subsidies that have gone to the pharmaceutical companies that have developed the vaccines; and the more basic research that public sectors have funded as a result.

There is the question of the negotiations with vaccine companies and the opacity of contracts, so-called vaccine hoarding and indeed what has become now a commonly used term, “vaccine diplomacy”, in which vaccines are used as a tool of foreign policy rather than to improve global health.

There are different kinds of innovation systems. I've said this before and I'll say it again: If you think back to the 1960s, when global hunger, famine and malnutrition were a major global issue, you'll see that Canada joined many philanthropic organizations in other countries. In 1971 a global network of institutes, the Consultative Group on International Agricultural Research, or CGIAR, was created to work on different aspects of agriculture. That group has, in fact, created new strains of different kinds of grains and food, patents are held in the public interest, and although malnutrition is not behind us, hunger and famine, as we knew it in the 1960s, is behind us.

I simply end my first set of observations by making the point that Canada can contribute and has contributed to global efforts to use technology and harness it to improve global welfare, including in the countries where it is needed the most, and intellectual property regimes are part and parcel of that approach.

My second set of observations has to do with innovation. I make this point in the brief, so I won't spend a lot of time on it. I would simply remind the committee that increasingly, wealth is created through research, intellectual property and the marshalling of big data sets that can be prioritized in a way that yields meaningful results, creating both prosperity and equity.

● (1305)

This set of issues, which we may broadly call “intangibles”, in fact accounts for the majority of the value of companies on the S&P 500 and elsewhere. If we're going to be smart about the way we do prosperity and equity, we have to be playing this field. The fact is that Canada is a middle power, and I cite some indicators of that. We are sixth in the G7 when it comes to R and D and in the late teens when it comes to global innovation indexes. In fact, we're a net importer of IP, so we cannot claim to be using the comparative advantage we have in this field.

Not everything here has to do with federal policies. Some issues lie in the provincial domain—for example, the extent to which universities can participate in the research efforts of their faculties when they sign research contracts with foreign multinationals, who then hold the IP; it's not something the federal government can do.

I do think there is a set of coherent and coordinated innovation strategies that wouldn't perhaps yield results in the immediate term for the vaccine issue and for this pandemic but in the long term are really the only way forward.

I come to my third set of observations. CIGI has appeared before you twice recently, on Bill C-4 and on WTO reform. My colleague Bob Fay appeared before you, and CIGI made points then that the institutions and processes we have today date back 60 or 70 years, when digital was barely a gleam in diplomats' eyes.

We have an architectural problem in some senses, and we're using the wrong instruments to achieve the ends we should be achieving. We're using trade agreements—which are about trade, of course—to deal with issues that have important non-economic dimensions, like data. In a piece in The Globe and Mail today, I cite the example of CUSMA, which pronounces on data localization and the content that digital platforms carry, which is about the health of a democracy and the health of our society much more than about commerce. The WTO's e-commerce negotiations are also grappling with data as if it were a commercial issue, when in fact data has so many other dimensions. We have to think of new ways of doing international relations in this era. My colleagues and I have some thoughts on the kinds of processes and institutions we should be thinking about.

To conclude, I should mention that the digital economic partnership agreement that three countries in the Pacific have entered into, and that Canada wishes to enter into, is one way forward. When this committee turns its attention to that set of issues, I look forward to expanding on that as well.

To conclude, I'd simply say, as a good economist would, that there is the short run and the long run. In the short run, options are always limited and less nuanced, but in the medium term and beyond, there is much that Canada can do to improve global welfare, both internationally and at home.

With those few thoughts I will stop. I look forward to your questions.

Thank you.

● (1310)

The Chair: Thank you very much, Dr. Medhora.

Now we'll have Mr. Warner, please.

Mr. Mark Warner (Principal Counsel, MAAW Law, As an Individual): Thank you again for this invitation to talk to your committee. I appreciate it very much.

These are three very important topics. I guess the first one I'll start with is the issue of the WTO waiver. I'm a trade lawyer, a competition lawyer, an American lawyer and a Canadian lawyer, if you get all that.

My own knowledge on this issue comes from the work I've done in the past for a major pharmaceutical multinational that wanted to get its antiretroviral—that's to say its AIDS and HIV drugs—around the world to Africa and other places. I began working with them to help first get the drugs distributed to certain countries for a dollar a day, and then we gradually built up from that to licensing the manufacture to certain producers in India and in South Africa.

That forms the basis for my saying to you that I think a lot of people are talking about the WTO TRIPS waiver, and they're building off that example from the earlier pandemic, the AIDS pandemic.

There are a couple of things I think people need to remember. When we first started licensing, when the manufacturing companies first started licensing, they weren't really licensing the state-of-the-art versions of the antiretroviral drugs; they were expressly licensing the previous versions and trying to get those to the developing countries.

When you think about what we're dealing with now with COVID in the current context, we're talking about vaccines that have basically have gone from nothing pretty much around last year at this time to getting shots in the arm—not so much around the world, but in many parts of the world—and that just isn't a direct comparison to what we had before.

I'm watching the discussion of the waiver. I think it's important because it's one more device to bring the attention of the world to the important task of getting access to these vaccines to developing countries, but in the short term, it doesn't seem to me that the analogy from the work we did in the past on HIV is really applicable and serves as a precedent for that.

I think the Canadian position seems fine in terms of asking for more study of the issue. I think that's fine. As we go forward, as these vaccines become better developed and as the skill set to make them becomes more spread around, I think we're already seeing the difficulties some of these producers that are at the front of pack are having in scaling up from the lab to the point at which they can distribute. We've seen it with AstraZeneca; we're seeing it now with Johnson & Johnson and their contract manufacturers.

You could see how important it is. We're dealing with examples of vaccine hesitancy around the world, including in the developing world. All it would take is one massive mistake to really throw this enterprise off completely. I don't think we're anywhere near the state where we were when we were dealing with molecules to build antiretroviral drugs. We may get there, at which point, if we do get there, I think some of this discussion will be good.

Before I run out of time, to flip to your second question in terms of the trade agreements, my background that I can bring to you on this is work that I did earlier in my life and my career when I worked at the OECD, the Organisation for Economic Co-operation and Development in Paris. There I was sort of in charge of their work on trade and competition. It was what we call in the trade world “the Singapore issue”.

The reason I bring that up is it seems to me a lot of what we're talking about now highlights the problem of that unfinished agenda from the Doha round and from the Havana charter, if you go all the way back to the beginnings of the international trade organization, which is that there is a link between trade and competition. What we're seeing here, I think, is that one company in particular, AstraZeneca, entered into different contractual agreements with different countries, and some of those appear to conflict. In response to that, the European Union has introduced this monitoring system, which I think probably could be defended with various exceptions in the various trade agreements that Europe is party to, including the CETA.

● (1315)

Depending on how that would turn out—whether a challenge to it would succeed or not—it sure wouldn't succeed on a timely basis. As a practical matter, I don't think the CETA agreement really serves as any way of dealing with that.

To get back to the original point that I was trying to make, I think what we're seeing here is why that earlier agenda of trade and competition didn't stop the discussion. It was just an explicit invocation of an export control or a quantitative restriction on exports. Essentially, if the British and the Americans can do by contract what the Europeans are doing through a monitoring system, I think we're in a whole different world.

At some point, we're going to have to sit down and think about those ideas of the linkages between trade and competition, because it's not working. The European Commission is clearly turning around and saying, “Wait a second. You can't give some money to someone to research something and do a procurement agreement with them and say they have to serve you before they serve us, even if they have a contract to serve us.”

For these reasons, and because of what I'm going to call “unfinished agenda” in the trade community, I don't think trade agreements are really ever going to solve a fundamental distinction like that.

Interestingly, people really haven't gone after the Americans, who are doing much the same thing through their contracts under the Defence Production Act and through Operation Warp Speed, but we can talk about that.

The last comment I would make, on the last topic you talked about, is about domestic production of vaccines. There my background that I would draw from would be my experience as a former legal director of the Ontario Ministry of Economic Development and Trade and also the Ministry of Research and Innovation. The titles are so long.

In the context of that, the Government of Ontario had a number of programs when I was there. One of them was a biopharmaceutical investment program; another one was called the strategic jobs and investment fund. Those names may sound familiar to you. What I learned from and observed from that is how difficult it is to get the big pharma multinationals to come....

I remember sitting in a committee meeting that we had for the recommendations that would go to the government on various proposals that would come up. I was always underwhelmed, frankly, because they always dealt with clinical trials, which from my vantage point is kind of the low-hanging fruit of pharmaceutical innovation. As a country, if we're going to really get serious about this and want to be part of that world of vaccine production, we're going to have to have a very serious conversation, which we haven't had for about 30 or 40 years.

In the 1970s, we basically decided to build a generic pharmaceutical industry and create one or more national champions. Ever since that day, we have declared, if you like, a low-level or sometimes higher-level war against the research-based or innovation-based pharmaceutical industry. If we want to have those kinds of companies in Canada, producing on a scale that would allow them to think of us as a place where they might want to do this work, we're going to have to think about our intellectual property rules. We will probably have to think about some of our tax rules. We're going to have to have a broader discussion than what we have had to date.

The last part I will leave you with is that when I returned to Canada, having practised for years outside of Canada, my major client was, as I said, a pharmaceutical multinational client. I did global work for them. The long conversations I had with them about returning to Canada showed me an insight into how that industry sees Canada, and it's not always the way that I think Canadians see ourselves. They were pretty clear to me that if the law firm I was coming to in Canada dealt with three firms—they gave me a Canadian firm and two Indian firms—they would be saying goodbye to ever working with me again.

That surprised me a little bit then, but I put that experience in the Ontario government together with, as I said, the biopharmaceutical investment program. What it said to me is that we have to decide, because if you don't go that route, then you're talking about building out a whole new industry, and that's tough. It's tough. If you think of what the British did, they struck a gold mine. They had Oxford university that came up with one of the vaccine technologies that has scored well here, which is the basis of the AstraZeneca vaccine. Here's the key point: They also had a British multinational innovation-based pharmaceutical company, AstraZenca, that was in a position to commercialize that around the world. Whether it succeeded or not is for people to debate, and time will tell.

● (1320)

If you look at the German case, you see that in Germany there was a small biotech company called BioNTech, and when that German biotech wanted to commercialize, they had nowhere to turn. They didn't even turn to the German multinational companies; they turned to Pfizer, a big American-based company with some experience in vaccines. Not surprisingly, they're the one that seems to be most successful in distributing this stuff around the world. If you think of what it would take if Canada were to build a cutting-edge industry for the next pandemic, whenever that occurs, you'd be betting you could either have Oxford or BioNTech in Canada and that you would have the equivalent of an AstraZeneca or a Pfizer that would say they want to produce in Canada or be based here. Those are two big assumptions.

Right now I know we're all in this very nationalistic mode and we want to talk about reshoring and maybe going back and rebuilding this industry. The truth of the matter is that we have contributed in Canada to this very important struggle through two great Canadian companies. One is AbCellera, of Vancouver, which is working with Eli Lilly on the antibody treatment. We also have Acuitas, I think also in Vancouver, which has provided much of the important lipid nanoparticle technology that forms the basis of the breakout mRNA drugs. We shouldn't be shy about our tremendous contribution, but that, I would suggest, is the contribution for an economy of our size, structured as we are.

At some point down the road we might have to ask, just as with the GM and Chrysler restructuring work I worked on in my previous life, whether the approach here might have been to say, as difficult as it might have been to achieve or for many Canadians to swallow, that we should have tried to get in on the ground floor of Operation Warp Speed by buying our way in, just as we bought our way into the GM and Chrysler restructuring. I don't know to what extent the government really pursued that option. Given how we fit as a country into modern pharmaceutical supply chains, it has always struck me that this is what we should have done. I haven't seen very much conversation in Canada about why we didn't do that, but I keep trying to put that on the table. At any rate, that's for another day.

Traditionally, it seems to be that's how Canada fits into this kind of a global issue. At some point I think we're going to have more realistic conversations about how we would fit into that. I think our cost structures are too high, and there's limited export potential. Do you want to go back to the 1970s, when Canada was building pharmaceutical products and exporting to the world? China wasn't on the market then, nor was India. We have fantasies of returning to this world where Canada was a leader in exporting; that's all over. People may not want to hear that today, but we'll have to deal with it later.

In my view, that's a large part of why I couldn't imagine any of the leading companies that have been the market leaders on this so far licensing to produce in Canada initially. As someone who's been on the other side of those negotiations, I would have been demanding a lot of financial contributions from Canada to do that, because I only have a few people, because I have to go around the world and I have to keep up the quality control. I have to move the inputs around the world and to satisfy one country that I'm going to come to, to license them when I'm not going to be able to export it anywhere because it's too expensive. I wouldn't do that, so I'm not surprised that they haven't done that. As I said, that leaves us with the idea of building our own *sui generis* big pharma industry, hoping for luck in the next pandemic, and that strikes me as very unrealistic.

I probably talked way too long, but those are my three answers to your questions.

Thanks.

● (1325)

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

We'll move on to BioPharma Services and Mr. DiCarlo, please.

Welcome to the committee.

Mr. Renzo G. DiCarlo (Chief Executive Officer, BioPharma Services Inc.): Thank you, Madam Chair.

Dear international committee, I'm really pleased today to be talking to you as a witness on the subject of Canada's trade and investment policy and the trade agreements and your various points. I'm actually going to be covering off all the points in general throughout my talk. I won't be going item by item, but I will be reviewing each of them in all the comments that I'm making.

Again, my name is Renzo DiCarlo. My background and credentials are based on both my academic and my business experience. I'm a London School of Economics alumnus in stakeholder theory and research, with about 25 years in pharmaceutical GMP and medical research. I've done the management of a clinical trials company and also have been a GMP producer of radiolabelled antibodies, so I'm very uniquely qualified to talk about just-in-time logistics, which is what we're going through today in Canada in terms of the vaccine rollout.

I'm uniquely qualified to talk to the committee about views on strategies and policies on vaccines. I have been the CEO of Biopharma Services here in Toronto for the last 10 years. It's the largest privately held first-in-human clinical research site in Ontario, Canada. We're based in Toronto.

Over the last 15 years, we've provided essential drug discovery to over 200 pharma companies around the globe. We have about 250 leading-edge medical professionals who work here in Toronto and in St. Louis, Missouri, and also in Zurich, Switzerland. Our headquarters in Toronto have been focused on very critical drug development linked to organ anti-rejection drugs and antisense products, as well as COVID countermeasures. Even in the early days of our new normal, last year in April 2020, we actually provided preliminary feedback to the likes of Providence Therapeutics, which, as most of you probably know, is our very own RNA product based in Canada.

In the new normal, it's impossible to separate free trade from COVID safety. Trading blocs, safe travel and COVID domestic health are intertwined in our new reality. One cannot demand a strong NAFTA, for example, without a safe NAFTA. If the U.S. government wishes to maintain a strong and free trade relationship with Canada, it also needs to ensure that Canada is safe and healthy. This means that COVID vaccines coming from Pfizer in Kalamazoo or Moderna in the U.S.A. need to flow freely to Canada, just like other goods and services do now, similar to the comments our other witness just mentioned a few minutes ago.

Michigan should be treated the same way as Ontario by both the U.S. and Canada, whether it's Ford in Oakville or Ford in Detroit, or Pfizer in Toronto versus Pfizer in Kalamazoo or Pfizer in New York city. Free movement of vaccines across the border should be equivalent to the free movement of automobiles from Ford. I think we heard the example of General Motors a few minutes ago as well. If the U.S. government is limiting our vaccines in our darkest hours, then we too should limit critical goods to them. The same philosophy should be applied to the U.K. and also the European trading blocs. Free trade needs to be linked to vaccine free movement and health and safety.

As we all know, and as we're painfully aware right now, infection rates are on the rise in our economy, and our economy continues to weaken as Canada continues to be battered by wave after wave. Wave three is not the last wave, unless 80% of the population is vaccinated by July 2021. The only true path to success here is getting the first rollout of the vaccines completed as soon as possible, with an eye out for the booster dose or third dose, and yes, I'm calling it the “third dose” or the “booster dose”. Pfizer has already announced that it needs to apply a third dose, and we should be able to try to conduct that third dose by year-end, especially for the variants of concern.

Our current normal is not going away and could become worse if we don't start creating trading blocs, coupled with safety, with very specific countries. Unfortunately, we're rewinding history and we're going back to our roots.

● (1330)

This means forging strong alliances with the Commonwealth, the U.S. and western Europe. This virus is not going to be under control until certain countries can control their virus, and this could last as long as five years. I know it is a painful message, but that's my current belief, based on what we're seeing, both with our clients in the international markets and with our drug development partners.

We need to limit our trade and travel with countries that cannot control their infection rates, and especially with the variants of concern, or the VOCs. Yes, I am suggesting blocking travel to certain countries in North America, Asia, the Middle East and South America until those specific countries can demonstrate low infections. We saw in the media that we are talking about limiting travel from certain countries—I think all of you are aware of that—and yes, that also means draconian control measures for people who travel to these specific countries and expect to return home to Canada. It's not the current COVID-19 strain that we should worry about; it is the new COVID-21 that is being created in a country that cannot control its outbreak. We need to plan for that.

We need to start looking forward into the windscreen versus looking at the rear-view mirror, because up to now we've been looking at data from the past and not data going forward. It's the new VOCs linked to mutations, like the B.1.617 lineage, that should be our main focus, and don't be surprised if in a month or two we start talking about other variants that scientists start to detect. We need to look forward and create those countermeasures before the virus creates the measures for us. For example, B.1.617 isn't even measured in certain labs in Ontario, and it's more contagious and lethal than the other VOCs.

This is a breakthrough illness, and these mutations can cause other problems. Also, vaccinations are not 100% effective on some of these severe mutations, so we cannot solve all these problems by adding capacity linked to existing technology, especially when our closest allies should be able to exchange vaccines for us for free trade. Adding capacity on old or current technology will take at least two or three years to implement; we can surely go faster by obtaining current doses from Pfizer, Moderna, Johnson & Johnson and AstraZeneca. They have the capacity and they are scaling up. Let's find ways on the trading blocs to get those vaccines into our country, because it's important to our allies and to ourselves.

This requires that our trading partners support and foster a healthy and free Canada. We need to leapfrog and support Canadian innovators, however, in developing the next-generation RNA solution for the VOCs that are mutating into new strains. This is where our spending should go: on getting ready for COVID-21 or COVID-22. Our safety and economy really depend on it. Let's support Canadian RNA developers so that the technology resides in Canada, but then we can pick and choose the options for outsourcing to contract manufacturers, whether in Canada or abroad, especially in our free trade zone, to produce innovative products.

Thank you.

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

We move on to Jesse Whattam.

Welcome back.

● (1335)

Ms. Jesse Whattam (Coordinator, Trade Justice Network): Hi. Thank you, Madam Chair and members of the committee, for having me today.

My name is Jesse Whattam. I'm here representing the Trade Justice Network, which is a coalition of environmental, civil society, indigenous, labour and social justice organizations that came together in 2010 to call for a new global trade regime founded on social justice, human rights and sustainability.

Some of our members include the Canadian Labour Congress, Unifor, the Canadian Union of Public Employees, United Steelworkers, the Canadian Centre for Policy Alternatives and Climate Action Network Canada, to name a few.

Since the beginning of the pandemic, world leaders have repeatedly spoken of the need for global solidarity to get us all through this once-in-a-century health crisis. Our Prime Minister was among the first to call for global equal access to COVID-19 health technologies. As time has passed, calls for unity have been followed by a disappointing lack of commitment by many wealthier nations, including Canada.

Today I'm going to focus my statement, first, on the fact that we can all agree that we need to vaccinate more quickly and more fairly, and that current production has not been up to the task. Second, that while it's not a silver bullet, the TRIPS waiver would be a step towards realizing that goal and would increase the leverage governments have to deal with the publicly subsidized big pharma vaccine-makers. Third, the “third way” and current TRIPS flexibilities are just not good enough, as the Canadian experience has shown.

Over the past several months, the Trade Justice Network has been working with other civil society organizations to call for Canada to support the waiver. People from across the country, across sectors, and from all different backgrounds have participated. We have hosted panels and meetings and written letters and articles. We've had a House of Commons petition that was recently brought to the floor, and we are awaiting a reply. Last month we sent a letter to this committee and to Prime Minister Trudeau on behalf of 40 civil society organizations that represent hundreds of thousands of Canadians.

As the coordinator of this network, I've been interacting and talking to a lot of people from across the country about this waiver. It's very clear to me that Canadians want this waiver for the global community. There's a resounding consensus that business as usual is not going to cut it. I can hear all the people I've been speaking to, and that's kind of where I'm coming from today.

The early days of the pandemic saw vaccine development, and even the initial scale-up of manufacturing capacity happened quickly. However, today we're facing a scarcity issue. Manufacturing constraints, supply chain barriers and vaccine hoarding have created this scarcity.

Now countries with the highest incomes are vaccinating 25 times faster than low-income countries. Of the 800 million vaccine doses that have been administered globally, over 83% have gone to higher-income or upper-middle-income countries, while lower income countries have received just 0.2%. This global inequality in distribution means that it will be somewhere above 4.6 years before we reach global herd immunity, and the thing is that we won't be out of this pandemic until all of us are.

To meet this unprecedented global demand, solutions must alleviate immediate supply limitations, and we must also establish conditions that allow for longer-term solutions to ensure manufacturing and supply capacity is increased and diversified. For this, we must enable and develop local capacities across the world to independently contribute to a more sustainable global supply system, particularly in low- and middle-income countries.

The main vaccine developers could openly share their IP and transfer know-how and technology right now, but so far this has not been sufficient. Even when the WTO encourages companies to have more licensing with other countries, they have no desire to do so because there is no profit imperative there for them. It's clear that global supply should not, and cannot, be dependent on the business imperatives and exclusive rights of pharmaceutical companies holding that technology. Health imperatives and IP imperatives are not always in line. In the case of this global pandemic, we're seen this play out in the extreme inequality of vaccine access.

Further, the charity model that's being used cannot solve the fundamental disconnect between the pharmaceutical company monopolies and the calls from developing and least-developed countries to produce for themselves.

Right now, Canada is allowing large pharmaceutical companies to dictate the majority of the vaccine global supply and the distribution system, competing over a limited supply and leaving billions of people behind, particularly in the global south. We could redirect that to combining efforts to help build global production capacity.

The proposal at the WTO, sponsored initially by South Africa and India, is an important step in creating the policy space to ramp up manufacturing, scaling up, and supplying COVID vaccines and other technologies. It would mean WTO member countries would not have to grant or enforce patents and other intellectual property rights covering COVID-19 vaccines and other technologies. With these barriers and restrictions removed, member states, the scientific side, and suppliers can work together without fear of litigation and trade sanctions under the TRIPS agreement.

● (1340)

As I said and as other people have said, it's not a silver bullet and it's not the only challenge, but it is an important legal option countries need. Temporarily waiving relevant intellectual property rights that right now are simply reinforcing monopolies is an important move, and Canada shouldn't stand in the way of it.

What's more, Canada is claiming that existing flexibilities in the TRIPS agreement, such as those for the issuance of compulsory licences to manufacture patented medicines, are sufficient. While there are a number of important safeguards already enshrined in the TRIPS agreement that countries can use to protect public health and increase access, these flexibilities weren't designed for a global pandemic and aren't enough. It's not one or the other; they aren't enough.

For one, they are only accessible on a case-by-case basis, which can take years to settle. Responding to COVID requires for goods subject to exclusive patent and other IP claims and restrictions to become accessible and affordable now.

Over a year into the pandemic, this business-as-usual approach, premised on voluntary, secretive, limited and restrictive licensing, has failed to leverage global expertise and capacity to scale up manufacturing and deliver equitable access.

As it stands now, vaccine technology and knowledge are being treated as private property by pharmaceutical companies, despite the $100 billion of taxpayer dollars that went into research and the development of technology. As a taxpayer, I'm enraged that this public money was taken to fund research and is now being used for a few corporations to profit as my family, communities and the poorest and most marginalized people in Canada and globally suffer so deeply. As the director of Oxfam put it, “This is a public health emergency, not a private profit opportunity.”

I think that the corporate priorities and imperatives are clear and not surprising. For one, the pharmaceutical corporations involved continue to reject the WTO-led C-TAP initiative as a means of sharing know-how, going so far as to call it dangerous at some points.

As well, at a WTO gathering earlier this month, Pfizer and Moderna said they won't share their mRNA technology vaccines with vaccine firms in developing countries on the grounds that they're far too complex and require a lot of raw materials, which, beyond the obvious condescending nature, is also untrue. Over two-thirds of the WTO members want this, because of the untapped capacity that does exist. Vaccine companies in the global south—to name a couple, Bharat Biotech in India and Aspen from South Africa—have expressed capacity.

Further, this week the People's Vaccine Alliance calculated that over the past 12 months, Pfizer, Johnson & Johnson and AstraZeneca have paid out $26 billion in dividends and stock buybacks to their shareholders, which would be enough to pay to vaccinate at least 1.3 billion people, which, put another way, is the entire population of Africa.

I think a few of these examples illustrate the imperatives of the status quo that are not going to get us out of this pandemic.

I've heard claims that the private sector is more efficient and leads to more innovation, but the evidence points to the contrary. In the first months of the pandemic, we saw open science at work, leading to rapid innovation through public funding. There are structures and examples that show that without IP rights, a global network of vaccine research and production is possible. While not easy, it is possible.

For the past 50 years, the flu vaccine has been produced by a global network of medical professionals who monitor for emerging strains of a virus and periodically update the formula for vaccinating against it, which I understand is a different formula, but the structure exists. They then make this information available to companies and countries around the world, and as a network of laboratories in 110 different countries, funded almost entirely by governments, it is done without any intellectual property considerations. The difference here is that the imperative is solely on protecting people, not on profit, and this opens up the capacity of developing and updating the vaccine and sharing information with a network of producers.

It's possible; there just needs to be a will.

In closing, we know that the waiver is not the only answer and it's not the silver bullet, and there are certainly other challenges, but it would help break down barriers to scaling up manufacturing and supplying lifesaving COVID-19 medical tools across the world. It can also help build capacity for future pandemics that public health scientists have warned us about.

It's morally unacceptable for leaders of rich countries to allow a few corporations to keep the vaccine technology and know-how under lock and key, selling their limited doses to those who can pay the highest prices as people die. Canada must be part of the global effort to save lives, not an obstacle. Therefore, we call on the Canadian government to please support this waiver now.

Thank you.

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

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

Mr. Randy Hoback (Prince Albert, CPC): Thank you, Chair, and I thank all the witnesses here on a Friday morning, or Friday afternoon, depending where you are in Canada.

Mr. DiCarlo, I'm going to start with you. You've made some comments about a third dose. We can't even secure enough first doses right now. Then you talked about this going on for five years.

Is it general knowledge in your industry that this is going to be an ongoing issue in regard to getting vaccinated, revaccinated and vaccinated again, and we could be in a scenario like we have had over this past year for the next five years?

● (1345)

Mr. Renzo G. DiCarlo: Pfizer has already stated that it needs to have a booster dose at the end of the two that are being given. I would say that probably if we can try to stay on top of things from an administration point of view, we'd want to try to get the third dose in before the end of the year. Obviously that requires coordination between the federal government, the provinces, the municipalities and the hospitals.

People are starting to reformulate for the variants because as they become more serious and the spike protein changes, those vaccines become less effective. It's very similar to the flu vaccines in terms of having those additional doses.

Mr. Randy Hoback: In terms of our quality of life, we should be able to get back to something that we had pre-COVID. Is that not fair to say, or are we always going to be facing a scenario of lockdowns?

I guess it depends on the number of vaccines we get.

Mr. Renzo G. DiCarlo: With regard to your question about five years, pre-COVID is what we used to know as our normal. What we're living now is our new normal. I don't think we're going to get to pre-COVID normal for at least five years. I think there's going to be a trajectory and an evolution.

A lot of that depends on us. It depends on what we do as a country. I'm saying that in both the public sector and in the private sector, everybody has to work together in managing our country to get as close to the old normal as possible, but it's not going to go back to the old normal for at least five years, for many reasons. There are going to be trading blocs and so on and so forth—

Mr. Randy Hoback: That's fair enough. I'm sorry; I only get five minutes. Mr. Warner, I'm going to jump to you.

You talked about the hostility that pharmaceutical companies had towards Canada when you were working for big pharma or one of the pharmacy companies. Is that based on the drug policy we have in Canada?

My other concern is that if they have that hostility to Canada and we don't see them moving facilities here to produce vaccinations in Canada, does that mean we're always being held to bringing vaccines from offshore and we won't have that research and stuff? How do we gain some leverage there?

Mr. Mark Warner: I think we made a choice in the 1970s to promote a generic pharmaceutical industry. It's a choice that has an obvious consequence. I know some of you on the panel are lawyers. If you look at the list of cases on the docket of the Federal Court of Canada, you'll find that there are an awful lot of cases that start with the letter A, because the company with the letter A—

Mr. Randy Hoback: I only have five minutes, Mr. Warner, so we have to be very brief here. I have lots to get through.

The reason I asked the question is that Mr. DiCarlo is saying that we could be in a scenario in which the virus is mutating and changing. How do we ensure that we have leverage to get vaccines as we go through the next five years? Maybe having one piece of that supply chain is a crucial component. Is there one area we can focus on that allows us to do that?

In the case of the TRIPS waiver, if this thing is changing all the time and if we bring in the TRIPS waiver, what's the incentive for any of the pharmacy companies to actually reinvest in vaccine number three, four, five or vaccine number six?

Mr. Mark Warner: I'll start with your last question on the TRIPS waiver.

Based on the limited knowledge I have of the agreements that have been made public in other countries, my really strong guess is that Canada has pretty much agreed that we're not going to invoke something like that in our agreements, if we ever get to see them.

I think that if you're going send a message that we're open to pharmaceutical investment, siding with that kind of a waiver would not be a good way of getting people who already have those concerns to want to come and invest in Canada. I think we've struck the balance about right.

In terms of your first question, I think we have to figure out a way to get within the American supply chain in a more constructive way. As I said, my own view of this is we should have bought our way into Operation Warp Speed. We didn't, but we should be looking at those kinds of opportunities to be formally part of what the Americans are doing. I think that's the way we make progress.

Mr. Randy Hoback: There would be no more partnerships with China, like the mistake we made previously here. That was a little bit of a blow.

I'm looking forward, then. If we want to see this happen in Canada and if we want to make sure we're taking care of Canadians and we want to take care of the globe and we want to make sure we're getting the latest and greatest technology out to everybody, what's the best way to do that, Mr. DiCarlo? Is it that we do this TRIPS waiver, as the NDP and the left propose, and just give the data dump to a bunch of people who actually don't know how to do it and who have no quality controls? Is there a different way of doing it?

We've heard from witnesses who say this isn't a simple vaccine to make. There's a lot to it. What's your expert opinion?

● (1350)

Mr. Renzo G. DiCarlo: There are a lot of very talented contract manufacturers around the world. I think it really is dependent on where they are in our trading blocs and if we trust the relationship we have with that country.

Yes, you can give the recipe, but I think our priority should be our Canadian citizens first, because, if we're healthy and safe, then we can help other countries. That's my personal view.

Mr. Randy Hoback: So then—

The Chair: You have four seconds, Mr. Hoback.

Mr. Randy Hoback: I'm out of time.

The Chair: Do you want to ask a fast question out there and get an answer?

Mr. Randy Hoback: No, just add it to Tracy's time.

The Chair: That's four seconds for you, Tracy.

Go ahead, Ms. Bendayan, for six minutes.

Ms. Rachel Bendayan (Outremont, Lib.): Thank you, Madam Chair.

Thank you to all of the witnesses for appearing this Friday for this important discussion on TRIPS.

I think I'll start with you, Mr. Warner.

Before I do, seeing as how the topic of booster shots and possibly other vaccines was raised by Mr. DiCarlo, I thought it important to mention that Canada today reached a deal with Pfizer to secure 35 million booster shots for next year and 30 million in 2023. We also have options for 120 million more doses over the next few years.

Mr. Warner, getting to the crux of the matter on TRIPS, you mentioned being involved in helping a multinational pharma company distribute HIV-AIDS drugs globally. Can you let us know about the technology transfers involved in that process, maybe some of the knowledge sharing that went on there, and how we might learn from that experience in this case?

Mr. Mark Warner: Those were voluntary licences.

The starting point was that companies made the decision that they wanted to give the drugs away to get them to the people who needed them quickly. Those are what we call access programs. Some of them were supported by the Clinton Foundation and PEPFAR, if you're familiar with that.

After people got to a certain point with that, then came the licensing. As I said before, the licensing started not with the state-of-the-art drugs but with, let's just say, the drug of the last generation or the two generations before. It was still effective, but it might not have been what was coming on the market. You basically had to train people. You had to bring them from around the world. Then you had to get to some comfort level with the Indian and South African companies that there wasn't going to be leakage because they were exporting back into the developed world. You didn't want the AIDS drugs that were being made in India showing up in a pharmacy in Amsterdam or San Francisco because the companies were still trying to recoup their costs.

That's one of those issues that we have to confront that makes the world slightly different and a little bit awkward in the conversations that are going on now in Geneva and ones that we're familiar with in Canada. When we created our generic industry in Canada, we also created a very powerful company that got to a point where we were paying more for generic drugs in Canada than other countries were paying for generic drugs. We were paying less for the branded drug, but we were paying more for the generic drugs.

Similarly, in the case of South Africa and India, we created Aspen in South Africa, and various other people in India kind of have monopolies when you look at it. When anyone goes to produce something in India, they go to Serum largely, and they go to Aspen in South Africa. You have to ask yourself what you really achieve when you move it off of the branded or innovation company that came up with it and turn it over to a local monopoly in another country. That's something that we didn't necessarily have to think through 20 years ago. The concern with intellectual property is that you're trying to make sure that you don't get leakage and that you're not taking the state-of-the-art form with you, because, honestly, you have to put people in place around the world to show people. It's not just the patents; it's the know-how. It's all that comes with putting these things together.

I heard the last speaker from the Trade Justice Network talk, and I have tremendous sympathy for that, but it's not even close to what we're talking about here. To take these mRNA vaccines that weren't even in existence 12 months ago and share them around the world.... We can't even get the inputs. We're having blocks on the inputs we need to get the stuff made in India and Europe. Now we're going to set up other places for those inputs to go in India and South Africa.

It sounds good; it doesn't work.

Ms. Rachel Bendayan: It doesn't work. I guess in order to summarize, then, in your view, signing onto the TRIPS waiver won't solve the problem.

In addition to that, I heard you say earlier that you were concerned about investment in our own life sciences sector here in Canada, which, as you know, we're ramping up significantly. Do you feel that in addition to a TRIPS waiver not working, we would be hindering the ability for Canadian manufacturers in the long run?

● (1355)

Mr. Mark Warner: I don't think it would be to the benefit of Canadian manufacturers to do that right now, because if you want to get the big companies into Canada to start investing in a big way, it all comes back to respect for their intellectual property. There's a tension there.

I'm not against the waiver at some point. I just don't think we're there now. I think we may get to a waiver a year from now, when we have more familiarity and standardization with some of these vaccines. Maybe it will be around boosters, but we're nowhere near a point where that would be a useful device.

I do think it's useful to get the conversation focused on intellectual property and development concerns. The waiver is really a completely different thing from what we faced 20 years ago with HIV.

Ms. Rachel Bendayan: I understand.

I have one more question for you, Mr. Warner.

The existing TRIPS agreement already includes flexibilities. For example, it allows for compulsory licensing. My understanding from previous witness testimony is that no country has been accorded that compulsory licence yet.

I wonder if you have any insight as to why, or as to what circumstances might be preventing countries from using the flexibilities we already have.

Mr. Mark Warner: Canada tried to use it before, in the old context. The reason it didn't work at that time is that voluntary licensing was already occurring with people like my client. There was no way that anybody in Canada was going to produce it more cheaply than what we licensed Aspen to do in South Africa. At the end of the day, why wasn't it used? It wasn't used because it wasn't useful.

You might argue otherwise. In political science somewhere, someone might say that the waiver's existence induced my clients and other people's clients to enter into those voluntary licences. That's not how I remember it, but who knows? Someone else will research that one day and come to a conclusion. I mean—

The Chair: Thank you very much, Mr. Warner. I'm sorry to cut you off.

We'll go to Mr. Savard-Tremblay for six minutes, please.

[*Translation*]

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

I want to thank all the witnesses for their presentations.

I have a question for Ms. Whattam.

In March, the committee heard from you at a meeting on the reform of the World Trade Organization. You pointed out that the globalization regime, business investments and supply chains have led to the outsourcing of certain industries. In particular, pharmaceutical production capacity is now centralized in developed countries, meaning wealthy countries. In many respects, even in wealthy countries, we can see this approach.

As we know, Canada and Quebec once had real pharmaceutical capacity. However, this capacity has declined as a result of unscrupulous and unregulated privatization or public-private partnerships.

Have we missed a great opportunity, in Canada and in Quebec, to have our own industry?

[*English*]

Ms. Jesse Whattam: I'm not sure if I have enough expertise to answer that question correctly, to be honest. I haven't done enough research on the Quebec industry.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: No problem. That's why I wanted to reframe the question.

During your last appearance, you spoke about developing countries losing their pharmaceutical expertise. You referred to the pharmaceutical industry in a list of examples. You were talking about agricultural, financial and other companies under the sole control of wealthy countries.

However, doesn't the same contradiction exist even within wealthy countries? You may prefer this simpler way of asking the question.

[*English*]

Ms. Jesse Whattam: I definitely do, and in my statement that's what I was trying to get to. The imperatives here for the few multinational corporations that are dominating the market right now, as we can see in the COVID pandemic, are monopolizing and restricting the global production capacity.

Right now there is an opportunity for the global community to say that this is the moment when we can challenge the status quo and make the global network a place where IP rights being waived is not the only solution. The companies do need to share know-how, intellectual property and data with other qualified vaccine manufacturers. There needs to be a strengthening of regulatory capacity, and there needs to be an investment in local vaccine manufacturing.

As I was saying in March, over the last few decades there has been this deterioration of that regulatory capacity and local investment. It is a long-term game, but right now we're in extraordinary circumstances and there's no better time to take extraordinary measures.

The last speaker said we're so far off from being able to consider this, but I would say that now is the time. Sure, there are a lot of other barriers and complexities to it. That is why we need to be talking about it right now.

I hope that answers the question.

● (1400)

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: That certainly answers the question, but I want to take it a step further.

As you said, there's a lack of preparedness right now. Let's imagine a scenario where the World Trade Organization waived intellectual property rights for COVID-19 vaccines. That's what you want. As far as you know, other than India, which we know has capacity, would developing countries be ready right now to mass produce vaccines? Of course, intellectual property rights are an issue. However, you also need the expertise and the plants to produce vaccines.

[*English*]

Ms. Jesse Whattam: I do. There needs to be a global effort to support that effort. Even if the capacity is not there right now, there needs to be a global effort to invest in it worldwide. The waiver opens up that policy space for that to happen.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: I want to make sure that I understand your proposal. In other words, to support this expertise, there needs to be a global effort. However, who will lead and fund this effort? I'm wondering how your recommendation could work.

[*English*]

Ms. Jesse Whattam: I think of C-TAP, which isn't being used, but there are structures there to pool resources and know-how. The waiver provides a will to do so and a global commitment to do so. The pharmaceutical companies could be doing voluntary licensing right now, but there is no push or consensus by the WTO to make that happen. C-TAP is one example of how that could play out.

The Chair: We will go to Mr. Blaikie for six minutes.

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

Mr. Warner, I was hoping to come back to a comment that you made about eventually getting to the point where the waiver makes sense. If there are companies out there, and presumably there are....

One of the things in this conversation that I find very hard to believe is the suggestion that's been made by a number of witnesses at committee that somehow India, South Africa and other countries that are proponents of the waiver don't understand that waiving the IP rights isn't the end of it, that there isn't a lot more to do. Presumably they're talking to people who are indicating they have some manufacturing capacity and that intellectual property rights are a barrier or they wouldn't be devoting the time and energy that they have been in seeking the waiver.

Even if that capacity is a way down the road—which in fact would make sense, given what we've heard and people's reasonable expectations that manufacturing vaccines is not a simple process—isn't it hard for them to make those investments if they don't know they're going to have access to the intellectual property? Granting the waiver now allows those interested to know they're going to be able to make use of and access that IP, so they can start planning to bring production online in eight, nine or 12 months—whatever is going to make sense for them—as they try to satisfy the other aspects of production, such as technology transfer and skills transfer. However, if they don't know they're going to have access to the IP, then that's another significant barrier on the table.

I think the idea of the waiver is to take as many barriers off the table upfront as possible so that companies that think they can pull this off are able to proceed as far and as quickly as they can.

I wonder if you want to comment. If we wait another eight to 12 months to implement the waiver, that's an eight- or 12-month delay on this additional capacity, on being able to plan for the future and beginning to engage seriously in the other aspects of vaccine production.

● (1405)

Mr. Mark Warner: There are two separate issues that I think are important to keep in mind.

One is that within the existing WTO TRIPS agreement, there is an exception that allows countries to do compulsory licensing. That's why we have that as a function of our law. South Africa and India could invoke compulsory licensing.

Two, the waiver issue is slightly different. We, as Canada, could do that for ourselves. As we did at the beginning of this pandemic, we could have a waiver that would allow us to have a compulsory licence for treatments or vaccines for COVID, but for our domestic use.

Where the waiver comes in is it would allow us to export to another country. The waiver is all about whether we have a Canadian company that will waive this right so they can export to some developing countries. The funny thing about the waiver is it isn't so much facilitating tech transfer as it may sound at first blush.

The other point is that we're seeing voluntary licensing. Remember, Serum Institute of India, which likes to call itself the biggest vaccine producer in the world, is making AstraZeneca or this Verity product under licence in India. I believe Aspen is going to be making Johnson & Johnson in South Africa. They are the go-to company, so if you were in South Africa and you were going to license somebody and you've already got Aspen making Johnson & Johnson, I'm not sure where you would go in South Africa. You might make Aspen even bigger, so that Aspen would end up doing Johnson & Johnson, Pfizer and the rest.

Then you've got some other questions that we didn't have to ask 20 years ago, but now, with the passage of time, I think we know that we're.... Look at Serum Institute. Serum Institute was initially licensed to make AstraZeneca product for sale into the least developed countries, but they're selling to Canada and they're talking about selling to Europe because of the short supplies in Europe. That's not what anyone had in mind when we started talking about licensing to those countries.

We're in a whole different world. I do think there is an important part about tech transfer. We've seen that. That's why Aspen's there. That's why Serum exists. The question is whether you would do that with something that wasn't even in existence a year ago and that we can't even get produced with stability, as we see if you take a look at the front pages of the papers now about Johnson & Johnson in Baltimore or AstraZeneca in their Belgium plant. This is tough stuff. What happens if there's a mistake and everybody around the world sees that on CNN and decides they don't want any part of these vaccines?

It sounds good; it's just that we're not there yet. We might get there at some point when the technology becomes more standardized.

Mr. Daniel Blaikie: I do want to explore also—and maybe I'll go to Ms. Whattam for this—the moral dimension, because we talk about how the waiver isn't likely to spur vaccine production here in Canada, but in all fairness, I don't think that's ever really been the major claim that proponents of the waiver have been making. It's about world supply and it's about trying to address the current very real inequity in vaccine distribution globally by making more supply available and making it more available closer to places that aren't getting their fair share of the current vaccine supply.

I wonder if you could address a bit of that moral dimension for the committee.

The Chair: Please be very brief, Ms. Whattam.

Ms. Jesse Whattam: Yes, definitely the core of this issue is the moral imperative. If you just look at the way the COVAX program is playing out right now, you can see that it's very clearly not sufficient. It's underfunded, and the pledge for two billion doses by the end of 2021 is nowhere near enough to reach global herd immunity. Right now, with the numbers in India the way they are, the supply from the Serum Institute isn't even being exported to the other 91 lowest-income countries that it was promised to at the rate that it was promised, which is an impossible decision to make, because when COVID is anywhere, it's everywhere, and the moral imperative is also that if it's not going to be stopped everywhere, then it's going to be everywhere.

● (1410)

The Chair: Thank you, Ms. Whattam. I'm sorry, but I have to interrupt.

We go to Ms. Gray now for five minutes.

Go ahead, please.

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

Thank you to all of the witnesses for being here today.

My first question is for the Centre for International Governance Innovation. In your opening intervention, you briefly touched on COVAX. We've heard that COVAX is underfunded, and yet Canada is the only G7 country presently taking vaccines from the program. Would you see this as a concern?

Mr. Rohinton Medhora: As we say in the brief, and we use our words carefully, Canada has the technical and legal right to take vaccines from COVAX. COVAX is a global fund. Canada remains the fifth- or sixth-largest contributor to COVAX, but it does go against—and this is the word we use—the ethos of COVAX. COVAX was meant to provide access to vaccines—to be purchased at market rates, by the way, so it does nothing about the IP and innovation and other issues for developing countries.

We, along with a couple of rich non-G7 countries, have accessed COVAX. I don't think that particular episode does much for our reputation as a global humanitarian country. To put it in the context of our larger contributions to COVAX, we are still net contributors, but on balance, I don't think that was very good optics, nor was it good policy in terms of preventing these other mutants from arising in other parts of the world.

Mrs. Tracy Gray: That's great. Thank you very much for that.

I have a couple of questions for Mr. Warner. It's good to see you back at our committee.

I want to touch on the proposed TRIPS waiver. In past meetings of this committee, we have heard from some experts on the importance of quality control in the production of vaccines and about how this waiver may reduce that ability. Would you agree with that assertion? Do you have any comments on that?

Mr. Mark Warner: I do agree with that assertion. I think it is a real problem in the early stages of where we are, as I said before. At this stage of where we are with the vaccines that are working, which are completely state of the art, and given the real difficulties we've seen these companies have in scaling up, I think quality control would be a massive issue if we were to start using that kind of waiver of intellectual property.

Mrs. Tracy Gray: Okay. Thank you.

We've heard that some international trade experts have stated that WTO members could bring a complaint against Canada if they believe we are not respecting TRIPS. Do you share this concern, and what would be some potential consequences that could arise from that WTO scenario?

Mr. Mark Warner: Thank you for asking that question. It was one of the things I wanted to address and I had forgotten to.

I read the remarks of Mr. Lipkus. He made a comment about how if we were to exercise the waiver, we would potentially face problems under other existing trade agreements like the USMCA or the CPTPP or CETA. I don't think that's true.

If you look at all of those agreements, they basically acknowledge and cross-reference the WTO TRIPS agreement and article 31, so that I'm not worried about. Under the USMCA, we would talk to the Americans and Mexico about it, not necessarily beforehand but maybe after. Maybe they would ask for some concession, which might be complicated, but I can see no formal reason under any of those agreements that we would face difficulty if we were to use the waiver.

Mrs. Tracy Gray: Okay. Thank you.

Of course, we don't want to risk anything that could discourage investments for biomanufacturing in Canada. Do you have any thoughts on how a TRIPS waiver could affect such investments in Canada?

Mr. Mark Warner: Look, the issue—the 100-pound gorilla or whatever the expression is—for Canada and the pharmaceutical industry is the perception that we don't respect intellectual property rights. You could dance around it a million ways, but if you start with compulsory licensing, especially a state-of-the-art vaccine, you're only going to reinforce those concerns that people already have about Canada. I think it would be a problem. I really do.

● (1415)

Mrs. Tracy Gray: Thank you. I have time for one more quick question.

We know that Canada is not on the EU exemption list for vaccine exports. We have heard some verbal assurances. Would you consider our not being on that exemption list a concern?

Mr. Mark Warner: Not really. I think the reality for a country like Canada is that it's very hard to put Canada on an exemption list like that if you're the European Union. Once you put Canada on it, you have to do the same for a lot of other countries, so I can understand why they would want to make formal commitments to the extent that they'd make them at all.

I'm not surprised by it. It's not great from our point of view, but I don't think it's surprising.

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

We go to Mr. Sarai for five minutes, please.

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

Thank you to the witnesses. You've been very enlightening on some of the nuances of TRIPS and other waiver-type applications.

Mr. Medhora, CIGI has advocated a modernized TRIPS waiver. Could you please share what you think should be included in that?

Mr. Rohinton Medhora: Our advocacy has not been on just a modernized TRIPS waiver. What we've said is that the way we create intellectual property and the way we protect it has to be modernized. At the time that TRIPS came into being, this kind of activity was centred in a very few countries, as you've heard from others. Now you find that many more countries—in fact, I find it interesting that we keep coming back to India, South Africa and indeed China—are actually net creators of IP and net exporters of IP.

We have to understand that what TRIPS does is it provides a monopoly rent to holders of IP. The reason we provide that monopoly rent is so that, as we hear so often from the industry and from other experts, they can then reinvest in really risky activities like big pharma. Here's the reality in pharma, which Jesse, of course, would know: Pharmaceutical companies spend more on marketing and government relations and lobbying than they do on R and D. That is not what the monopoly rent that comes from IP is supposed to be doing. Now that we've had a couple of decades of experience with how we create monopoly rents and what they're used for, I think it's incumbent on us to think about how we regulate IP and how we create its dissemination.

I would also say something about the presence of technologies that have spillover effects, and I'll stop on this point. Think of a groundbreaking technology that might address, say, solar cell storage issues in climate change, or inoculations. If I do it, other people around me benefit. Having a market price, which is effectively what TRIPS advocates, is overpricing something. We have to understand that in the presence of externalities, in the presence of the way monopoly rents are being used, we have to revisit the fact that technologies are created for a purpose: They're created to increase global welfare. I'm all for incentive structures, but the incentive structures that we currently have are actually skewed.

Mr. Randeep Sarai: Thank you.

Your organization has called for a balance between supporting developing countries and fostering innovation. Where do you think the balance should lie in the context of a potential TRIPS waiver?

Mr. Rohinton Medhora: I'd go back to the points I made earlier. My list would be a well-funded COVAX; transparency in vaccine pricing; properly negotiated subsidy contracts, so that when governments subsidize research there is some give-and-take, which did not happen this time; opacity in contracting, vaccine hoarding and vaccine diplomacy; and finally, like the CGIAR, an international system that creates IP. If we had all of these things, we wouldn't need the IP waiver. We don't have any of them, so let's move on some of them.

I do find it interesting that on the one hand we're saying with reference to the IP waiver that IP isn't that important and it wouldn't make a lot of difference, but we're still fighting tooth and nail against it. The fact that so many people who actually know this are also for the IP waiver, and these are some very eminent global leaders who actually dealt with the industry, leads me to think that there might be something here. I'm not the expert on this, but it strikes me that there are six or seven things that we should be doing here, and we're not getting any of them right. The IP waiver is one of them.

● (1420)

Mr. Randeep Sarai: My next question is for Mr. DiCarlo.

Could you enlighten us about how much capital and resources are needed to design, develop and test new vaccines?

Mr. Renzo G. DiCarlo: Obviously, in pre-COVID times that would have taken a lot longer and been a lot more expensive. Right now, due to COVID, a lot of the research that occurred was expedited, especially given Operation Warp Speed in the U.S.

For example, the RNA technology has been around for 10 years. That technology was leapfrogged forward because of the increased demand due to the COVID crisis. Many pharma companies already had a basic technology there that they could draw onto, which is exciting, because in the future we can use that RNA technology for HIV, cancers and other things like that. It's a great stepping stone.

On the financial side, there's typically an early-phase study that occurs. There are pre-clinical studies that occur, and there are also late-stage studies that occur. The range of spending, depending on the size of the company, can be significant, but you probably already heard in the marketplace that our Canadian company, Providence, had asked for $4 to $20 million to take its product from concept all the way to commercialization. That's how much it budgeted or forecast in the marketplace to bring a product to market.

The Chair: Thank you.

Mr. Savard-Tremblay, you are next. You have two and a half minutes.

[*Translation*]

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

My question is for Mr. Medhora from the Centre for International Governance Innovation.

As we know, the Canadian government hasn't made a decision on a waiver that would allow for increased vaccine production worldwide. In terms of the idea of waiving intellectual property rights for vaccines, this seems to be a matter of debate today. The stakeholders have very different positions. It's good to hear all the points of view, of course. We've been talking about this since October 2020. However, the government still hasn't said whether it supports the idea. The idea is reportedly still in the assessment phase.

In your opinion, why is the government taking so long to clearly state its opinion on this idea?

[*English*]

Mr. Rohinton Medhora: I don't have any particular insights on what the inside thinking might be. I would only be doing informed speculation.

To be fair, the original proposal from India and South Africa was flawed. One could make the case that it was self-serving, that it would have benefited firms in India and South Africa, so there were some issues to be sorted out.

I suspect we are waiting because the issue might simply go away, or there might be important players who come onside, such as the Biden administration, which actually matters for Canadian foreign policy. There's prudence involved, which involves political risk as well as the technical nuances of the proposal.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Madam Chair, I can see that you turned on your microphone. Does this mean that my time is up?

[*English*]

The Chair: Mr. Savard-Tremblay, you have 40 seconds,

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: I think that I'll give those 40 seconds to my colleague, who is next in line to speak.

[*English*]

The Chair: Thank you.

Mr. Blaikie, please go ahead for two and a half minutes.

[*Translation*]

Mr. Daniel Blaikie: Mr. Savard-Tremblay, thank you for the 40 seconds.

[*English*]

Mr. Medhora, I'd like to continue this conversation with you.

I think part of the dilemma right now for the parts of the world that are underserved in respect of vaccines is that we're being told that other places aren't really going to be able to manufacture anyway, so there's no point in giving them access to the intellectual property. It seems to come back to saying that industry has this well in hand. Industry doesn't want to give us any information about what they're doing, so we're just going to have to trust them.

If there were a justification for not granting access to IP and people not having more access to information about what is actually happening, like the prices that current producers are charging so that people.... People should be able to expect the same level of openness and transparency here that they would expect from a well-functioning government, given that it's of such vital public interest. This isn't your normal market for various kinds of drugs; this is a global public health and economic emergency.

I am wondering, at the risk of asking you to repeat yourself a bit, if you could clarify. What are some of the concrete things that could be done not only to increase the world supply of vaccines, but also to give people a degree of comfort that things are really being managed in the public interest, as opposed to the private interest of certain well-established corporations?

● (1425)

Mr. Rohinton Medhora: Is that for me, Mr. Blaikie?

Mr. Daniel Blaikie: Yes, please.

Mr. Rohinton Medhora: I think that's exactly right. Markets have underpinning them certain presuppositions: full and free information, rational behaviour, and competition. However, when it comes to many markets, and certainly in pharmaceuticals, that is not the case. There tend to be oligopolies and there tends to be a high risk for those who invest, and as a result, different forms of trade secrets matter. I completely get the point that some things have to be secret, but the few things that do leak out don't make the system look good.

We make the point in our brief that African countries, whose citizens have a fraction of the per capita income of European Union citizens, might be paying two, three or four times more per dose for the vaccines than Europeans are. That can't be justified by any kind of market rationale, be it transparency or a humanitarian argument. I wish this was a case in which we had....

If we talk about full and free markets, let's be consistent about that. I wish we had a global clearing house in which these contracts were put up for inspection. I wish there was even more transparency in negotiations so that developing countries themselves, just as the European Union did, could band together and create the economies of scale and power structure that they need to negotiate prices and so on.

I have a final point on COVAX. I still very much support it. My views have evolved, in the sense that initially I thought it was absolutely the right thing to do to create a clearing house in which the world contributes vaccines and then gives them away to developing countries. The problem is that COVAX is in some ways perpetuating the problem. It's perpetuating the problem because it's purchasing vaccines at pretty much these untransparent, non-market market prices, and we're then giving them away. We have to link COVAX with a previous step that ensures the pricing structures are clear. On the structural commission, we did some back-of-the-hand calculations on rates of return, given the public subsidies the pharmaceutical companies have had. Our sense was that they had made their rates of return. If you then add subsequent doses, for which our marginal cost is lower, and more and more volume, you're very much into red territory.

There's a package of things we should be doing here.

The Chair: Thank you very much, Mr. Medhora. My apologies for the interruptions.

Mr. Rohinton Medhora: No worries.

The Chair: Go ahead, Mr. Lobb, for five minutes, please.

Mr. Ben Lobb (Huron—Bruce, CPC): About an hour and a half from where I grew up, just to give you a sense of where they're at today in terms of vaccines distributed and administered, in Michigan 8.3 million vaccines were distributed, 6.2 million were administered and 27% are fully vaccinated. That is quite a different story from what we're facing here in Canada.

The other point is that there was an article this week that said there are 13 states that have over 100,000 shots each that the federal government in the States has allocated to them but they haven't ordered. I think that the state of North Carolina has over 400,000.

When Mr. Medhora talked about a clearing house, I wonder why we can't have a clearing house with the United States, which is just a few minutes up the road from where I grew up. Is there a calculation around the world of exactly how many vaccines are in this situation of being available but not being used?

● (1430)

Mr. Rohinton Medhora: On global statistics, the WHO itself has a database that tracks some of this. How accurate and up to date it is is always a question.

However, on your point about whether we can do something interactively—Mark might be able to shed some light on it—there's no reason that we couldn't be more creative. I think back to the agreement some days ago between Manitoba, I think it was, and a state south of it, in which truckers going south could be vaccinated in the U.S.

There's lots of room for this kind of creativity at the national level. The U.S. said that they hadn't approved AstraZeneca and had one and a half million doses and that many of them would go to Canada, and there's no reason we shouldn't be doing that.

That tells me something else, which is that vaccine distribution has become part and parcel of foreign policy and foreign relations, which is still one step removed from improving global welfare. I'd remind us that the very scary variant that we're now hearing about from India, and previous to that from the U.K., South Africa and Brazil, all come from regions where the vaccine was not being deployed as much as it should have been. As much as it would be great to have the U.S. and Canada exchange vaccines, that's doing nothing for the medium-term problem, which is that 130 countries have yet to deliver a dose. That's where the mutants are going to be originating.

Mr. Ben Lobb: That's a fair point.

I look at St. Clair County, which is right along Port Huron. If they're having a clinic and they're only getting 30% to come out to the clinic, it seems crazy to me that people in Sarnia, and even where I'm from—I mean, we wouldn't let them drive across the border—wouldn't be allowed to drive across to the border to get the shot or that we wouldn't bring the shot up into Ontario so they can get it. However, I understand the global perspective too.

Mr. Warner, you probably mentioned it and it probably went in one ear and out the other, but in the beginning of this, if it were to happen again, would the proper strategy be for the world to come together and say we are going to make this open source and that everything we have is going to go into a working group consortium so that when we get the solution, everybody makes it? Is that pie in the sky, or is that something we should be looking at when we're faced with this the next time? Where is that...?

Mr. Mark Warner: I'm afraid I think it is pie in the sky, to be honest. We saw that as the pandemic was crossing the whole world, it became every person for themselves very quickly.

When COVAX was originally designed, the idea was that everybody was supposed to buy their vaccines through COVAX. No sooner did it became very clear that countries were doing these advance purchase agreements than COVAX was amended and we were getting into these footnotes about whether what Canada was doing was legit or not.

However, the original idea was that all of us would buy from COVAX. Nobody wanted to do that. The European member states didn't want to go along with it. The United States, of course, never signed up, and Canada was quickly out the door with its advance purchase agreements.

I think on a reasonable basis—and this is what I keep coming back to—from a Canadian point of view, the opportunity would have been to just get on an airplane and have the Prime Minister have a conversation—as difficult as it might have been for him—with Mr. Trump. That's just as it was a difficult conversation for Stephen Harper to get inside the tent for GM and Chrysler. The Americans didn't want us. I don't know how many people realize that. The Americans were quite happy to do GM and Chrysler restructuring on their own, and there is a pretty decent argument that Canada overpaid. We paid 20% of the freight for that. We did not have 20% of the North American auto industry at the time.

The Chair: Thank you, Mr. Warner. My apologies for cutting everybody off.

We have Mr. Sheehan for five minutes, please.

● (1435)

Mr. Terry Sheehan (Sault Ste. Marie, Lib.): Thank you very much for your presentations. I want to thank everyone very much. It was very thoughtful and very important.

One interesting question I have is going on from where Mr. DiCarlo had been speaking about the amount of capital in innovation and the time needed for creating new vaccines.

You had started going on about how this could not only help COVID-19 but could also open up to other things, such as our fight against cancers and things of that nature. I just wanted you to delve a little bit more into how that could happen.

I'm going to turn it over to you again, sir.

Mr. Renzo G. DiCarlo: Thank you.

There are two exciting technologies. For example, both the Moderna and Pfizer vaccines are mRNA vaccines, which existed before for cancer therapy in other products. Even the adenoviral vectors that are being used by J&J and AstraZeneca were previous technologies that existed. COVID leapfrogged them forward because of, unfortunately, the increased demand—the increased demand politically for our economy, and also for volume.

It's a good-news, bad-news story. The bad-news story is COVID. The good-news story is that now we have two new technologies that can be applied to infectious diseases, including HIV. We can apply them to cancers, things that in the past didn't get the funding and support for these breakthrough technologies. It is actually an exciting time from a medical technology perspective, even if it was created for the wrong reasons, given this pandemic. It was for the right reasons—you know what I mean—but it was the wrong motivator, because it should have been done probably five to 10 years ago and should have had that funding back then.

Mr. Terry Sheehan: How would a blanket waiver of the TRIPS affect innovation and life sciences and the biotech industry, then, in your opinion?

Mr. Renzo G. DiCarlo: This is probably not my area of expertise, but in my view, if you have a waiver, I would say you have more parties at the table that can work together and collaborate on both technology and manufacturing. That waiver allows a lot of companies to work closer together and a lot of jurisdictions and countries to work together without the restrictions of IP, but the reality, as we've heard from some of my colleagues already, is that India has a lot of manufacturing and technology, and South Africa does as well, and Brazil. Some of these countries already have a lot of base in technology, so it's more than just the waiver; it is the global industries and governments working closer together to develop those technologies.

Mr. Terry Sheehan: Mr. Warner, you were involved in helping the multinational pharmaceutical companies distribute the HIV-AIDS drug globally. Could you please speak more about the technology transfers, the sharing of know-how and the considerations for local manufacturing capacities that were involved in that particular process?

Mr. Mark Warner: As I said before, it started out that companies were giving their drugs away for, in our case, a dollar a day. Then at some point they got to a comfort level that there wasn't as much diversion as they were fearing back into the developed world, to be honest. We could then license, so we started to license. Again, it was not the state-of-the-art technology but, let's say, the first generation of antiretroviral drugs that seemed to be having some success, and that's what created them. Aspen Pharmacare in South Africa, which we keep talking about, really was one of the great creations of that, because that really spurred their growth. In Brazil as well there were similar types of things, and in India as well with their companies.

That's how it began. From that, they built out to a point where you can see the Serum Institute of India today being able to have a voluntary licence to do the state-of-the-art AstraZeneca vaccine. You have to think that part of that came from the training that came from the HIV work; but on the other hand, as I keep saying, now that Serum has that training, they no longer want to just supply Africa.

Somebody mentioned earlier, and I think this is an important point to get in here, that Africans are paying more. The interesting thing about that is that the African countries are being charged more by the Serum Institute of India, not by AstraZeneca of London. That is something we need to keep in mind as we think through some of this as well.

● (1440)

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

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

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

The question is for Mr. DiCarlo.

You mentioned a fourth, fifth and maybe sixth wave. I'd like to know if governments were aware of these new waves from before or not, due to the nature of the pandemic and of COVID.

Mr. Renzo G. DiCarlo: I can't speak to whether governments, in their modelling, are aware of a fourth or fifth wave. From a forecasting perspective, you can see that wave one was smaller than wave two. Wave three is bigger than wave two. I think that many people can foresee that if we don't get the vaccinations out fast enough and if we don't get ahead of the virus, there will probably be a fourth wave and there will be a fifth wave after that.

Hopefully, if we vaccinate, the fifth wave will be smaller than the fourth wave. It's a race against time in terms of timely administration of these vaccines so that we don't get repeated curves that continue to spike up quickly, especially when the new variants are more infectious.

Mr. Ziad Aboultaif: You also mentioned something about how if we don't vaccinate 75% to 80% of the whole population in Canada by July, we will be exposed to these waves one after the other. That means the catch-up that we're trying to play is out of our hands.

Can you confirm that?

Mr. Renzo G. DiCarlo: I don't know if the catch-up is out of our hands. I think all the provinces and the federal government, as you know, are trying to work together to expedite that. The ramping up of volume is increasing. I know the government has tried to expedite the vaccination by focusing on the first dose.

I'd like to be hopeful. I think we need to plan for the worst-case scenarios, but we need to be aggressive. We need to bring in these vaccines as quickly as possible. We need to get as close to that 70% or 80% as possible.

Mr. Ziad Aboultaif: We don't have capacity at the moment to produce vaccines in Canada. We were not ready to do that for many reasons. Now we are hoping just.... The vaccine is the only way we're going to face and win against those waves that are coming.

What other solutions do you think we haven't had? For example, isn't closing the ports or banning some of the flights the solution? That should be a measure we could have taken since day one. Do you agree with that?

Mr. Renzo G. DiCarlo: Yes, I think what we're seeing in the news right now—talking about banning Indian and Pakistani flights—is the right thing to do. I think it should be very country-specific. Yes, we should do it. We should limit our ports, depending on the locations of highest infection. We should be aggressive at limiting who comes in so that we can manage both community spread as well as foreign-introduced spread.

Should we have done it earlier? Yes. I think everyone agrees with that. I think if everyone had to rewind and say they were worried about variants of concern a year ago, they probably would have done it. That's why I'm saying we should not just be worried about the variants now but should also be worried about the new strains that might develop.

Let's forget about what we did badly before. Let's be aggressive now and start hammering down on those countermeasures.

Mr. Ziad Aboultaif: Thank you.

I have a quick question for Mr. Warner.

We know that the TRIPS waiver doesn't solve the problem. Passing this IP to any given third party isn't going to solve the problem, because you still need the raw material, which could be very exclusive to certain places, certain countries and certain companies. If, at the end of the day, you cannot pass the IP to be able to produce locally and to increase the production capacity, that is fine. If you're going to aim to reduce the price per dose, this is another issue.

How do you see that dynamic?

Mr. Mark Warner: I think that's one of the really tough questions here. The vaccines that have really succeeded are these mRNA vaccines. The world is really not so much in a race for vaccines at this point; we're in a race for lipid nanoparticles, which were developed by a Vancouver firm but are licensed to many people around the world. People are scaling up in the United States and Europe and elsewhere. That's one of the big blocs—there are other blocs as well—that are really scaling up fast. Not only would you have to get people up to speed in producing more vaccines, vaccine technology and the transfer of technology, but you also have to somehow scale up that whole process of creating the lipid nanoparticles.

It is really hard. One of the reasons we're fighting about the export controls from Europe and wherever else is these very shortages. It's a very tough Rubik's cube to solve.

● (1445)

The Chair: Thank you, Mr. Warner.

We go now to Mr. Dhaliwal for five minutes, please.

Mr. Sukh Dhaliwal (Surrey—Newton, Lib.): Thank you, Madam Chair. I would like to thank all the witnesses.

Madam Chair, in February the Prime Minister stated that since the beginning of the global COVID-19 pandemic, the Government of Canada has worked quickly to strengthen and expand Canada's capacity to manufacture safe and effective vaccine treatments and related supplies across the country. This includes investing in made-in-Canada products to protect Canadians from COVID-19 and ensuring that the country is well positioned to fight future pandemics here at home.

Today the Prime Minister announced that a Quebec-based company, Medicago, has applied to Health Canada for approval of a COVID vaccine.

I would like to know from the witnesses what additional policies and measures the Government of Canada should take to strengthen and expand the domestic capacity to manufacture safe and effective vaccines, treatments and related supplies, and how investments made today in made-in-Canada projects will protect Canadians against future pandemics. Are regional investments needed?

The floor is open to any of the witnesses who want to contribute.

Mr. Mark Warner: I can take a shot at it if you want.

Medicago is a joint venture of a Japanese company and a British company. I know people keep calling it a Quebec company, but that's what it is. Its largest facility was in North Carolina until this began.

I think to the extent you can get people to invest and produce here, it's useful, but they're obviously doing it in response to a significant government contribution. They didn't do it beforehand. Let's be honest about it.

The question we're going to have to face in Canada at some point is that right now we all want to spend that money, but are we going to want to spend that money tomorrow? I don't know, but if you want to keep having a Japanese and a British joint venture producing a COVID vaccine that I don't think has finished a phase III trial, or has just finished it, you're going to pay for it.

Just imagine this. Imagine if we had spent all the money developing Medicago and we were now waiting to buy from Medicago, and it's not even been approved. That wouldn't have been a solution to our problem. That's part of where I think this whole idea of nationalism and needing to build our domestic capacity falls down. Imagine if we were waiting on the other one that's been mentioned here today—I can't remember the name of it now, but the other mRNA one from Canada. Imagine if we were waiting for them. They haven't even finished a phase III trial yet. It sounds good and it feels good, but it's not realistic to a global pandemic.

Mr. Sukh Dhaliwal: Okay.

Mr. Rohinton Medhora: I'd make the distinction, as you do, I think, in your question between manufacturing and development. Manufacturing, as we've seen with the Sanofi plant that will open in the coming months, is relatively easier to ramp up, and I'd make that point, by the way, about developing countries as well. Jesse is right: It is condescending to simply say we shouldn't open up technology to other countries because they wouldn't know what to do with it. That may be the case in many countries, but certainly not in the emerging countries, many of which are ahead of Canada in innovation indexes and other such measures.

On development, I think that's a fair point. I'd really want to know who owns the IP, because that's where the value is. If it's a question of having heavy subsidies for a foreign firm to locate in Canada, but the IP still resides elsewhere and there are just a few well-paid scientists and lobbyists in Canada, that's not the end game.

On the question of putting all our eggs in one basket, as Mark just said, we'd still be waiting for a vaccine, but these are not either/or propositions. Canada can have homegrown innovation sectors and still engage with the rest of the world and make deals. In fact, our hand in making deals would be stronger if we had homegrown innovation capacity, so let's not create false dichotomies where none exist.

● (1450)

Mr. Renzo G. DiCarlo: Madam Chair, can I jump in or not?

The Chair: Go very quickly, please. You have a few seconds.

Mr. Renzo G. DiCarlo: I think we need to distinguish between technology and production. Providence wanted technology support back in March, at the same time that Moderna and Pfizer wanted it. If we had provided it then, we would have had technology where it's manufactured, and then Canada could decide that.

The Chair: Thank you

Mr. Savard-Tremblay, go ahead for two and a half minutes.

[*Translation*]

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

My question is for Ms. Whattam.

We know that one of the World Health Organization's proposals to speed up vaccine production is to use the COVID-19 technology access pool, or C-TAP. The C-TAP is a global mechanism for voluntarily sharing knowledge, intellectual property and data related to health technology to combat COVID-19. I don't know whether you've heard of it before.

What has been the impact of this program so far? Doesn't this tool seem sufficient to you? Is it really necessary to focus on a waiver for intellectual property? If so, is the voluntary sharing aspect already a step in the right direction?

[*English*]

Ms. Jesse Whattam: Ideally, yes, but it has been clearly demonstrated that the voluntary aspect of it is not working. The C-TAP has been around for months now, and no pharmaceutical company has offered that up or agreed to join C-TAP. There are many layers to that, and the Bill Gates foundation played a big role. The same day that the C-TAP was announced, five of the biggest pharmaceutical companies and Bill Gates were on a panel talking about their initiatives with the ACT-Accelerator.

I would love C-TAP to be working, but it's not. The voluntary aspect is not, and the profit incentive is not there.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: I gather from your response that the results to date show that the program isn't working. So you believe that the waiver is the only solution. Is that right?

[*English*]

Ms. Jesse Whattam: Yes, but it's not the only solution. We've established that it's not the only thing that's needed. It's not the silver bullet, but it's a necessary and important first step to create the space for other necessary measures.

I definitely think it's necessary. That's why there's an increasing amount of pressure for it. The U.S. had a big press release today, a couple of hours ago, which is why over two-thirds of WTO members are calling for it, and there's huge mounting international pressure, so yes.

The Chair: Mr. Blaikie, you are next, for two and a half minutes.

Mr. Daniel Blaikie: Mr. Medhora, I want to come back to you.

I want to reference one of the other things we've heard previously at committee. In fact, we had one witness suggest that the movement for the TRIPS waiver might be just as important or more important than the granting of the waiver itself. It's a signal to pharmaceutical companies that governments are prepared to move into this space and play a larger role in determining how vaccine production is structured if the existing industries can't produce in a satisfactory way.

You've mentioned that Canada's bargaining position doesn't change if we don't do anything new here in terms of domestic capacity. Maybe I misunderstood your point, but that's what I took you to mean. Could you speak more to that?

There seems to be a problem right now in terms of global supply and equity of distribution. The TRIPS waiver is part of signalling a willingness of governments to move in, in a temporary and focused way. The other claim that somehow a temporary and limited waiver for COVID jeopardizes the entire IP framework that big pharma has been using to make money over the last 30 years seems a little radical.

Could you to speak to those issues of how we develop leverage for the public interest against well-organized industries with a lot of resources and power? What role does the TRIPS waiver play in that effort?

● (1455)

Mr. Rohinton Medhora: I heard that testimony and I've heard that said before. Signalling positioning matters a lot in these negotiations. I wouldn't doubt that even if the TRIPS waiver doesn't go through, the fact that so many governments, including the Biden administration, are considering it is a good thing.

The analogy I'd give is that the U.S. was firmly opposed to increase special drawing rights a year ago, but one of the first things the Biden administration did was change that tune when Secretary Yellen signalled the U.S. support for SDRs. I think people are looking to that as something that might carry over to the TRIPS waiver as well.

Signalling positioning is one point. The other point I'd make is that waivers, by definition, are meant for exceptional events. We are living in truly exceptional times. Change doesn't happen when everything is going fine. It was in fact the HIV-AIDS crisis that led to this move for compulsory licensing.

By the way, the threats of retaliation are what prevent countries from using their so-called right for compulsory licensing in TRIPS, but it is those kinds of crises that lead to change. That's my point.

The Chair: Thank you, Mr. Medhora.

We'll go on to the last four minutes with Mr. Hoback, please.

Mr. Randy Hoback: Thank you, Chair.

One thing I wanted to talk about is Canada-U.S. integration and the importance of that moving forward. Do you have any advice on what we should be doing here in Canada to make sure we cement that integration?

I'll start with you, Mr. Warner.

Mr. Mark Warner: In general, we're doing some of the right things. As you know, we have the USMCA or CUSMA being renewed.

Specifically in the pharmaceutical space, we have made some changes in both the USMCA and CETA that have brought us more into line. I think we probably have more to do in that. Also, the Americans are moving closer to some of our positions on drug pricing, both under President Trump and now under President Biden. That might help us.

The difficulty in the pharmaceutical space is that if we're going to integrate, I think we're going to have to rethink to some extent what we've been doing since the 1970s, which is emphasizing generics over innovation.

Mr. Randy Hoback: Outside the pharmaceutical space and in regard to the educational side of things, right from hospital workers to nurses and doctors, what do you see in terms of opportunities for Canada and the U.S. to work together and maybe work more closely with other like-minded allies, such as Australia, Europe and the U.K.?

Mr. DiCarlo, it looks like you want to answer that question. Maybe I'll go to you.

Mr. Renzo G. DiCarlo: In terms of education or pharma and the U.S. and things like that, I think that having the U.S., the U.K. and Canada working together more closely is extremely important.

For example, at BioPharma in St. Louis, we're actually the research centre for the U.S. FDA. Here we are, a Canadian company, and we're the research centre for the FDA in the U.S., which is great. In the U.S., we're BioPharma U.S.A. We're very proud to be American, but our headquarters are in Canada.

Whether it's Canada, the U.S., the U.K. or other countries, and whether it's education or pharma, I think that being able to work together, especially with our allies, is extremely important. During this pandemic, we haven't done the best job possible of that. We need to do better.

Mr. Randy Hoback: In that scenario, then, as we're able to bring on new treatments, do we not have more of a responsibility to share that information in a way that allows new technology to be developed, yet still make sure we treat everybody else around the world with respect and get them the required—

Mr. Renzo G. DiCarlo: We do. For example, here at BioPharma, we're privately held. We're owned by a consortium of doctors, and we actually did a press release back in February when we started to see our Chinese clients suffer because of COVID. We volunteered our clinics for R and D gratis at the time.

Yes, we have a moral obligation. It's not just about money. We have a moral obligation to all work together, whether it's intercompany or intergovernmental, and to volunteer our services in our worst times. Definitely, for sure, I'm very passionate about that.

● (1500)

Mr. Randy Hoback: I have one last comment, Chair, if I may.

The Chair: Go ahead.

Mr. Randy Hoback: I want to thank the Governor of North Dakota. What he did this past week is fabulous. Here in Saskatchewan and in Manitoba our truck drivers are crucial for us, and they're crossing that border, and to think that they could cross the line and get a shot.... Also, there's a first nations group in Montana that's doing something very similar at the border in Alberta. They're actually allowing Canadians to go across the line and get their shot—to not even leave the car—and come back.

Those are very creative ideas that allow us to get vaccinated quicker. I want to thank the U.S. for helping us with that.

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

Thank you very much to our witnesses for the very valuable information.

I leave you all for the weekend. On Monday's meeting, we will have the minister with us for main estimates and ISDS.

Have a good weekend. Thank you.

The meeting is adjourned.