

## Tunnel vision or global outlook? Global Pharma's preoccupation with the US.

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**COVID-19 is a litmus test of whether health systems can pool assets and expertise and fairly distribute resources so that patients worldwide can benefit equally. To pass the test, all pharma companies will need to play a part, considering the scale of the need for better access to medicine across the globe. There are signs that "Big Pharma's" preoccupation with the US market and earning high profit margins in lucrative markets translates into a harmful tunnel vision when it comes to global health.**

Our global society has collectively invested in access-to-medicine mechanisms over the past two decades that are now swinging into action to enable access to health products. However, COVID-19 is exposing three pre-existing fault-lines in this system: a heavy dependency on donors to sustain access mechanisms; countries' dependency on a few large pharmaceutical companies for supply, due to the lack of local availability of manufacturing capacity of essential medicines; and the preoccupation that some pharmaceutical companies have with high profit margins and with the US market in particular, which limits their ability to play a strong role in curbing this pandemic globally. The COVID-19 pandemic – and the scale of the global access-to-medicine challenge – can only be solved if it is approached as a global issue.

### The impact of COVID-19

As a result of the pandemic, national governments worldwide are grappling with domestic questions of supply and fair allocation of medicines and vaccines. Richer countries are swinging into action first,

### About the Access to Medicine Foundation

The Access to Medicine Foundation is an independent, non-profit organisation based in the Netherlands. It aims to advance access to medicine in low- and middle-income countries by stimulating and guiding the pharmaceutical industry to play a greater role in improving access to medicine. The Foundation is funded by the Bill & Melinda Gates Foundation, the Dutch Ministry of Foreign Affairs, Dutch Ministry of Health, Welfare and Sport, the UK Department for International Development, and AXA Investment Managers.

bidding on the first batches of promising products. Less wealthy nations are [gaining access](#) via the current suite of access mechanisms. This is working for now, but it is best not to see this as a cure-all, particularly considering development budgets are at risk of shrinking amid a recession.

A lack of local or regional manufacturers that can participate in such systems leaves some regions particularly vulnerable – especially considering the looming spectre of vaccine nationalism. African countries, for example, collectively import 90% of their medicines and vaccines and suffer from chronic shortages.

To build up local availability of quality health products, more investment is needed to increase the diversity of manufacturers worldwide. At the same time, regional manufacturers must step up their game when it comes to broadening their portfolios and gaining prequalification to better serve populations in need.

Low- and middle-income countries are not waiting to be noticed – or planning on remaining dependent on existing mechanisms amidst the COVID-19 pandemic. Via a [recent conference hosted by the African Union's Development Agency](#), stakeholders in Africa recommended the development of a regional mechanism for procuring essential medical products from credible local manufacturers as a means of boosting resilience.

### The third fault-line

The most worrying fault-line currently, however, is that several prominent pharmaceutical companies are highly reliant on the US and other lucrative markets, and have not prioritised growing their income, their operations and their supply chain in the rest of the world. These companies are less able to respond effectively to this pandemic, and other global needs, while also sustaining their businesses.

The US is still under fierce attack by COVID-19 and the healthcare system there is struggling and politicised. Pharma's focus on the US market is driven by the revenues they can generate, as well as the push from investors to prioritise this market and generate high profit margins. Some companies still draw 50%-70% of their revenues from the US market alone. Companies also look to the US for financing for R&D and access to scientific breakthroughs. COVID-19 increases pressure on prices, revenues and R&D financing in the US.

This is hampering the companies' ability to meet the global need for better access to medicine. The scale of that global need for access is huge – and growing due to the follow-on effects of COVID-19. An extra 500,000 deaths from HIV in sub-Saharan Africa alone are predicted in 2020-2021 [as a result of pandemic-related disruptions](#) to planned programmes.

### Global outlook, global players

On the flip side, there are a few other companies that have made strides in recent years in terms of building local supply chain and manufacturing capacity, and that are building up steady businesses and networks in low- and middle-income countries. At the same time, they have achieved a balance with their businesses in lucrative markets. These are the companies that are now showing their capacity as truly global players, and proving to be resilient in the face of this pandemic. They are proving that they can withstand stresses present in specific markets, while continuing to prioritise global health.

COVID-19 marks a turning point for investors. Most investors are still keen to gamble on pharma companies making big bucks in the short-term. But this encourages companies to maintain their tunnel-vision at the cost of stability across markets worldwide. Other investors now see access-to-

medicine as [an enabler for long-term and sustainable economic growth](#).

### Tracking the shift in industry behaviour

Companies are more transparent about their access-to-medicine programmes when they are performing well. The companies that have consistently performed well in our research evaluations – the Access to Medicine Index and AMR Benchmark – frame access as a business proposition rather than philanthropy and most consistently invest in projects and initiatives that the global health community has identified as pressing priorities. Index leaders are able to withstand economic or political pressures in specific markets, while sustaining their responses to global health needs.

The [next Access to Medicine Index](#) is looking at how broadly companies' access-to-medicine strategies extend across therapeutic areas, including coronaviruses, and how deep their incentives reach for encouraging in-country managers to improve access to medicine locally. This will provide a measure of companies' global outlook, as well as how resilient they will be in the face of future pandemics and emergent priorities.

The next Index – planned for publication in January 2021 – will drill down into how companies match access strategies for specific types of products to specific types of markets. We will share our findings and engage directly with all pharmaceutical companies, their investors and governments ready and willing to take a global outlook on the future of the industry.