

Making a killing: Pfizer's domination of the market for COVID jobs

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Pfizer, the pharmaceutical giant that dominates the market for COVID vaccines in the imperialist countries of North America, Europe and Japan, with bilateral agreements for more than six billion doses, is also set to become the main supplier to COVAX, the global vaccine programme to the world's poorer countries.

Its displacement of AstraZeneca, whose shot is cheaper and easier to deliver, comes despite many receiving countries lacking the cold storage facilities needed to keep the Pfizer/BioNTech vaccine. Of the 600 million or more shots delivered to nearly 150 countries, more than 220 million are AstraZeneca's and about 160 million Pfizer/BioNTech's. But according to Gavi, the vaccine alliance that runs COVAX, Pfizer is far ahead in terms of "allocated" jobs, with about 470 million doses delivered or ready for delivery in the next few months, against 350 million from AstraZeneca.

While AstraZeneca, whose vaccine was developed by Oxford University, agreed to sell its vaccine at cost during the pandemic, at less than \$4 a dose, Pfizer sought to maximise its profits, selling to the highest bidder, typically at around \$20 a dose. One biological engineering expert told Britain's Channel 4's *Dispatches* programme, *Vaccine Wars: The truth about Pfizer*, that the vaccine costs just 76 pence per shot to manufacture, although this does not include distribution, marketing and other costs. With the UK government paying a £22 a dose, this represents an almost 3,000 percent mark-up on the manufacturing price.

Pfizer has denied this, saying its profit margin as a percentage before tax is in the "high-20s", a figure impossible to verify, on predicted revenues this year of \$36 billion for 2.3 billion vaccines. Even on its own admission, profits are at least \$10 billion.

Last month, CEO Albert Bourla told investors that the company expected to achieve \$80 billion revenues this year, a record for any pharmaceutical company, with the

vaccine accounting for more than a third. This makes the vaccine one of the top selling pharma products this year and possibly the biggest seller ever in the pharmaceutical industry's history.

As the *Financial Times* noted in *The inside story of the Pfizer vaccine: a once-in-an-epoch windfall*, "The vaccine has transformed Pfizer's political influence." Since the vaccine's approval at the end of last year, its "decisions have helped shape the course of the pandemic. It has the power to set prices and to choose which country comes first in an opaque queueing system, including for the booster programmes that rich countries are now scrambling to accelerate."

The vaccine was not developed by Pfizer but by BioNTech, with €375 million funding from the German government. Lacking the resources to manufacture and market the job, BioNTech turned to Pfizer to manage commercial operations. As a former US government official involved in vaccine procurement told the *Financial Times*, the fact that the vaccine is now known universally as the Pfizer shot is "the biggest marketing coup in the history of American pharmaceuticals."

While BioNTech would get half the profits, Pfizer would control the commercialization of the vaccine everywhere except Germany and Turkey, BioNTech's founders' home countries, and China where BioNTech had already signed an agreement with Fosun Pharma. Pfizer, unlike Moderna, deliberately turned down public funding to keep control of the vaccine and pricing policy. It initially sought to charge the US government an obscene \$100 a dose, or \$200 a course, before eventually settling for \$19.50 a dose after Moderna settled for considerably less, as it became clear that holding out for a higher price would damage its reputation.

Even this was four times Johnson & Johnson's single-dose vaccine and five times higher than AstraZeneca's jab. Casting light on the commercial interests behind the

policy of herd immunity, Pfizer comforted its investors with assurances that it would be able to increase the price when the virus became endemic, thereby guaranteeing an indefinite profit stream.

Pfizer took advantage of its powerful position, aggressively negotiating bilateral agreements with rich nations that are shrouded in secrecy, binding even independent scientists with non-disclosure agreements and insisting that governments provide it with indemnity against lawsuits. Governments, including those of Lebanon and the Philippines, had to change legislation to secure contracts with Pfizer.

Jarbas Barbosa, the assistant director of the Pan American Health Organization, told the *Financial Times* that Pfizer's conditions were "abusive, during a time when due to the emergency [governments] have no space to say no."

The company refused to release doses until it was sure that the countries had the necessary cold storage capacity. Its negotiations with South Africa were particularly belligerent, even stipulating public assets be set aside as collateral to cover any legal claims for compensation, a demand described as "equivalent to surrendering national sovereignty."

In the case of Britain, large parts of the contracts have been redacted. In the event of a dispute, Pfizer cannot be taken to court but only to arbitration proceedings that will be kept secret in what is apparently the only such agreement with a high-income country. Boris Johnson's Conservative government is, along with the US and major European countries, blocking the efforts of more than 130 countries to increase vaccine production and drive down prices by waiving the World Trade Organization's (WTO) intellectual property rules on COVID-19 vaccines and treatments for the remainder of the pandemic.

Britain's National Health Service (NHS) has paid £2.57 billion for 135 million Pfizer jabs—£18 a dose for the first 100 million and £22 a dose for the next 35 million—with a £1.903 billion mark-up above production cost. The almost 75 percent profit margin could have funded a pay rise more than six times the £302 million the government has allowed NHS England to spend on increases for its 300,000 or so nurses this year. After inflation, the nurses' £1,000 uplift is effectively a pay cut.

According to the People's Vaccine Alliance, it is not just Pfizer, but Moderna and BioNTech that are reaping astronomical rewards. The Alliance estimates that the three corporations are pricing their vaccines by as much as \$41 billion above the estimated cost of production

while paying little in taxes. It estimates that Moderna has made \$4.3 billion profit on revenues of more than \$6 billion in the second quarter of this year, an obscene 69 percent profit margin. Moderna expects total vaccine sales to reach \$20 billion in 2021. With no other commercial products than their COVID jabs, their profits are derived solely from the vaccines.

The Alliance says that in the first half of 2021, Moderna paid US taxes at 7 percent and Pfizer at 15 percent, well below the US tax rate of 21 percent, thanks to a system that allows corporations earning billions of dollars to pay a significantly lower tax rate than working families.

Since the identification of the Omicron variant in November, Big Pharma's top executives and shareholders have seen their wealth skyrocket as their share prices rose, with eight of Pfizer and Moderna's shareholders increasing their wealth by a massive total of \$10.31 billion. It has prompted accusations of pharma executives "making a killing from a crisis they helped to create" by refusing to waive their patent rights and share vaccine technology.

Last year, the WTO set up Covid-19 Technology Access Pool (C-TAP) to facilitate the transfer of vaccine technology and know-how to accredited manufacturers, but Big Pharma boycotted the scheme, with Bourla, Pfizer's boss, dismissing it as "nonsense." This, together with their practice of selling to the highest bidder and creating grotesque levels of vaccine inequality, has been one of the factors enabling the conditions for the Omicron variant to emerge.

Now, they are set to create another profits bonanza with the development of the new COVID pill. Pfizer is set to dominate the \$20 billion market next year as the rich countries rush to collar the supply, with poorer countries having to wait for the generic drugs, not expected until 2023. The company is expected to rake in revenues of \$17 billion from its experimental therapy Paxlovid in 2022, while Merck's molnupiravir will pull in about \$2.5 billion as these new drugs displace existing, costlier treatment for high-risk patients.



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