

June 2, 2022



The American Consumer Institute
Center for Citizen Research



The Honorable Katherine C. Tai
United States Trade Representative
Office of the United State Trade Representative
600 17th Street NW
Washington, DC 20508

The Honorable Gina Raimondo
Commerce Secretary
United States Department of Commerce
1401 Constitution Ave., NW
Washington, DC 20230

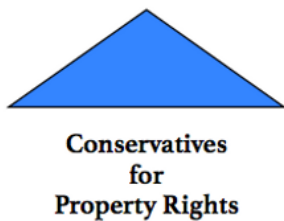
Dear Ambassador Tai and Secretary Raimondo:

We write in opposition to the proposal before the World Trade Organisation (WTO) to undermine intellectual property rights for COVID-19 vaccines. Rather than supporting proposals that undermine American medical innovation to the benefit of foreign rivals like Communist China, we urge you to pursue proposals that help American workers and businesses through measures that reduce government interference, lower taxes, and help promote American competitiveness.

As you know, the Director-General of the WTO introduced a draft proposal to waive IP protections for COVID-19 vaccines that exist under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). Supporters of this latest proposal are pushing for it to be adopted ahead of the WTO's Ministerial Conference on June 12-15. If adopted, WTO members including China and Russia would be permitted to use compulsory licensing to seize the patents of American developed COVID-19 vaccines.

This proposal is not necessary because there is no global shortage of vaccines. If anything, the world may be seeing an oversupply of vaccines due to extensive investment in production, increased competition, and slowing demand. In fact, in India manufacturers have slowed down manufacturing of new vaccines after production resulted in 200 million doses of stock – far more than was needed.

While this proposal would do nothing to fight COVID-19, it would undermine the development of vaccines and treatments for future deadly pandemics. Developing new medicines is a costly, risky, and time-consuming process. A manufacturer must invest an average of \$2.6 billion and ten years in research and development, according to the Tufts Center for the Study of Drug Development. In all, just 10 to 20 percent of medicines that begin clinical trials are approved. Strong IP rights are key toward ensuring manufacturers are incentivized to innovate, ensure medicines are safe and effective, and have the resources to invest in the next generation of cures. Without protections, highly effective COVID-19 vaccines would not have been completed or distributed as quickly as



they were. Allowing the seizure of IP through a TRIPS waiver would undermine this system of medical innovation.

This proposal will also help America's geopolitical rivals including Communist China and Russia. If approved, the proposal would allow foreign countries to immediately seize patents and clinical data of American businesses in order to attempt to produce COVID-19 vaccines. This would give foreign countries access to sensitive and valuable proprietary information belonging to American businesses.

There would be little protections available -- while the draft proposal "encourages" countries like China to opt out of the waiver if they do not need the IP, every country would be eligible to participate in the waiver if they so choose. Even if a more geographically restricted waiver were implemented, China would still acquire US trade secrets and technology via other countries.

China has an extensive record of repeatedly violating property rights and stealing IP from American businesses, so it is likely they would use this opportunity to again seize American IP rights. According to some [reports](#), Chinese IP theft costs the U.S. \$225 billion to \$600 billion each year in counterfeit goods, pirated software, and theft of trade secrets.

Undermining IP rights will also harm American competitiveness and workers. IP [supports](#) millions of high-paying jobs across the country. According to the United States Patent and Trademark Office (USPTO), IP-intensive industries [accounted](#) for \$7.8 trillion in GDP in 2019, or 41 percent of the economy. These industries accounted for 47.2 million jobs, or 33 percent of total U.S. employment.

Pharmaceutical manufacturers are no exception – these businesses invest over \$100 billion in the U.S. economy every year, directly [supporting](#) over 800,000 jobs. When indirect jobs are included, pharmaceutical innovation supports 4 million jobs and \$1.1 trillion in total economic impact. These jobs are high paying – the average compensation is over \$126,000 – more than double the \$60,000 average compensation in the U.S.

We urge you to reject the proposed TRIPS waiver before the WTO to allow foreign countries to seize the IP of American innovators.

The proposal is unnecessary given the strong global supply of COVID-19 vaccines and would instead undermine the development of the next generation of treatments. It will help America's geopolitical rivals like Communist China at the expense of American businesses and workers.

Sincerely,

Grover Norquist
President, Americans for Tax Reform

Phil Kerpen
President, American Commitment



Dee Stewart
President, Americans for a Balanced Budget

Marty Connors
Chair, Alabama Center/Right Coalition

Lisa B. Nelson
CEO, American Legislative Exchange Council



Michael Bowman
President, ALEC Action

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Ryan Ellis
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