

COVID-19 vaccine nationalism could cost world up to \$1.2 trillion

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Nationalistic behavior by governments may exclude some countries from gaining access to COVID-19 vaccines and cost the global economy up to \$1.2 trillion a year in GDP, according to a new study from the not-for-profit research organization RAND Europe.

If countries demonstrate 'vaccine nationalism'—prioritizing their own citizens and insisting on first access to vaccines by signing deals directly with pharmaceutical companies and hoarding supplies—this could mean that, by initially immunizing only their own populations, they incur economic penalties for themselves as well as the wider global population.

The study's macroeconomic analysis shows that, as long as the virus is not under control in all regions of the world, there will continue to be a global cost associated with COVID-19 and its prolonged negative impact on certain [economic sectors](#).

Even if only the lowest-income countries were denied [equal access](#) to a vaccine and all other

countries managed to immunize their populations against the virus, it could still cost the [global economy](#) \$153 billion a year in GDP terms. The US would lose \$16 billion a year, the EU \$40 billion a year, the UK \$5 billion a year, China \$14 billion a year, and other [high-income countries](#) collectively \$39 billion a year.

The study also notes that there are economic incentives to providing global access to vaccines. Based on previous estimates, it would cost \$25 billion to supply lower-income countries with vaccines. The US, UK, EU and other high-income countries combined could lose about \$119 billion a year if the poorest countries are denied a supply. If these high-income countries paid for the supply of vaccines, there could be a benefit-to-cost ratio of 4.8 to 1. For every \$1 spent, high-income countries would get back about \$4.8.

"The study shows that a globally coordinated multilateral effort to fight the pandemic is key, not only from a public health perspective but also an economic one. If too many countries follow a 'vaccine nationalism' approach regarding the development, production and distribution of COVID-19 vaccines, it could seriously hurt globally equitable access for those most at risk," said Marco Hafner, the study's lead author and senior economist at RAND Europe. "Our findings suggest that there are real [economic incentives](#) for the higher income countries to drive vaccine development and distribution to ensure that the rest of the world has access to vaccines as soon as possible."

The authors reached their conclusions by comparing the impact on global GDP of physical distancing and changes in consumer behavior in highly contact-intensive service sectors—such as hospitality, retail and healthcare—to that of a hypothetical baseline scenario where every country manages to sufficiently immunize its population and physical distancing rules and regulations can be

eased.

The study also examined the [economic costs](#) if no vaccine is developed against the disease. According to the analysis, the global economic cost associated with COVID-19 could be \$3.4 trillion a year in lost GDP, compared to a scenario in which all countries can sufficiently inoculate their population.

Hafner said, "Given the substantial economic loss caused by COVID-19, investing heavily in the research and development and upscaling of vaccine manufacturing is key to finding a way out of the pandemic."

Beyond the economic implications, the global competition for vaccines may lead to preventable deaths if vulnerable people in certain countries receive the vaccine after those at low risk in other countries. The study recommends that enforceable frameworks for vaccine development and distribution be established, ensuring equitable access across the world and supporting a program of inoculation over time.

More information: www.randeurope.org/

Provided by RAND Corporation

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