

AstraZeneca hit by COVID jab delays and disagreements

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Experts heralded the launch of AstraZeneca's Covid-19 vaccine as a turning point in the pandemic

Only a few weeks ago, Anglo-Swedish pharmaceutical giant AstraZeneca was being applauded for the speed with which it developed its COVID-19 vaccine.

Experts heralded the launch of the jab as a turning point in the pandemic, not least because it can be transported and stored more easily than its Pfizer/BioNTech counterpart.

The Anglo-Swedish firm also won plaudits for promising to provide the vaccine on a non-profit basis to lower- and [middle-income countries](#).

Now the vaccine has become a headache, with questions about its effectiveness, and potential litigation because of delays in delivery to the European Union.

On Friday, the European Commission published the contract it signed with the drugs group, showing AstraZeneca's commitment to produce 300 million doses of the vaccine.

A day earlier, an inspection of a Belgian plant producing the vaccine was carried out at the request of the European Commission to examine production problems at the site.

Italy raised the prospect of legal action—which would also target Pfizer—to "get back the promised doses".

Germany's Robert Koch Institute also questioned the effectiveness of the jab among the over-65s, citing gaps in test data.

All of these tensions came as the EU mulled approval of the AstraZeneca jab which was granted on Friday. It was the third COVID vaccine authorised by the European Medicines Agency.

The Financial Times said on Friday the "souring" relationship with the EU "could hurt the pharma group".

'Vaccine nationalism'

"Neither side comes out of this particularly well," CMC Markets analyst Michael Hewson told AFP, adding that the disputes showed why "the prospect of vaccine nationalism is so worrying".

He cautioned that "if the EU follows through on its threat to impose an export restriction," there could be a knock-on effect of "countermeasures" from other nations like the UK if supplies slow.

The contract with the EU stipulates that AstraZeneca committed to its "best reasonable efforts" to manufacture and distribute the doses.

David Greene, a partner in the law firm Edwin Coe and president of The Law Society in the UK, said the contract remained "straightforward", even if the group was not providing the shot for profit.

He added that the contract with the EU was governed by Belgian law, and, as such, "the only place it can be litigated is in Belgium".

If AstraZeneca does not demonstrate that it is using its "best reasonable efforts" to respect its commitments, said Greene, it could have breached its contract and risks potential lawsuits.

But Russ Mould, an analyst for the online broker AJ Bell, said the financial consequences of the recent spat needed to put in context.

"The German questions about the AstraZeneca-Oxford vaccine, and the US FDA's apparent unwillingness to approve it, are unfortunate and may not be helpful for the FTSE 100 firm's reputation, but many other countries seem happy to keep on using it," he said.

Mould added that the [vaccine](#)'s low price meant that "the hit to profits is likely to be limited" and attributed a recent decline in the drug group's share price to "investor concerns over the proposed \$39-billion cash-and-

stock purchase of (pharmaceutical firm) Alexion".

Susannah Streeter, an analyst at Hargreaves Lansdown, believes the pandemic had allowed the group to gain expertise in vaccines, which it lacked in the past.

"The fact that it is so sought-after, to the extent supplies have led to intergovernmental spats, is unlikely to lead to a long-term reputational hit," she said.

"Instead it is more likely to draw attention to the significant contribution the company has made."

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