

Eliminate Tariffs On Medications And Vaccines To Promote Your Access

[07/28/2020 \(07/31/2020\)](#) / [Philip Stevens and Nilanjan Banik](#)



Photo by CDC on Unsplash

Note on the research recently published by the [Geneva Network](#)

The Covid-19 pandemic has illustrated the importance of international trade for access to medical supplies, as many jurisdictions have experienced shortages of essential products as a result of all kinds of trade barriers. Although a truly effective vaccine or treatment for the disease is not yet available, when one emerges its expedited distribution around the world will become a matter of utmost urgency. Any trade barriers that unnecessarily delay the distribution of drugs and increase their price must be identified and removed.

In the case of medicines, tariffs are the main commercial barrier responsible for inflating their consumer prices, since these taxes are amplified and accentuated as a product moves in the production chain. In the context of new pharmaceuticals and vaccines that often move across borders during various stages of the production process, tariffs are particularly inflationary, as they can be incurred multiple times throughout the production chain.

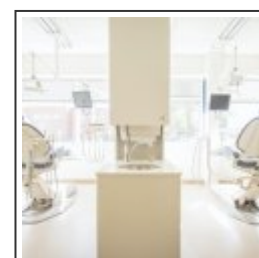
Tariffs are particularly regressive taxes since they take a higher proportion of the income of the poor than those who are higher on the income scale. In fact, tariffs on medicines are doubly regressive, since those who hit the hardest are the least wealthy people who are suffering from an illness.

Previous research has found that many governments have understood the regressive nature of tariffs on medicines and have taken steps to reduce them since the mid-1990s. However, a large number of countries continue to impose these charges, even though average tariff levels have fallen in recent years. The

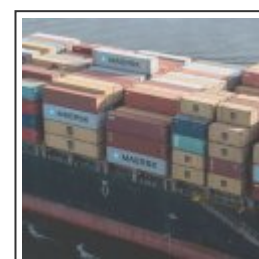
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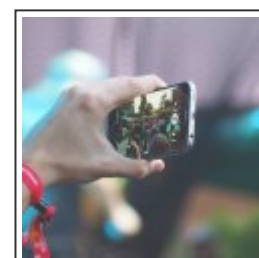
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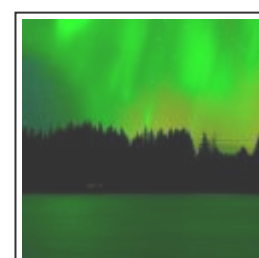
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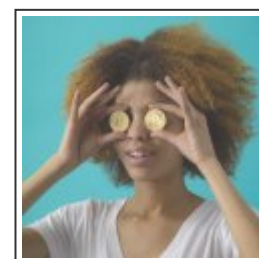
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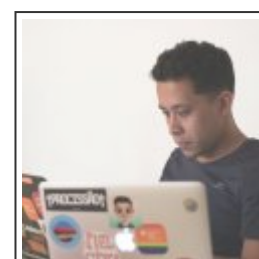
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Reducing tariffs on medicines has become pressing in the context of the current Covid-19 pandemic, especially as new treatments and preventive vaccines will have to be made available on a global scale.

This article seeks to identify the main trends in drug tariffs since the early 2000s, in particular the average tariff rates and the scale of tariff coverage of individual products. It concludes by calling for international action to legally compel jurisdictions to reduce tariffs on drugs and vaccines.

Highlights of the Study Conducted by the Geneva Network:

- Tariffs on medicines have been falling in the last 20 years, from a world average of 4.9% in 2001 to 3.4% in 2018 (latest available data).
- However, some jurisdictions and customs territories continue to charge tariffs of up to 20% on medicines and 10% on vaccines (although an increasing number of governments do not impose any type of tariff).
- This reduction in tariff rates is being offset by a trend by governments to increase the categories of imported drugs subject to these charges, possibly to recoup lost revenue from the cut in nominal tariff rates.
- The Covid-19 crisis underscores the need to reduce these inflationary trade barriers in order to improve access to medicines and vaccines. Expanding and updating the Agreement on the Elimination of Customs Tariffs on Pharmaceutical Products would be a powerful mechanism to achieve this objective.

[Click here](#) to read the full study

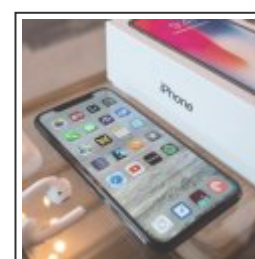
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