



## Big Pharma spent almost as much on shareholders as on R&D

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THE world's 20 biggest pharmaceutical companies handed nearly as much money to shareholders and executives as they claim to have spent on developing new vaccines and medicines during the Covid-19 pandemic, according to new figures revealed by the People's Vaccine Alliance at the World

Health Summit in Berlin.

Five of the top 20 companies (25 per cent) spent more money on enriching shareholders and executives than on developing new medicines between 2020 and 2022, with payouts at a further four exceeding 90 per cent of their research and development (R&D) budgets. This grew from six companies spending more on payouts than R&D in 2020 and 2021 to nine companies (45 per cent) by 2022.

Payouts at Amgen and Novo Nordisk over the three-year period were double the companies' claimed R&D spend. At Novartis and AbbVie, shareholders and executives got over \$10 billion more than the companies spent on R&D, while payouts at Johnson & Johnson were \$4.6 billion higher than their R&D spending.

Responding to the figures, Winnie Byanyima, head of UNAIDS, called for governments to ignore the "total fallacy" of the claim that pharma companies' high profits are needed to invest in research and development. Alongside Ban Ki-Moon the Eighth Secretary-General of the United Nations, she urged governments negotiating the Pandemic Accord to make it mandatory for companies and other institutions to share medical technology with lower-income countries in health crises.

The top 20 pharma companies handed shareholders and executives more than \$1 million every five minutes between 2020 and 2022. The companies spent a combined \$377.6 billion on dividends, share buybacks, and executive compensation, equivalent to more than 90 per cent of their reported research and development spending.

Industry profits doubled over the course of the pandemic, growing from \$83.4 billion in 2020 to \$188 billion in 2022. Over three years, the companies amassed profits of \$455.4 billion, equivalent to nearly \$5,000 every second.

In all, the companies' spending on shareholders and executives equated to 83 per cent of their profits during the pandemic. In 2020, the top 20 companies actually paid out \$21 billion more than they made in profits, and ten companies paid out more to shareholders and executives than they made in profits over the three years.

As a group, the top 20 pharmaceutical companies had a profit margin of 19 per cent during the Covid-19 pandemic. This rivals the notoriously high profit margins of the oil and gas sector, which averaged 17 per cent in 2022. Covid-19 vaccine makers had some of the highest profit margins, with 54 per cent for BioNTech, 51 per cent for Moderna, and 28 per cent for Pfizer.

The analysis relies on pharmaceutical companies' self-reported spending on R&D, which cannot be independently verified due to corporate secrecy. Big Pharma has previously been criticised for overstating the true cost of R&D, meaning the alliance's figures are expected to be an extremely conservative estimate.

The figures confirm that the pandemic saw the pharmaceutical industry continue its long-established trend of prioritising payouts to shareholders and executives over R&D. They call into question industry claims that forcing pharmaceutical companies to share medical technology in future health crises would harm investment in new vaccines and treatments.

As governments negotiate a Pandemic Accord at the World Health Organisation, low and middle-income countries have proposed measures which would mandate the sharing of medical technologies and suspend intellectual property rules on vaccines, medicines, and tests in a health crisis. However, the proposals face fierce opposition from rich countries, including the UK, EU, and Switzerland, who blocked a proposal from developing countries at the World Trade Organisation to waive intellectual property rules on Covid-19 countermeasures.

Pharmaceutical companies are lobbying governments to remove any mandatory measure from the Accord which could undermine their total monopoly on medical technologies. They claim that imposing these measures would remove their incentive to invest in R&D. But these new figures prove those claims to be "a political myth", campaigners say.

Winnie Byanyima, Executive Director of UNAIDS and Co-Chair of the People's Vaccine Alliance, said: "Pharmaceutical companies have long claimed that their enormous profits are needed to invest in developing new medicines. These figures prove that claim to be a total fallacy – a political myth devised to lobby against any threat to their monopolies. Covid-19 showed that the opposite is true; public funding is the engine for medical innovation.

"Whether it's Covid-19 vaccines or HIV medicines, it is not right for life and death decisions to be left to an industry which seems to care more about enriching shareholders and executives than ending pandemics. As governments negotiate a Pandemic Treaty, they must prioritise public health over monopolies. The current system is inefficient, ineffective, and unsustainable – and governments must change it before the next pandemic."

Ban Ki-moon, eighth Secretary-General of the United Nations and an honorary member of Club de Madrid, said: "Twenty years ago, the Framework Convention on Tobacco Control showed that governments can stand up to industry lobbying to protect people's health. However, corporations have never stopped trying to capture the policymaking process, using misleading arguments to enable the continuation of profiteering.

"We see this in climate policy, with the increasing presence of fossil fuel lobbyists at COP, and we can see it in global health, with pharmaceutical companies trying to hollow out equity from the Pandemic Treaty. Tackling the great challenges of our age requires standing up to vested interests and placing the needs of all humanity above the wealth of a few corporations."

\* Source: [The People's Vaccine](#)

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