

Europe's GDP fell by almost 7% in 2020. Pandemic perspective

The eurozone contracted in the fourth quarter by -0.7% q/q, meaning that the eurozone's 2020 GDP fell by 6.8%.

This is bad if we compare it with the USA (which fell by only 3.5% in 2020, and with a 4th quarter growing at +1%).

Europe is worse off if we include the projections for 2021, when we think that the USA could grow by up to 5.5% (Goldman forecasts +6.8%). While we have already revised the EU's decrease in growth to 4% (from 5%). Will Europe fall further and grow less? I will say it again: there is a design problem in the European Union, and this is just one more example.

The failure and incompetence of the European bureaucracy in the negotiations with laboratories (the debate is whether the reason is "over-cautiousness" or procrastination when it comes to negotiations), has caused Europe to be 2-3 months behind the USA. This condemns thousands of people in the eurozone to unnecessary death, which could have been avoided if things had been done properly.

The UK surprises with the highest vaccination rate among major countries (600,000 per day). Comparison:

- United Kingdom=15 doses/100 inhabitants/day
- USA= 12 doses/100 inhabitants/day
- EU=2.5 doses/100 inhabitants/day

The situation is that, behind the bottleneck (and the delays), all the countries of the world (and their respective health agencies) have approved the emergency use of up to 12 vaccines, and have put all laboratories in competition for the same ingredients, machinery, facilities...

Although there are 3 different technologies (conventional culture, viral vector and MRNA), all laboratories use the common ingredients: sterile water, anti-reagent glass, and some rare natural component such as the blood of the horseshoe crab, because it contains a unique substance capable of detecting any impurity in the compound.

A big mess:

1. Ingredients: All laboratories have gone en masse to procure all the materials, but there is not enough for everyone. Environmentalists have already raised the alarm about the possible extinction of this 300-million-year-old crustacean.

2. Facilities: Cultures need bioreactors. These may only be used in biosafety-level-3 facilities. The problem is that the world had the facilities for a vaccine manufacturing rate of 5 billion a year (which is the production rate required for polio, influenza and others). Now, for the Covid alone, 11 billion vaccines will be made. In total, this will

increase to 16 billion vaccines. Facilities have to be readjusted, and this has not been done.

3. Inspection: Composites have to be inspected (for micro-cracks, etc.), but production managers say that capacity is what it is.

Perspective:

1. Of course, this whole bottleneck problem will be solved, but this is not like the problem of the shortage of masks and gloves. The lack of certain ingredients and the problems of installed regulatory capacity require more time.

2. Only two countries will (probably) be able to complete immunisation by 2021: USA and UK

3. The rest of the developed countries (including the EU) will have to wait, probably until 2022. We are confident that vaccinating the most vulnerable segments will be enough to normalise economies.

4. Emerging countries will have to wait longer. Maybe until 2023!

5. Among emerging countries, I am NOT concerned about Asia, where countries have shown to be capable of managing the pandemic efficiently and maintaining a more normalised pace of activity.

6. In contrast, in Lat Am, where they have not proven to be able to keep the pandemic at bay, the lack of vaccines will mean that they will need to continue to resort to restrictions throughout 2021 and part of 2022.