

# Ventilator Sifting Wash-up Report

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## Team & Task

The ventilator sifting team was established by Tom Duke on 28 March and disbanded 17 April (see *appendix A – Ventilator Sifting Team Timeline of Events*). The HMG China Taskforce's core procurement strategy was to focus on ordering ventilators directly from well reputed manufacturers and then to safeguard and expand those orders. The Sifting Team's objective therefore was to ensure we were not missing any high-quality opportunities coming from the much riskier intermediary market, as well as deflecting poor-quality leads from distracting the core procurement team from their objective.

## Market Situation

We began to receive daily offers from individuals and intermediaries offering to help us buy hundreds ventilators in China. Our contacts in the ventilator manufacturing companies had informed us emphatically that all of their ventilators were either already in use/exported or were forward booked for the next few months. They would later release public statements to that effect in Chinese. We knew through stock checks however, that there were at least some intermediary ventilators in circulation. The existing units, if they did exist, had been sold off to third-parties by legitimate distributors or otherwise illicitly entered the intermediary market through the 'back-door'.

At the same time there was huge international demand, greatly outstripping supply. Speculators, opportunistic intermediaries and individuals had piled in, trading up prices exponentially. Some of the units we looked at had changed ownership over five times in the past two weeks. The prices quoted were on average triple the usual retail price and at the peak of the market, many times over. We had entered a ventilator procurement 'Wild West' (*appendix E – Online Media Report*).

## Pyramids & Bubbles

We saw the emergence of what were, for all intents and purposes 'pop-up ventilator auctions' being held at secret locations to all who could prove they had the funds to buy. Often these 'auctions' would be run by intermediaries without the stock themselves but who were bidding against other intermediaries to secure it. Each of these intermediaries would also be running auctions - and were often two or three steps removed from the stock/factories. The market had become a pyramid structure.

These so-called "deals" were sometimes only on offer for a few hours before they were sold off. As soon as the address was provided, intermediaries and buyers would jump in their cars and rush across Chinese cities to check and buy the stock. Sometimes at one or two am in the morning. Our stock check representatives would go on to find themselves in lines of three or four cars containing different layers of middlemen to see ventilators at locations yet to be revealed (*See appendix D*). Ostensibly, the party with the biggest budget and matching appetite for risk would come away with the units. Demands were made for payments up-front and in cash, as well as deposits just to view the units.