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Press Conference

“Improving health care in Africa: the R&D
Pharmaceutical Industry’s Contribution – and
Expectations for the G8 summit”

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“Pharmaceutical research for diseases in Africa”

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The spoken word counts!

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Last year, I had the opportunity to accompany the German President Horst Köhler on a visit to Botswana. I enjoyed this visit very much, since one could observe what had long been unthinkable in that country: approx. 80 percent of HIV-infected individuals requiring medication receiving health care through a national AIDS medication program. The efforts to combat the spread of the epidemic plague are being rounded out with education campaigns for the population and AIDS testing. The Botswanan pharmacist Segolame Ramotlhwa played a decisive role in building this program which started in 2001 and last October he was awarded the German Africa Prize for his valuable contribution.

In Botswana, I became increasingly aware that, in a developing country, the health situation can only be improved substantially if and when it is driven from within, when the government itself makes this its own objective and uses its own resources, however small, to attain this aim and gives it a high priority. Once driven from within, financially viable support will be found, as is the case of Botswana, from the Bill and Melinda Gates Foundation, the US pharmaceutical company Merck and Boehringer Ingelheim, followed by others. Botswana receives AIDS medicines directly from the original manufacturers, of course, at special arrangements. However, economic aid in support of the self-help is also given in other areas, such as logistics and education.

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Once again, I asked myself during this visit: how can the research-based pharmaceutical industry further contribute specifically to Africa's health?

Well, as research-based pharmaceutical companies, our specific core competency lies in the development of new pharmaceuticals against diseases which up to now could only be inadequately treated or for which no immunization program exists as yet. This is the area where we can make a contribution where other stakeholders cannot.

AIDS therapy has of course the highest priority, especially for Sub-Saharan Africa and our researchers have been involved in this field for a long time; there is no other disease for which they have developed more medicines since 1985: 21 individual and some combination drugs against the virus itself, 13 of which are also suitable for children; and more than 60 drugs for HIV-related conditions.

It is an undisputed fact that only very rarely in the history of a disease has such a large range of medicines been developed so swiftly or successfully. Now, the impressive drop in mortality rates and the significantly improved quality of life enjoyed by sufferers in the developed world need to be transferred to the poorer countries. This is what we believe is the common task of the

countries concerned, the aid organizations, the richer countries and the pharmaceutical industry. To achieve this, further research to develop even better medicines is essential. Currently, another 34 HIV drugs are being developed and another 40 for related diseases. In addition, there are child-adapted versions of current and future medicines. And despite numerous setbacks, these companies continue to work intensively on vaccines, with 19 projects currently underway.

Until a few years ago, however, there was little activity in pharmaceutical research related to some of the other diseases typical for the developing countries – not including the few positive exceptions. For the most part, pharmaceutical companies were not able to proceed with such projects without incurring a significant loss.

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Nevertheless, in the meantime, they have increasingly focused also on these diseases: in this respect, currently 17 new drugs and a number of vaccines are being developed against tuberculosis. Several companies have even built new research laboratories specifically for this purpose.

For malaria too, there are 18 projects developing new medicines and several projects looking at vaccines. More than 40 more pharmaceutical research projects are directed at worm infestations and other tropical poverty-related diseases.

This turnaround has, among other things, been made possible because, in addition to the established research within the pharmaceutical industry, new forms of cooperation, the so-called *public-private partnerships*, have been developed; the pharmaceutical companies cooperate with charities, research organizations, relief organizations and governments, share their know-how, laboratories and trial coordinators, but are not alone in carrying the burden of economic risk. On the contrary, the incurred costs are shared among the involved partners as well as the usage rights for the cooperatively developed pharmaceuticals. For example, it can be agreed that the manufacturer must deliver the pharmaceuticals for relief organizations at cost-price, while free to place the product onto the market in industrialized nations at normal cost. Meanwhile, many such *public-private partnerships* exist for drug development, an excerpt of which you can see in the chart.

There is another way to assist the drug development for the developing countries. Economists talk about '*advanced market commitment*' by which they mean the following: if today a government or relief organization was to bindingly declare to purchase a drug at a specific price, the pharmaceutical companies would be able to calculate their willingness to get involved in drug

development. This is an interesting funding approach, because public funds only have to be paid if the project is successful.

For many years there was only loose talk about such *commitments*. However, at the start of 2007, several governments have indeed for the first time made such a firm purchase commitment for an Africa-specific vaccine against pneumonia and meningitis. One company has already declared its interest.

Regarding the role of patents for the health situation in the developing world, I continuously come across considerable misunderstandings. The fact is that patents safeguard intellectual property; without them, inventors could lose the fruits of their labor to any competitor. And this is to be expected, because there is the danger that companies will shy away completely from developing new drugs for the diseases in question. Patents are also necessary if a company endeavors to produce their product on the basis of an *advanced market commitment*. Also, sharing the usage rights in *public-private partnerships* is mostly based on patents.

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Especially in the case of infectious diseases, patents do not obstruct the path to new medication, as the pharmaceutical companies adjust their pricing to the different countries, as shown by the example of the cost-price for HIV medication.

On the other hand, this also means that the money needed for the development costs of a drug needs to be made in the industrialized countries alone, and more than this, because, ultimately, the companies lose money when they offer the drugs to developing countries at cost. *Tiered pricing* i.e. a country-specific pricing for patented medicines also means that the industrialized nations need to be prepared to show solidarity with the developing countries through the price of drugs.

Most of the most important drugs that are needed in developing countries have long been patent-free anyway, among them 95 percent of the so-called essential drugs. However, this did not result in these drugs being produced cheaply on a large scale and being made accessible to the majority of patients in the Third World. To this day, in many countries, diarrhea remains the predominant cause of death in children, despite the fact that the price for these medicines is no more than cent or two. Or take a look at India, the country with generic drug producers that are allegedly so cheap: out of 5.7 million people infected with HIV only around 70,000 have access to therapy in spite of the fact that in India all available AIDS drugs continue to be produced in generic copy form.

All of this shows that it is a fallacy to believe that health problems can only be solved by breaking patents. And with regard to all the

cases where governments have declared patents invalid, I cannot help but get the impression that it was not the interests of the poor population, but rather the wishes of the generic drug producers in the respective countries that were behind this decision.

Please do not misunderstand: I am not speaking against the work of the generic drug companies and also not against research-based companies entering into licensing agreements with them. On the contrary! This is one instrument among many which can aid to improve the supply situation in the Developing World. Boehringer Ingelheim, for instance, has been able to achieve good results in this field.

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However, breaking patents, as said before, has not solved any health problems. It rather obstructs the possibility to cooperatively work towards a solution of the health problems of the requisite country, as for example in Botswana. And that is exactly what is shown so clearly in Botswana, is that its success was achieved through the pooling of all resources and through collective action.

I believe the governments of the developing and emerging countries, and also of the G8 countries supporting them, will achieve more if, in future, their national health programs rely more on the competence of the research-based pharmaceutical companies. We have an offer for those of you who are determined to improve the health situation in your country and who want to work together with us: we have more to offer than price lists and patent knowledge! We offer experience in the logistics, demand planning and in the fight against drug falsifications; we offer laboratories and know-how which can also be used to develop new drugs for tropical diseases; and we can offer assistance in training urgently required specialists on-site.

But more than anything else, one could help the sick in Africa with the determined buildup of the health infrastructure there. Because, what good are drugs, if there are no physicians or drugstores available in the region?