Cheap Shots

Five drug-makers prescribe treatment availability for Africa. Dave Gilden says, “Put your R&D where your mouth is.”

August 1, 2000 By Dave Gilden

The May 11 news reports gave hope to the world: Five major pharmaceutical companies were going to slash the prices of their HIV drugs by up to 90 percent in developing countries. That’s within the realm of possibility: Manufacturing costs, after all, make up about 15 percent of the drugs’ total U.S. price, with much of the rest lavished on marketing campaigns.

Unfortunately, the press had gotten carried away, and the notion that affordable therapies would become universally available was more hype than hope. The real story: Five pharmaceutical companies—Boehringer, Bristol, Glaxo, Merck and Roche—had joined with United Nations officials to issue a “statement of intent,” saying they “are willing to work with committed governments, international organizations and other stakeholders to find ways to broaden access while ensuring rational, affordable, safe and effective use of drugs for HIV/AIDS-related illnesses.”

Glaxo did promise to eventually reduce the price of AZT and 3TC by 85 percent for programs growing out of the statement of intent. The others made no such commitment. The statement called for “significant additional funding from new national and international sources”—in other words, somebody else should help foot the bill. And a call for “continued investment in research and development by the pharmaceutical industry” was tied to a plea to respect intellectual property rights. That would ensure drug-makers’ control of supply and pricing.

The South African government was quick to stress that an 85 percent price cut would put triple-combination therapy at $1,500 per person per year. At that figure, South Africa’s entire $300 million annual health budget could offer therapy for only 200,000 people—a drop in the bucket. South Africa’s rapidly growing HIV population is currently estimated at 4.2 million, with another 19 million living in the rest of Africa.

A day before the announcement, President Clinton issued an executive order pledging that the United States would not oppose African countries’ attempts to revise intellectual property law to ease distribution of AIDS medicines. South Africa and Brazil have pushed to find Third World generic drug producers who could furnish truly affordable drugs. The favorable glow of Clinton’s move was dulled at the UN’s 53rd World Health Assembly, when the United States and other industrialized countries opposed efforts to establish a worldwide list comparing alternative

producers' prices for anti-HIV drugs. The Assembly's final AIDS resolution, approved May 20, still supported "strong" national generic drug policies and negotiating with pharmaceutical companies for price discounts, an action reflecting dissatisfaction with the vague statement of intent from the drug companies.

Other reactions were more blunt. The 1999 Nobel Prize–winning nonprofit Doctors Without Borders likened it to an "elephant giving birth to a mouse." But industry insists that this mouse could roar. "The announcement was the beginning of a long process, based on this common vision of how to tackle HIV/ AIDS most effectively in the developing world. Now the real work starts," Jeffrey Sturchio, a Merck spokesperson, explained. "We are committed to working together with local partners and the UN agencies to address underlying issues of health care infrastructure to provide a sound environment for the diagnosis, prevention, treatment and management of HIV infection."

Improving these infrastructures is desperately needed, and poor countries clearly cannot afford to refuse an offer of help. But drug manufacturers have little expertise in health care delivery; their vaunted research departments are their main strength. Yet they have used that power rarely to provide medications for poor countries.Industry's crowning achievement—HAART regimens—require lifelong therapy, have many side effects, permit HIV breakthrough and take sophisticated technology to sustain. Low-tech therapies that enhance the body's antiviral abilities would make drugs accessible to poor communities in a way that price cuts for costly products cannot. Adapting plant and animal antiviral compounds for human use, nutritional supplementation, therapeutic vaccines and microbicides, and TB-, malaria- and dysentery-fighting drugs are ignored areas of research that could achieve quicker and broader results.

Practical treatments would have economic and medical benefits for us in the developed world as well as for Africa. True, they may bring less profit, especially if the companies learn to temper extravagant pricing habits. But, ultimately, industry's real masters, the stockholders, will have to recognize that what is good for the world can also be good for the bottom line.

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