

Generic or brand drugs for HIV-AIDS? Southern Africa examples

by Francisco Rossi
International Poverty Centre

The recent UNAIDS report on HIV-AIDS doesn't leave much space for optimism – almost five million people became newly infected with HIV-AIDS during 2003, the greatest number in any single year since the beginning of the epidemic. The number of people living with HIV-AIDS continues to grow – from 35 million in 2001 to 38 million in 2003. In the same year, almost three million died from AIDS. More than 20 million have died since the first case of AIDS was identified in 1981.¹

Over the last decade, antiretroviral (ARV) agents have been developed which have shown impressive short to medium term impact on reducing HIV-AIDS related mortality and morbidity. Indeed, ARVs make the difference between life and death. The World Health Organization (WHO) has estimated that, in 2004, 6 million people living with HIV-AIDS in the developing world need antiretroviral therapy, yet only 440,000 are receiving these medications; 150,000 of them in a single country, Brazil.

The low incidence of ARV therapy is due to, among other factors, its high cost. The cost of standardized treatment, known as "first line triple therapy", reaches US \$10,000 with brand-name patented drugs for one patient per year of treatment. This is an unreachable cost for countries with average per capita incomes that do not go above US \$1,000 per year. However, a humane approach to Intellectual Property Rights (IPR) opens the door to be able to escape from death, for the cost of the ARV treatment using generic drugs reduces the cost of the same treatment to US \$ 300. In 2004, 450,000 people are being treated in developing countries. About one third of them in Brazil, thanks to this country's strong posture about IPR in the case of ARVs.

A humane provision on IPRs allowing for a widespread use of generic ARVs can make a difference in the fight against AIDS. The findings of a recent UNDP mission to the 4 countries with the highest prevalence of HIV-AIDS cases, all of which are in Africa, clearly underscores the benefits of antiretroviral treatment (ARVT) based on generic drugs. The "3x5 initiative", led by the WHO and UNAIDS, aims to increase to 3 million, from the current 0.5 million, the number of people under ARVT by the end of 2005. This initiative will mean an increase in the number of people under ARVT from less than 20 thousand to up to 150 thousand in the 4 countries selected.

Country	People on ARVT	Goal 2005 (3x5)	% of GNP with generics	% of GDP with brands
South Africa	5,500	120,000	0.032	1.06
Botswana	18,500	150,000	0.865	28.85
Zambia	12,000	120,000	1.000	33.33
Mozambique	3,800	100,000	0.833	27.78

Sources: GNP: Human Development report 2001. UNDP. People on ARVT and goals 2005 were collected by a UNDP mission to these countries in August 2004. Generic costs were calculated with an average of US \$ 300/year and brand US \$ 10,000/year.

For these 4 southern Africa countries, the cost of providing ARVT according to the goals of the 3x5 initiative will significantly decrease with generic drugs. Costs do not exceed 1% of GDP for any of the four countries considered by the mission. South Africa will come down to one thirtieth of the cost with brand-name drugs. For the other 3 countries, reductions are so dramatic that they mean converting the 3x5 initiative from bluntly unaffordable to clearly feasible. The cost comes down from more than 25% of the GDP to less than 1% of GDP.

Intellectual property rights (IPR) have played a crucial role on prices of brand-name ARV, specially after the 1994 Marrakesh Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). This agreement established an international minimum frame on IPR, which allows innovator industries to set high prices internationally. TRIPS agreement includes legal mechanisms to properly balance the needs of the society and the patent owner, such as compulsory licenses, governmental use and parallel imports. These allow states to break patent exclusivity by granting permission for public or private enterprises to produce generic versions of brand-name drugs in case of national emergency, national security, epidemics and other emergencies of public health, as well as in cases of anticompetitive practices. The figures showed here suggest that TRIPS legal mechanisms are a matter of survival for these countries. Not only for the people living with HIV-AIDS, but also for the national economy. For this reason, it is of the outmost importance that bilateral and regional free trade agreements do not undermine TRIPS provisions by adopting more stringent IPR rules.

Reference:

1. UNAIDS 2004 report on the global Aids epidemic, <http://www.unaids.org/bangkok2004/GAR2004_html>.