

**Statement by Peter Bains, Senior Vice President, International Commercial Development  
GlaxoSmithKline  
to the  
European Parliament's Committee on International Trade Hearing on TRIPS and Access to  
Medicines, Brussels, 18 January 2005**

## **Introduction**

Thank you for the opportunity to address this important hearing.

There are no easy solutions to the challenge of providing access to sustainable healthcare in developing countries. Poverty is the single biggest barrier to improving healthcare in the developing world. Poverty of finance, poverty of infrastructure, poverty of healthcare capacity and poverty of political will. In many countries people do not have enough food or water, and very limited access to healthcare professionals and facilities. Often the governments of these countries simply do not have the resources needed to address the healthcare needs of their people.

However, lack of resources can be no excuse for lack of action. An effective global response is needed, and needed now.

## **The industry's contribution**

The pharmaceutical industry has played, is playing, and remains committed to playing a full part in addressing the healthcare challenges of the developing world. Unfortunately, I don't have enough time today to provide much detail, but the industry makes a vital contribution through action in four areas. Firstly, the most important contribution the pharmaceutical industry can make is investing in the research and development (R&D) that will produce the new treatments and vaccines of tomorrow. Secondly, we are seeking to improve affordability of our products in the poorest countries of the world through various differential pricing offers which are often comparable to those from generic companies. Thirdly, the pharmaceutical industry is one of the world's most philanthropic, as shown by its response to the Asian tsunami. From 1998 to 2003, pharmaceutical companies contributed \$4.1 billion to improve healthcare in the developing world. And fourthly, the industry has always sought innovative partnerships. Examples abound such as Bristol Myers Squibb's Secure the Future programme or Merck's work with the Gates Foundation in Botswana. For our part, GSK has granted 6 voluntary licences to generic companies for the manufacture and sale of our leading ARVs to the public and private sectors across all of sub-Saharan Africa.

I'm not claiming that the industry's response has been perfect. It hasn't. Like many stakeholders we were taken by surprise by the speed, scale and scope of the AIDS epidemic. But our contribution now is comprehensive, sustainable and responsible.

We believe that our response is not only the right thing to do but makes good business sense. Companies that respond sensitively and with commitment by changing their business practices to address such challenges will be the leaders of the future.

## **IP is not the problem**

Generic companies have an important role in addressing the AIDS crisis. But it would be counter-productive to ignore or undermine the role of the research-based industry. There is a fundamental truth about AIDS – we need new medicines and vaccines. We do not yet have a cure or a vaccine for HIV. Existing medicines are becoming less effective as resistance to them grows. Intellectual property protection is of critical importance for R&D, without it there will not be any. And if there is no R&D, there will be no new medicines and vaccines. Support for innovation is important.

Too many people see tearing up intellectual property rules and local manufacturing as the panacea. This is simplistic and counter-productive. If that were the answer, India would deal with AIDS better than any country in the developing world. India has had no intellectual property protection for pharmaceutical products, and has the most developed generics industry in the world, with over 20,000 manufacturing sites. Yet the proportion of people on ARVs who need them is similar to that seen in Africa.

Additionally, of the 325 medicines on the WHO's Essential Medicines List, around 98% are off patent and yet the WHO state that a third of the world's population have no reliable access to them. Clearly, lack of healthcare infrastructure and resources are the problems, and where the focus should be, rather than on intellectual property.

Some have claimed that now that countries like India have fully implemented TRIPS, suddenly the world's supplies of generics will dry up. This is nonsense. Very little will change. TRIPS is not retrospective, so medicines that are currently produced will continue to be available. And for new products, TRIPS contains

provisions which give governments the flexibility to adopt national policies to safeguard their public health interests.

Intellectual property must be respected if new medicines and vaccines are to be researched and developed. At the same time, we fully acknowledge the public health safeguards in TRIPs. We welcomed the agreements struck in Doha in 2001 and in Geneva in August 2003, and we believe it is in the best interests of all stakeholders to see the rapid passing of legislation to implement them. In this context, the industry broadly supports the Commission's proposal for a Regulation on compulsory licencing for export, which I understand this committee will be reviewing.

### **The real solutions**

Access to medicines in the developing world remains a complex issue. It presents a unique challenge to the global community.

Welcome new resources are coming through. Nevertheless, funding remains inadequate. Wealthy nations must give more. Developing world countries also have their part to play. Middle Income countries must accept their responsibilities and not seek the lowest prices offered to the world's poorest countries. Others need to show genuine political commitment. This means addressing stigma; it means removing import tariffs that raise prices; and it means prioritising healthcare in national budgets.

### **Conclusion**

Only an holistic approach embracing both prevention and treatment will work. The global community must provide political will, a significant mobilisation of additional resources and a spirit of partnership if we are to see an improvement in healthcare and quality of life across the developing world. The industry will continue to play its part. We will continue with our efforts, improving our initiatives by applying lessons learned and looking for opportunities to do more.