

# Scrapping patents is dangerous medicine

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LATE this month, public health activists and policy experts from around the world will head to Geneva to attend a World Health Organisation (WHO) conference on intellectual property rights. There, the attendees will discuss the best ways to get medicine to the world's poor. The resulting recommendations will have a huge impact on the health-care programmes of many South-east Asian governments.

Many of the conference's loudest participants support the suspension of patents on pharmaceuticals. Indeed, they are already pushing for governments to follow this policy.

In the Philippines, for instance, the Congress is currently considering a measure called the Cheaper Medicines Bill, which aims to lower the cost of medicine by weakening or revoking patents on drugs.

The Bill's proponents claim they're fighting for "patients over patents". But gutting patents will not only retard the development of medicines, it could also harm and kill patients now.

There are better – and safer – ways to get quality treatments to the poor.

Simply put, patents are not responsible for the problems the poor face in gaining access to medicine. Only 1 per cent of the medicines on the WHO's Essential Medicines list are patented. The remaining 99 per cent of drugs are off-patent and could be cheaply produced as generics.

Yet the access problems remain. That is puzzling, if patents are to blame.

The real access problems are systemic. Plenty of cheap generic drugs are present in the Philippines and elsewhere, but they are not the genuine article.

Many are of dubious quality or do not pass bioequivalence testing to ascertain if they are as safe and efficacious as patented drugs.

Some are not tested at all. Indeed, Dr Suzette Lazo of

the University of the Philippines has said "not all generic drugs in the...market have been tested; in fact only a very small minority has undergone testing".

This lack of testing could have dangerous consequences. The WHO estimates that about 30 per cent of the medicines supplied in developing countries are fake. India's firms are the most notorious culprits, as the 8,000 pharmaceutical companies there turn out a drug supply that is nearly 42 per cent counterfeit.

Patented medicines, by contrast, go through intensive screening and approval procedures in order to guarantee their safety. Patents generally

## NEGATIVE RESULTS

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last for 20 years, but clinical trials eat into eight to 12 years of that period – and there is no guarantee that those clinical trials will result in a successful product.

That leaves little time to recoup the US\$800 million (S\$1.1 billion) it costs on average to develop and bring a new drug to market. Without the "profitability period" guaranteed by a patent, it's unlikely that any firm or individual would undertake the time- and money-intensive research necessary to discover the next "miracle" product.

Instead of interfering with the market for medical treat-

ments, governments in the Philippines and elsewhere should step aside. Scrapping taxes on medicines would be a good start.

In the Philippines now, medicines are slapped with an import tax of 5 per cent and a value-added tax of 12 per cent.

In other countries, the government charges are even higher. The total burden of taxes, charges and fees can range from 55 per cent in India to 34 per cent in Nigeria and 29 per cent in Bangladesh. Medicines in Mexico are a relative bargain, with only 24 per cent in additional fees.

Such excessive government charges put critical treatments out of reach for thousands of people. Abolishing them entirely would do wonders to lower the cost of medicine and to get it to those who need it, particularly the poor.

Geneva will be crowded with rich technocrats who have little familiarity with the on-the-ground realities of South-east Asia's public and personal health-care problems. Yet they won't hesitate to further incite national governments to extend their intervention in medical innovation.

This is nothing short of ideological imperialism, pushing us in South-east Asia to accept confiscatory policies that disrespect the property rights of innovators and the freedom of choice of patients. This is condescending to citizens and political leaders alike.

And their pretensions come at a price. Patent busting might bring cheaper drugs in the short term, but it threatens the well-being of poor patients and stifles medical innovation in the long haul.

Seizing patents in the name of the poor may sound compassionate, but the consequences for both current and future patients are anything but. Governments can achieve "cheaper medicines" by simply getting out of the way.

The writer is president of Minimal Government Thinkers Inc, a Philippines-based think-tank that advocates small government, low taxes and free markets.