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## Pharmaceuticals

### Why AIDS Drugs Now Flow to the Third World

- ▶ Some producers of the life-saving medicines are licensing them gratis
- ▶ “We’re talking about the how rather than ... whether” patents get shared

Salim Abdool Karim received a standing ovation at the International AIDS Conference in Vienna last month when the South African doctor announced that a vaginal gel reduced the risk of sexual transmission of HIV to women by more than half. The advance was hailed as a breakthrough for the world’s poor.

The successful development of the first protective agent against the virus after years of failures wouldn’t have been possible without the cooperation of Foster City (Calif.)-based **Gilead Sciences**, the leading producer of some of the world’s priciest AIDS medicines. Gilead, which logged almost \$6 billion in AIDS-drugs sales last year, donated the gel’s key ingredient, sold in the U.S. as a pill called Viread, and granted a royalty-free license to Conrad, a nonprofit reproductive-health organization that plans to distribute the product in Africa.

Pharmaceutical companies, once blasted as uncaring or downright greedy for charging thousands of dollars for a year’s worth of AIDS medicines like Viread in poor countries, lately have been slashing prices and licensing their drugs for free or nominal cost to nonprofits or local manufacturers in the developing world. Activists say the largesse is in part an attempt to avoid a repeat of

the public-relations backlash the companies received a decade ago after initially pricing the drugs at levels only patients in the West could widely afford.

Also, a network of aid agencies and local manufacturers is now in place to handle production and distribution of the compounds—something many Western companies don’t want to handle themselves because of the cost and transportation hassles. “It’s a pretty remarkable” shift, says Mitchell Warren, a New York AIDS activist, noting that 10 years ago drugmakers argued that the infected in Africa couldn’t be trusted to properly take complicated drug regimes at any price. Two years ago, **Pfizer** granted a free license to a nonprofit group to develop the company’s AIDS drug, Selzentry, for use in another experimental gel. Last month a **GlaxoSmithKline** affiliate said it will give away licenses to some of the AIDS drugs it’s developing in 60 of the world’s least-developed nations where 80 percent of people with HIV live.

At the AIDS meeting in Vienna, **Unitaid**, another nonprofit, said it is discussing the creation of a “patent pool” with Gilead, **Merck**, and **Johnson & Johnson** to license drugs in development to generic makers who could sell medicines at lower prices than possible for the large companies. “We’re talking about the how rather than the whether” companies will participate, said Ellen ‘t Hoen, **Unitaid**’s executive director.

Makers of AIDS drugs have been under pressure to increase access in the

Third World since an international AIDS meeting held in Durban, South Africa, in 2000. Two years later former President George W. Bush committed to providing antiretroviral drugs for 2 million HIV-infected people in Africa and the Caribbean as part of his \$15 billion AIDS initiative, creating a potentially profitable market for low-cost manufacturers. By 2005, Bill Clinton’s foundation brokered discounts from generic manufacturers in India that have reduced the cost of combination drug treatments, which can reach thousands of dollars per year in the West, to as low as \$120 a year per patient. As prices fell, demand increased, yielding economies of scale that have helped lower prices further, says Michael Kazatchkine, executive director of the Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria.

By licensing the drugs to be manufactured by third parties in developing countries, big pharmaceutical makers get positive publicity for helping the poor without being forced to distribute the drugs at a big discount to what they sell them for in richer nations. The lower-priced pills are required to be sold in distinctly different shapes, sizes, or colors, dramatically lowering the possibility they’ll end up back in the U.S. or Europe through black market channels to compete against full-price medicines. —*Simeon Bennett and Tom Randall*

**The bottom line** By licensing AIDS drugs at little cost for use in the Third World, drugmakers get favorable press and don’t bear distribution costs.

