

WHO

Drug monopoly problem of pharmaceuticals

Topic Background

The rising prices of new drugs are creating severe financial instability in the health systems, interfering with other important aspects of healthcare delivery such as staffing, investment, and growth. In addition, these high prices create a barrier to access for many patients and many health services. This is not only the case in third-world countries but also in Spain and the other countries of the European Union.

The problem is without a doubt of enormous economic importance. But even more important, is its ethical dimension. This document aims to analyze the problematic access to medicines and the threat that rising drug prices pose to the economic stability of the healthcare system. Specialists in psychiatry and neurology discuss the causes of this escalation, linked to the current model of drug patents and the inability of governments to control it, the focus of this committee should be putting forward some proposals for the resolution of the inability of governments in medical patents control.

Regarding the final price of treatments, health departments state that "there is total deregulation, and this means that the industry justifies the high prices by investments in research and development, but in truth, the real cost is unknown because the industry has not opened its books to dismantle it".¹ And they cite the case of sofosbuvir to treat hepatitis C as an example: "In 2003 Gilead launched this drug on the market after paying 11,000 million for the patent, and in one year it had already more than amortized that investment"².

In a public letter, signed by organizations such as Médecins Sans Frontières, AIDS Healthcare Foundation, Access to Medicines Research Group of China, The Foundation Positive effect of Argentina, and Human Touch Foundation Goa of India, Gilead Sciences

¹ *The Patents-Based Pharmaceutical Development Process : Rationale, Problems, and Potential Reforms.*

² *Welfare Effects in the US and the EU.*

are asked to refrain from claiming patents and other exclusivities on remdesivir. Failure to do so would create a monopoly that would jeopardize accessibility to treatment for millions of people.

"Gilead holds patents on this drug in more than 70 countries. Currently, there are no production sites for this antiviral outside the United States, and the company has recently scaled back its compassionate use program due to overwhelming demand,"³ the signatories note.

However, between 1960 and 2016 only fourteen countries in the world resorted to this mechanism, which in 44 cases led to the reduction of drug prices under the monopoly of twelve pharmaceutical companies, according to a review of the Medicine Patent Pool database. Only two Latin American countries appear in the list of countries that granted compulsory licenses, Brazil, and Ecuador.

Currently, the crisis caused by the COVID-19 pandemic has led Canada, Chile, Ecuador, and Germany to take measures to facilitate the cancellation of patents for drugs and vaccines. Thus, through the issuance of compulsory licenses, they will be able to suspend the exclusivity right of certain drugs for their free production and use.

In 2016, a United Nations high-level panel on access to medicines issued a report that identified the serious problem we now see: "inconsistencies between trade and intellectual property rules with public health and human rights objectives."⁴ On this conflict, the Inter-American Commission on Human Rights (IACHR) was also informed that same year by a coalition of civil organizations (Peru, Colombia, Argentina, Guatemala, Mexico, and Brazil): the current patent system is one of the main obstacles to access to medicines. Amid a pandemic, it can be a huge obstacle to saving lives.

³ Welfare Effects in the US and the EU.

⁴ TRIPs, Pharmaceuticals, Developing Countries, and the Doha «Solution».

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