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Canada Looks Set to Export Generic Drugs to Poor Nations

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Staff Reporters of THE WALL STREET JOURNAL

TORONTO -- In a first for a Group of Seven industrial country, Canada appears poised to allow exports to poor countries of generic versions of patented medications for treating infectious diseases such as AIDS, malaria and tuberculosis.

Paul Martin, who is in line to succeed the retiring Jean Chretien as Canada's prime minister early next year, endorsed a plan on Tuesday to alter the country's patent law to enable Canadian generic drug makers to produce certain patent-protected drugs for export to poor countries grappling with pandemic diseases.

The initiative, floated by senior Canadian cabinet ministers last week, follows a landmark agreement in late August by World Trade Organization members to make it easier for poor countries to import cheaper generics made under compulsory licensing, if they are unable to manufacture the medicines themselves. If Canada implements its plan, it could help to lower drug prices and make treatment of infectious diseases more affordable in Africa and elsewhere in the developing world, advocates say.

"Canada's emergence at this point will make a considerable difference," said Stephen Lewis, the United Nations Special Envoy for HIV/AIDS in Africa, who spoke at a press conference in Toronto Wednesday. "I hope Canada's initiative may stimulate other G7 countries to do likewise."

Until the August WTO deal, developing nations were allowed to override patents to manufacture their own generic versions of patented drugs, but weren't allowed to import them. While some of the countries most in need of the lower-priced drugs, such as Brazil, Thailand and India, have generic-drug industries, "we're talking about billions of tablets a year" just for the treatment of AIDS, said Mr. Lewis. "No country could possibly do it alone."

Increasing the supply of generic drugs also could help to lower prices of generic drugs, which still are prohibitively expensive in countries people live on less than \$1 a day, said Dr. James Orbinski, a past president of Medecins Sans Frontieres. Dr. Orbinski, now at St. Michael's Hospital in Toronto, described his experience treating a young AIDS patient in Africa who demanded to know why Dr. Orbinski had "only kindness and nice words," but no drugs for him.

The legislative move in Ottawa is likely to entail drawing up a specific list of patented drugs that can be manufactured by generic drug makers for a set group of countries, according to an official familiar with the process. Public-health advocates said they plan to lobby for a broader amendment that would allow export of all "essential medicines," including those for cancer and

diabetes, to all poor nations, but acknowledged they are unlikely to realize this goal immediately.

The time frame for legislation hasn't been set yet. "There are a lot of things to look at," including making sure that the new policy is consistent with other trade obligations such as the North American Free Trade Agreement, the government official said.

Ottawa also will consult with pharmaceutical companies and generic drug makers.

Apotex Corp., a closely held Toronto generic company with more than 600 million Canadian dollars (US\$445 million) in annual sales, has worked on developing anti-viral medications and could likely gear up production of some AIDS drugs quickly, said spokesman Elie Betito. But "we don't know the details of the proposal," he said. "The devil is in the details."

The association representing Canadian patent-drug makers said it is willing to work with the government "to frame any legislative proposal to assist in humanitarian relief." In a statement Wednesday, Canada's Research-Based Pharmaceutical Companies, which represents 60 pharmaceutical companies, said "Canada has an opportunity to show international leadership through a sound implementation" of the recent WTO decision, which strikes "a balance between addressing the needs of the poorest countries while ensuring the protection of intellectual property."

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