





Impact of EU-CAN Trade Agreement on Access to Medicines: Research Findings

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EU trade negotiations with Andean countries

- Andean Community (CAN) – Bolivia, Colombia, Ecuador and Peru
- *June 2007* Negotiations open for an Association Agreement
- Three pillars: Political dialogue, Cooperation, and Trade
- Aim: To foster regional integration & development
- *September 2007* - 1st round in Colombia
- *July 2008* - 4th round cancelled: division within the CAN countries
- *February 2009* - Became bilateral trade agreements between EU and Colombia/Ecuador/Peru
- *September 2009* - Negotiations between the EU and Colombia, and Peru
- *November 2009* Final round expected to take place in Colombia



CAN-EU Alliance

- Established in May 2008
- At the request of civil society in the Andean region, HAI Europe joins Latin American NGOs to form a coalition to protect public health.

Important outputs:

- **Publication:** *Health Protection in the European and Andean Community Association Agreement* by Xavier Seuba (Jan 2009)
- **Research:** Impact studies on the IP chapter envisioned by EU for Colombia and Peru.
 - Commissioned by the Alliance, conducted by IFARMA in Colombia.
 - Full report now available in English; Interim reports published in March and May 2009.



Impact studies - Methodology

- PAHO/WHO meeting (2005) on IP and Public health:
Guide to estimating the impact of IPR changes on access to medicines
Published Barcelona (2007)
- Consortium to improve and apply the methodology.
WHO, PAHO, WBI (World Bank Institute), UNDP, ICTSD.
- From 2005 to 2009 - Used on 12 occasions:
10 in Latin American countries
- Impact studies conducted in Colombia and Peru

Impact studies - Methodology

- Intellectual Property Rights Impact Assessment
= **IPRIA** model
- Comparative scenarios methodology
- Impact = difference between:
 - **Basic scenario**: Current situation (no changes on IPRs)
 - **Alternative scenarios**: With IPR changes due to trade agreements/national regulations

The Model

- For each scenario, the model estimates:
 - % of products under monopoly
(patents or data exclusivity)
 - % of products subject to competition
(same API or therapeutic indication)
 - price disparity between monopoly and competitive medicines
 - market share ratio between monopoly and competitive medicines
- Differences between scenarios on:
 - Average price of medicines
 - Expenditure on medicines
 - Consumption
- Evaluated Markets: Private, Public, and Total

IP Measures & TRIPS +

- Basic scenario = US Trade Promotion Agreement
- Alternative scenarios:

Based on the round in February 2009

1. Supplementary Protection Certificate (Patent extension): 4 years
2. Data exclusivity: 10 years
3. Combined: Combination of the two measures

IP Measures & TRIPS +

The study forecasts, at different moments in time, the impact of the trade agreement on:

Level of exclusivity of medicines in the market



Impact on the average price in the market



Impact on pharmaceutical expenditures



Impact on consumption of medicines

Impact of Scenario Three

COMBINED MEASURES (SUPPLEMENTARY PROTECTION CERTIFICATES + DATA EXCLUSIVITY) TOTAL MARKET				
YEAR	PROTECTED API	PRICE INDEX	INCREASE IN EXPENDITURE ELASTICITY = 1	REDUCTION IN CONSUMPTION ELASTICITY = 0
2010	7%	1,00	0,00	0,00
2015	24%	1,03	28,91	-0,03
2020	36%	1,19	253,71	-0,16
2025	39%	1,26	459,35	-0,20
2030	37%	1,29	704,92	-0,23

Research Findings: Peru

Effect of combined scenario in 2025:

Increase in total pharmaceutical expenditure:
459 million USD (to maintain current consumption levels)

or

20% decrease in consumption

due to

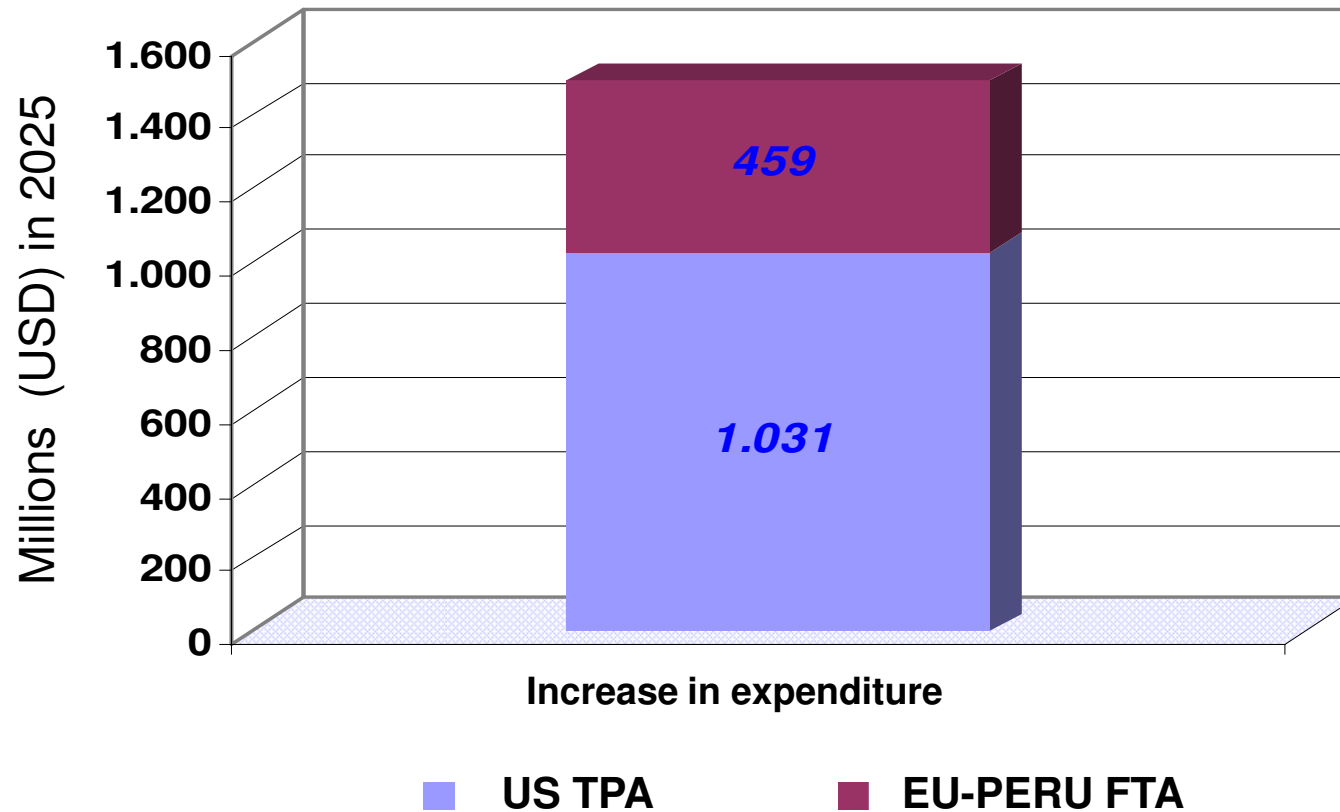
26% increase in medicines' prices

because of

11% increase in the number of IPR protected
medicines



US-Peru Trade Promotion Agreement and EU-Peru Free Trade Agreement



Where we are today

- Far-reaching provisions have been removed from the negotiation texts
- Sections of the enforcement chapter remain
E.g. controversial border measures
- Final negotiations to take place:
1st week of November

Conclusions

- Only one example of the many EU free trade agreements
- In this case- civil society was engaged & well organized, raising awareness and providing strong public pressure
- The EU has done much to advance health care in developing countries in recent years and yet...
- The EU must change its trade policy. It is now testament of a severe lack of policy coherence
- The EU's trade agenda must be in line with
 - health & development objectives
 - the position of the EP and some Member States



Thank you

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This event arises from the Developing Rational Use of Medicines in Europe project, which has received funding from the European Union, in the framework of the Health programme

Health Action International (HAI) is an independent, global network, working to increase access to essential medicines and improve their rational use through research excellence and evidence-based advocacy.