

Compulsory licenses in Ecuador will lower the price of medicines: Countries in the region should follow Ecuador's example

- **International experts welcome Ecuador's action and advise other governments in the region to use compulsory licenses and parallel importation to improve access to medicines.**
- **Ecuador's compulsory license for Kaletra® will generate savings up to 50%, helping Ecuador expand HIV/AIDS treatment, prevention and detection.**
- **This was the first time the Tiered Royalty Method (TRM)* was used for a Compulsory license.**

Quito, Ecuador - Civil society organisations coming together in a meeting of the Latin American & Caribbean - European Alliance for Access to Medicines assessed and praised Ecuador's recent decision to issue a compulsory license for Kaletra® (lopinavir + ritonavir), a key medicine in the treatment of HIV/AIDS.

Roberto Lopez, Director of Health Action International for Latin America and the Caribbean (AISLAC) and a member of the Alliance, welcomed Ecuador's initiative and advised countries in the region to follow its example. "Competition is the most effective way to reduce the prices of medicines. Promoting competition through multiple measures including compulsory licenses is therefore an important step to protect the right to health and access to medicines. Other countries in the region should follow suit," stated Lopez.

According to the Alliance, over the last ten years, global competition from generic medicines has revolutionised the treatment of HIV/AIDS, reducing the cost of first line treatment from about 10.000 USD to about 100 USD per person per year.

Jose Teran of HAI Ecuador said, "Until now, treating HIV/AIDS with Kaletra® under Abbott's monopoly has cost the Ecuadorian government around 1000 USD annually per person. Now, under the compulsory licence, generics are already available to the government at 800 USD. Prices will continue to fall as the government licenses more competitors. Ecuador could soon access generics at an annual cost of \$470 or less. Civil society, including national and international organisations, will continue to monitor Ecuador's progress toward expanding access to medicines."

According to the UNAIDS 2008 country report, 42% of Ecuadorians who needed antiretroviral treatment received it. Savings generated by compulsory licenses would help Ecuador invest in programs to prevent and detect HIV, and improve treatment coverage, including by ensuring consistent medicine supply and reducing stock-outs.

Sophie Bloemen of Health Action International (HAI) Europe said, "TRIPS flexibilities, like compulsory licenses and parallel imports, are sovereign rights enabling countries to expand access to medicines. Initiatives like Ecuador's compulsory licensing and Colombia's new Decree 1313,

which authorises parallel imports, are examples other countries in the region should follow, to expand access to medicines in accordance with the Millennium Development Goals.”

Participants in the Quito Meeting and Members of the LAC-EU Alliance for Access to Medicines

1. Acción Internacional por la Salud – AIS Latin America and the Caribbean
2. Acción Internacional por la Salud – AIS Bolivia
3. Acción Internacional por la Salud – AIS Ecuador
4. Acción Internacional por la Salud – AIS Perú
5. Consejo Episcopal Latinoamericano – CELAM
6. Corporación Innovarte – Chile
7. Farma Mundi – Spain
8. Federación Médica de Colombia - OBSERVAMED
9. Fundación IFARMA Colombia
10. Health Action International Europe – HAI Europe
11. Knowledge Ecology International – KEI
12. Misión Salud - Colombia
13. Public Citizen
14. Red Brasileira por la Integración de los Pueblos – REBRIP Brazil
15. Red Peruana por una Globalización con Equidad – RedGE Peru

Editor's note:

*The method used to calculate the amount of royalties to be paid to Abbott is referred to as “Tiered Royalty Method” (TRM). In the Tiered Royalty Method, the “royalty rate is not based upon the price of the generic product. Instead the royalty is based upon the price of the patented product in the high-income country. The base royalty is 4 percent of the high-income country price, which is then adjusted to account for relative income per capita or, for countries facing a particular high burden of disease, relative income per person with the disease.” (see ‘Remuneration guidelines for non-voluntary use of a patent on medical technologies’ by James Love, published by the UNDP and the WHO in 2005).

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