

U.N. Disease Fund Opens Way to Generics

By DONALD G. McNEIL Jr.

A \$2 billion global fund to fight AIDS, tuberculosis and malaria will encourage poor countries to buy cheap generic medicines instead of expensive brand-name ones, its director said yesterday.

The decision opens the way for makers of generic drugs in India, Brazil and other countries to sell far more of their products in the third world, undercutting the prices of major American and European drug makers.

"It's a big step forward," said Dr. Richard G. A. Feachem, executive director of the United Nations-initiated program, the Global Fund to Fight Aids, Tuberculosis and Malaria, explaining that it would let the fund's money go further.

The fund will require countries applying for grants to do three things:

¶Buy the lowest-price drug.

¶Buy only drugs of guaranteed quality.

¶Comply with international law and their own national laws.

Any drug on the World Health Organization's new list of approved drugs and drugmakers qualifies automatically, said Anil Soni, a fund official. That list, begun in March, includes drugs from companies like India's Cipla that copy products patented in the West, which is legal under Indian law.

The fund was started last year with great fanfare by the United Nations secretary general, Kofi Annan, in the hope that it would become the repository for Western donations

of \$7 billion to \$10 billion a year toward fighting disease.

Thus far, Dr. Feachem said, it has received worthy requests from poor countries totaling about \$8 billion, but has received only \$2.1 billion in pledges. Advocates for the poor have been particularly bitter that the United States has not donated more. President Bush's first pledge was \$200 million.

Of the 30 million people with the AIDS virus in Africa, it is estimated that only 30,000 are getting the anti-retroviral drugs that are routinely

Cheaper drugs to fight AIDS, malaria and tuberculosis.

prescribed for American and European AIDS patients.

But there was positive reaction to Mr. Feachem's announcement, including a surprising endorsement from the pharmaceutical industry's trade group.

Shannon Herzfeld, a spokeswoman for the Pharmaceutical Research and Manufacturers of America, said the group supported the fund's decision. "We believe strongly that there is room for bona fide generics as long as they are of high quality."

William F. Haddad, a generics

maker who helped create the cheaper off-brand industry in the United States, called the fund's decision "a big victory."

He contended that small countries in Africa, Latin America and Eastern Europe are afraid that the United States will punish them if they try to import generic medicines. "The U.S. is like an octopus," he said. "It's continually threatening to do 'something' to countries who buy from generics makers."

Mr. Haddad could not say which American officials had done so. In the early days of the Clinton administration, the Commerce Department aggressively threatened countries that ignored American patents with trade sanctions, but it changed its policy in December 1999 in the face of the AIDS epidemic. The Bush administration has said it would continue the latter policy.

A senior state department official who is familiar with the Global Fund disputed Mr. Haddad's argument, saying: "From my vantage point, there has been no such pressure. We've been nothing but supportive of countries who submit applications to the Global Fund."

The United States supports the right of poor countries to buy generic drugs with Global Fund money, the official said. "We don't have a bias for or against generics," he said, "as long as they aren't deprived of the opportunity of choosing brand names."