

IP, Access, and Supply

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Typology of Mechanisms for Accessing Drugs

		Type of Drug	
		<i>Brand-name</i>	<i>Generic</i>
Source of Supply	<i>Local Production</i>	A	B
	<i>Import</i>	C	D

Sustainability of Generic Supply?

- **Legality:** TRIPS (31.f, Doha Para 6)
- **Political Economy:** *Changing economic interests and political capacities of capable suppliers*

Disaggregating the Generic Drug Sector

Market Segment	Prices	Costs	Principal Export Markets
Commodity Generics	Low	Low	Developed and Developing
Specialty Generics	High	High	Developed
Hybrid Generics	Low	High	Developing and Least Developed

Political Economic Challenges to Stable Supply

Bigger Firms (*Those who can, won't?*)

- Larger firms that are capable of bearing the costs of speciality generics become less attracted to the low-price, hybrid generic segment of the market.
- And to the extent that larger firms lose interest in producing and exporting hybrid generics, they also lose interest in lobbying to secure necessary actions on the part of public officials.
- E.g. political behavior of large Indian pharmaceutical firms (Cipla as exception?)

Smaller Firms (*Those who would, can't?*)

- Smaller firms that seek to fill the niche may not be repelled by the low prices, but they are less able to bear the scientific and legal costs of the hybrid generic segment; also GMP/pre-qualification issues.
- Plus, smaller firms lacking scientific and legal capacity are also likely to lack the political resources to secure public action.

Mismatches

Industrial Structure

Those firms that can produce high-quality generics for poor people in poor countries have diminishing interest in doing so, and those with an interest in producing generics for poor people in poor countries may lack abilities to do so.

Politics

The actors with capacities to secure public action for scaling up global treatment (i.e. the ability to demand CL for export) little incentive to act, while the actors that need action (e.g. people with HIV/AIDS in poor developing countries) are indirectly represented and lack political power in the export-capable countries

- Loss of powerful actor leads to thinning of access and treatment coalitions

➔ *Unprecedented attention and concern to access to medicines, unprecedented funds (public and philanthropic) to drive demand, but will the drugs be available?*

➔ *Need to turn attention from challenges of access to challenges of supply?*