bilateral trade-agreements, and may not be easily forced to do so, already being a member of the WTO:

- IP legislation in Myanmar is still in a very early stage and therefore Myanmar has the possibility to base it on sound public health and innovation-policies, taking note of the experience (and mistakes) of other developing countries.

6.2. Opportunities, Risks and Challenges

For the pharmaceutical sector in Myanmar it is important to be aware that the WTO Doha Declaration on the TRIPS Agreement and Public Health (Doha - November 2001) allows LDCs to exclude medicines from patent protection, at least, until 1 January 2016.

This period without medicine-patents could be used to build local (innovative) capacity for the production of medicines.

6.3. National Public Health and IPRs Development Strategy

As it is for other fields of technology, Myanmar does not have a lot to gain from IPRs protection in the pharmaceutical field.

Myanmar does not have innovative pharmaceutical industry and almost all medicines are imported. Patent protection in the field of pharmaceutical products in Myanmar would therefore only lead to a price increase of imported medicines; higher cost for patients and the Ministry of Health.

6.4. Coordination of IPRs Legislation

No legal expertise is available in the Ministry of Health (MOH) and in the Ministry of Science and Technology (MOST) within the departments that deal with IPRs policy making and implementation. It may not always be possible for the Ministry of Justice to fill in this capacity-gap.

It could therefore be helpful to provide the MOH and MOST with their own legal expertise on trade and IPRs issues. This way it will be easier to make effective use of exchanges with other ministries in the area of IPRs policy-making and implementation.
2. THE PHARMACEUTICAL INDUSTRY IN THE PHILIPPINES

- PMA (Philippines Medical Association)
- PMCD (Philippines Chamber of Pharmaceutical Manufacturers)
- PCPI (Philippines Chapter of International Pharmaceutical Federation)
- NMPA (National Medical Front)
- IPPI (Institutional Pharmacy Practice)
- MTPA (Philippine Medical Technology Association)
- PCFA (Philippines Chapter of International Pharmaceutical Federation)
- PPA (Philippines Pharmaceutical Association)
- MPF (Medical Practitioner Federation)
- PPA&PI (Philippines Pharmaceutical Association & Pharmaceutical Institute)
- PPI (Philippines Pharmaceutical Institute)
- IPPI (International Pharmaceutical Federation)
- PCFA (Pharmaceuticals Congress of the Philippines)
- PPA (Pharmaceuticals Congress of the Philippines)
- NMPA (National Medical Front)
- PCPI (Pharmaceuticals Congress of the Philippines)
- PPI (Pharmaceuticals Congress of the Philippines)
- MTPA (Medical Practitioner Federation)
- MPF (Medical Practitioner Federation)
- PPA&PI (Philippines Pharmaceutical Association & Pharmaceutical Institute)

1. PHILIPPINES

- DEPARTMENT OF HEALTH
- COMMISSION ON NATIONAL DISASTER PREPAREDNESS
- NATIONAL ECONOMIC DEVELOPMENT AGENCY
- NATIONAL SECURITY COUNCIL
- NATIONAL COORDINATION COMMITTEE FOR DISASTER PREPAREDNESS
- NATIONAL COORDINATION COMMITTEE FOR DISASTER MANAGEMENT
- NATIONAL COORDINATION COMMITTEE FOR DISASTER RECOVERY
- NATIONAL COORDINATION COMMITTEE FOR DISASTER REHABILITATION
- NATIONAL COORDINATION COMMITTEE FOR DISASTER RESPONSE
- NATIONAL COORDINATION COMMITTEE FOR DISASTER PREVENTION
- NATIONAL COORDINATION COMMITTEE FOR DISASTER MITIGATION
- NATIONAL COORDINATION COMMITTEE FOR DISASTER RELIEF
- NATIONAL COORDINATION COMMITTEE FOR DISASTER EDUCATION
- NATIONAL COORDINATION COMMITTEE FOR DISASTER INFORMATION
- NATIONAL COORDINATION COMMITTEE FOR DISASTER ASSISTANCE
manufacturers in the Philippines. They have recently formed one association of generic manufacturers.

Local generic manufacturers do not carry out research on molecules, but rather concentrate on minor improvements in the packaging and formulation of existing products. These manufacturers obtain their raw materials from China or India. Some local manufacturers export small quantities to countries such as Vietnam, Cambodia and Singapore. The Philippines imports drugs from a number of developed countries: Germany (10%), Switzerland (9%), UK (9%), France (8.75%), US (6.95%), Singapore (6.89%) and Australia (6.24%).

India, which was used by the Philippines government as a source of supply in its parallel importation program, accounts for 5% of total drug importation.

In the case of the Philippines, the local manufacture of ARVs is not feasible. The demand is small (according to the AIDS Registry there are 2009 individuals with HIV of whom 645 have AIDS) and in terms of export a local manufacturer would have to compete with efficient producers of ARVs in India and Thailand. It follows that ARVs will have to be imported by individuals and organizations in the Philippines.

2.1. Prices of Pharmaceuticals

We were told by a number of the people we spoke to that the Philippines had high prices for pharmaceuticals compared to other ASEAN members. Prices of generic products remain persistently high and unbranded generic drugs occupy about 5% of the market. In a meeting with NGOs working on a campaign called 'Cut the Cost-Cut the Pain' we were told that a family of 6 in the Philippines has an income of about 250-260 pesos a day. The treatment for TB for one person is about 50 pesos a day.

Obviously we are not in a position to report on the prices and the factors that account for those prices in the Philippines. This is a matter for detailed economic study. However we would draw attention to some possible factors:

- There seems to be a surprisingly high rate of pharmaceutical patenting in the Philippines. The IPO reported to us in the pharmaceutical field it had received from 2002 to March 2004, 1,262 applications in the pharmaceutical field. These are PCT applications. Published pending applications consist of 131 relating to HIV/AIDS, 6 for TB and 9 for malaria. These numbers are larger than one might have expected.
- To some extent the price of generic products seems to track the price of branded products. The high price of branded products is allowing generic companies more scope to charge higher prices.
- Importation by the government from India did lower prices for some drugs, but this program of importation has run into opposition. Competition through importation has not been easy to achieve in the Philippines.
- There are tie-ups between doctors and the large pharmaceutical companies, as well as tie-ups between pharmacists and generic companies. When doctors prescribe branded drugs pharmacists will sometimes offer the patient a generic version as an alternative. The generic that the patient is offered may be influenced by a financial arrangement that the pharmacist has with a generic company and may not be the cheapest generic available.
- Generic products appear to have a persistent image problem. They are seen by many consumers as being of a lesser quality. The generic companies we spoke to acknowledged this image problem.

Several years ago the government introduced a program to import cheap medicines from India and distribute those through the public hospitals. This program did have an effect on prices, but it also brought the government into litigation with multinational pharmaceutical companies. One of the problems was that the Rules and Regulations that implemented the Special Law on Counterfeit Drugs (Republic Act 8203) stated that if an "unregistered imported drug product has a registered counterpart for the product, the product shall be considered counterfeit." The drugs, as we understand it, were imported from Indian generic companies. We assume that the owners of the registered brands in the Philippines sued. We are unable to report on the outcome of this litigation.

3. IMPORTATION OF MEDICINES INTO THE PHILIPPINES

3.1. Present Situation on Importation

There are approximately 75 individuals on ARV treatment in the Philippines. Since the cost of treatment using proprietary ARVs was in the order of $US 12,000 per year and this cost had to be privately met, the NGOs in the Philippines working on AIDS issues turned to the importation of fixed dosed combinations from the Indian company, CIPLA. Importation has proven to be a hugely complicated exercise requiring certificates and clearances from a number of departments (for example, a certificate of tax exemption, clearances from the Bureau of Health and Drugs, Department of Trade and Industry and Department of Health). Importation of ARVs has also attracted duties, although a recent amendment to the law has actually lowered tariffs on the importation of ARVs.

3.2. Present Stumbling Block

Because of the small numbers required those seeking to import ARVs have sought to rely on a compassionate use exemption. This compassionate use exemption, however only applies to medicines that are not registered with the Food and Drug Bureau (FDB). A recent application for Indicavir and Combivir as well as the medicines Azithromycin and Fluconazole have been denied a Compassionate Permit because those medicines are registered with FDB.

Basically individuals wishing to engage in small-scale importation of ARVs and related medicines face one of three choices; find the money for proprietary treatments; forgo treatment, or engage in backdoor importation (counting on some officials to turn a blind eye along the way).

3.3. Large Scale Importation

The importation which has taken place to date of ARVs has only been feasible because of the small numbers of patients involved. Small scale privately organized importation will not be able to meet the growing demand in the Philippines for ARVs. Over the next few years the number of HIV infected individuals is expected to rise to around 6,000. More generally, there is a demand for lower priced medicines in the Philippines. The
complained about the difficulties of discovering information about patents in the IPO. For the time being the IPO does not have electronic search facilities. Searching for patents filed in the IPO is time consuming.

One option we put to the manufacturers is to approach the IPO as an association and ask the IPO to provide a special service for members of the association in respect of pharmaceutical patents. The association could be notified of pharmaceutical patents about to expire, those for which a renewal fee had not been paid or new applications. The association could pay a fee for this. This kind of information would help members develop plans for new products that they might manufacture locally.

10. CO-ORDINATION BETWEEN HEALTH, TRADE AND THE IPO

Our interviews in the Health Development Policy section revealed that to date there had been no co-ordination between the IPO and the Health Department. The Health Development Policy unit was basically focused on implementing a large health sector reform agenda. IP was not really a part of this agenda. Similarly there was no co-ordination between Trade and Industry and the Department of Health.

One of the main benefits of having the two workshops that we participated in was that both health and trade and IP officials were able to gain some understanding of the relevance of their work to other departments. We also formed the view that a committee made up of representatives from these departments (including the FDB) would make a very useful addition to the strategic planning capacity of the Philippines as well as enabling departments to co-ordinate on legislative initiatives.

11. CONCLUSIONS

a. The current compassionate use provision in the Philippines is not working especially well to enable HIV positive individuals to bring in medicines for personal treatment. It should be reworded taking into account the long term treatment needs of some types of patients. Minimizing duties on importation under such provisions should also be looked at.

b. Obtaining compulsory licences in the Philippines has proven to be difficult in the Philippines because of factors such as lack of expertise, costs of litigation and the ability of patent owners to drag out the proceedings. Basically there is no tradition of compulsory licensing in the Philippines. Of course there may well be bargaining around the threat of the issue of a compulsory licence, but we were not able to establish this in the course of our visit.

c. The Philippines Food and Drug Authority is coming under considerable pressure from patent owners to implement procedures that will see authority, in effect, policing applications for registration on behalf of patent owners. This has grave implications for generic companies wishing to register new products.

d. Local generic manufacturers do not carry out research on molecules, but rather concentrate on minor improvements in the packaging and formulation of existing products. These manufacturers obtain their raw materials from China or India. The Philippines government has also looked to India as a source of importation in its attempt to lower drug prices. Clearly what happens in India once India meets its TRIPS obligations in full in 2005 will have significant implications for the Philippines. Pharmaceutical patenting was surprisingly high in the Philippines, something that will add to the complications of manufacture and importation in the Philippines.

e. Coordination between the patent office, health and trade areas in the Philippines could be very much improved.

f. The Philippines does not have a Bolar provision and it is currently not preparing to take advantage of the system of importation agreed to by WTO members as part of the paragraph 6 negotiations under the Doha Declaration. It should address both these issues.
Recommendations

- The major challenge in the ASEAN Region is how to encourage (in the context of the ASEAN structure, objectives, and vision and existing agreements) Member Countries1 to adopt laws (review and amend existing or legislate new) with corresponding implementing regulations and administrative rules to facilitate the use2,3 of the TRIPS flexibilities/safeguards and operationalise them to improve access to medicines.

- In this regard, the ASEAN should consider the following (as) priority undertakings in the region:
  1) Facilitate the review and amendment, as necessary, of laws of importing and exporting ASEAN countries for the implementation of Doha Declaration Para 6.
  2) Develop and formalise an ASEAN guidelines on key administrative and implementation areas that would facilitate effective implementation of TRIPS flexibilities i.e. compensation in compulsory licensing, data protection, competition policy, administrative issues around compulsory licensing, and implementation of Doha Declaration Para 6.
  3) Strengthen intra-country coordination among Departments/Ministries involved in IPRS and Public Health – to include private sector i.e. pharmaceutical industries, etc.
  4) Strengthen inter-country coordination:
     - On networking and information sharing,
     - Initiate efforts towards regional purchasing of drugs to reduce price,
     - Monitoring the progress of the implementation of the TRIPS and assisting the member countries facing the difficulties.
  5) Create and maintain permanent (utilizing existing group of ASEAN experts) to provide technical assistance on all aspects of IP and access to medicines4.
  6) Review the ASEAN Work Program II on HIV/AIDS (AWPII) and develop an AWPIII to include the issues on access to affordable drugs and TRIPS.

Note:
With cooperation from ASEAN dialogue partners.

1 Member Countries, together, can advance shared public health objectives.
2 i.e. Thailand's IP Code has a 60war provision.
3 Malaysia and Indonesia have issued government use authorization for HIV/AIDS drugs – crucial steps in helping lower prices and deliver the medicines to people who need them.
4 ASEAN Member Countries are engaging in trade negotiations, which often involved IP. This ASEAN group of experts can provide technical assistance to member countries to strengthen their capacity and develop strategic positions in the context of trade negotiations with parties outside of the region.
The Philippines

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6. Mr. Amilo Jagdam

5. Mr. Raul Espiritu

4. Mr. Henry Marquez

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