HealthManagement.org
Promoting Management and Leadership

Sustainable access to affordable medicines: how can the multilateral trading system contribute?

Dr. Karl Brauner, PhD,LLB
******@***wto.org

Deputy Director-General -
World Trade Organization

The 2015 UN Sustainable Development Goals (SDGs) set the target of access to "safe, effective, quality and affordable essential medicines and vaccines for all", access to medicines long recognised as integral to achieving the right to health. Yet the SDGs also stressed the need for coordination and cooperation - emphasising the role of trade, partnership and policy coherence. Nowhere is this interdependence, and the need for collaboration, more evident than in the quest to overcome barriers to access to essential medicines.

Take the international trading system. Trade is not just an economic activity. It is how many countries obtain access to the fundamental needs of human life and wellbeing, notably essential medicines. No country can realistically aspire to be fully self-reliant in pharmaceuticals. International trade is therefore indispensable for access to medicines, truly a lifeline for many developing countries. Even the creditable efforts to develop more dispersed and localised pharmaceuticals production capacity will depend on trade for necessary inputs.

Of over half a trillion dollars of medicines imported globally in 2016, Least Developed Countries (LDCs) accounted for less than 1%, while comprising 13% of the world's population. Some LDCs, such as Bangladesh, Madagascar and Uganda, are developing as producers and exporters of medicines. Bangladesh's exports grew 19% to some $66mln in 2016, showing its potential as a production hub for affordable medicines. Yet imports will remain the principal source of medicines for LDCs, as for most developing countries, recalling the vital need to make the international trade system work. The average distance imported medicines travel to some LDCs exceeds 8000km; for Haiti, they average over 10000km. Heavy trade costs and delays, at an early stage of distribution, then flow through to significantly higher final costs, in turn directly impacting accessibility of medicines. World Bank figures show average compliance and documentation costs of some $1000 for a single import to to Subsaharan African countries, eight times the cost for high income countries. These imports face border delays exceeding 250 hours (compared with 13 hours for rich countries). Some countries' costs top $3000 per shipment and import delays can range between 600 and 800 hours (rich countries typically face two to three hours). Pharmaceutical exporters in the developing world, a key source for affordable medicines, confront disproportionate higher costs and delays when shipping their products abroad.

All told, this amounts to major barriers for access to medicines for those least able to absorb them. Innovation is also integral access to medicines, as newer treatments are essential to respond to changing disease patterns, and to treat diseases of the poor, long neglected by conventional drug development paradigms. For some, this raises searching questions about the effectiveness of the IP system in responding to the demands for enhanced and more equitable innovation models.

The WTO clearly has a part to play. The 2001 Doha Declaration on the TRIPS Agreement and Public Health was a major milestone, confirming that TRIPS, the WTO's IP agreement, had to form part of global to address health problems. This declaration led to the first amendment to the whole package of WTO law to create a new avenue for trade in cheap generic medicines for the most vulnerable countries. And it helped to galvanise a spirit of practical cooperation and coherence across the multilateral system, exemplified in the trilateral cooperation between WHO, WIPO and the WTO, and engagement with many other players. We now understand the trade and IP dimension of medical innovation and access in their full development, public health and human rights contexts, enabling a more coherent approach to technical assistance and policy dialogue across the multilateral system.

Other WTO initiatives will also help. The Trade Facilitation Agreement targets burdensome trade costs and delays. WTO Members have progressively cut tariffs on pharmaceuticals and their ingredients, yielding cost savings for hard-pressed health budgets. Procurement policies, grounded in good governance principles espoused in the Government Procurement Agreement, ensure that funds available for medicines go further, with greater public health impact. Innovation is now an area of active policy debate. And WTO Members have agreed to assure LDCs maximum flexibility in the area of patents and public health until at least 2033. Yet, two years into the global effort to meet the SDG challenge, there is no time for complacency. Active dialogue, practical cooperation and policy coherence on the part of the international community will ensure that the multilateral trading system plays its part in delivering innovative and affordable medicines, sustainably, to those in greatest need of them.

Karl Brauner has been Deputy Director-General of the World Trade Organization (WTO) since 2013. He is speaking at **The Politico 2017 Health Care Summit** being held in Geneva on October 10.

Zoom On

What is your top management tip?

Listen well.

What would you single out as a career highlight?

Moving to the WTO.

If you had not chosen this career path you would have become a…?

Architect.

What are your personal interests outside of work?

Swiss mountains

Your favourite quote?

J'ai décidé d'être heureux parce que c'est bon pour la santé. Voltaire.

(I have decided to be happy because it's good for my health. Voltaire)

Published on : Mon, 25 Sep 2017