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Drug Companies Are Focusing on the Poor After Decades of Ignoring Them

The pharmaceutical industry once sued to keep AIDS drugs from dying Africans. Now companies boast of their efforts to get medicines to the developing world.

By Donald G. McNeil Jr.

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Twenty years ago, thousands of Africans died of AIDS each day as pharmaceutical companies looked on, murmuring sympathy but claiming that they could not afford to cut the prices of their \$15,000-a-year H.I.V. drugs.

It's hard to imagine such a nightmare unfolding today. Vast changes have swept the drug industry over the last two decades. Powerful medicines once available only in rich countries are distributed in the most remote regions of the globe, saving millions of lives each year.

Nearly 20 million Africans are now on H.I.V. treatment — for less than \$100 a year. Top-quality drugs for malaria, tuberculosis, [hepatitis C and some cancers](#) are now sold at rock-bottom prices in poor countries.

Once demonized as immoral profiteers, many of the world's biggest 20 pharmaceutical companies now boast about how they help poor countries and fight neglected diseases. They [compete](#) on the Access to Medicine Index, [which scores their charitable efforts](#).

Several of them even cooperate with the [Indian generics companies they once dismissed as "pirates"](#) by sub-licensing patents so the generics makers can produce cheap drugs for Africa, Asia and Latin America.

But there is still opportunity for growth. Most of the industry's remarkable progress [is limited to a few companies, and their efforts are too reliant on donor dollars](#), according to a report issued last month by the Access to Medicine Foundation, which publishes the index, and interviews with experts.

As people live longer in the developing world, deaths from cancer, diabetes and heart problems are rising. Drug companies have not been as quick to provide treatments for chronic conditions.

"The situation is still fragile," Jayasree K. Iyer, executive director of the foundation. "A retreat by one company, or a drop in health care investments, will jeopardize the progress made so far."

The index now [ranks the biggest 20 American, European and Japanese companies](#) on their efforts to distribute medications to the world's poor. GSK, the former GlaxoSmithKline, has won every time, and its score has steadily risen.

The companies in the next few spots vary, but Johnson & Johnson, Novartis, Sanofi and Merck KGaA, based in Germany, have had consistently high rankings. The four Japanese drug makers started at the bottom, but Takeda recently rose to No. 5 and Eisai to No. 8.

The Access to Medicine Foundation recently published [a look back at what had changed](#) since it was [founded in 2005](#) by [Wim Leereveld](#), a Dutch former information consultant to the industry.



Wim Leereveld, founder of the Access to Medicine Foundation in Amsterdam.
Ivy Njokiktjien for The New York Times

Several experts likened the industry's transformation to the recovery of an addict who has hit bottom. The nadir, in this case, was the drug makers' response to AIDS in Africa.

In 1998, with 250,000 of its citizens dying of AIDS each year, South Africa's Parliament [legalized the suspension of drug patents](#) so the government could import generic drugs.

Almost immediately, 39 drug companies [sued to overturn the law, naming the country's beloved president, Nelson Mandela](#), in their suit. Following international condemnation, the suit [was dropped in 2001](#).

"I was horrified," said Dr. [Tadataka Yamada](#), who worked at GlaxoSmithKline. "In those days, they went from being one of the most respected industries in the world to one ranked just above tobacco companies."

Dr. Yamada eventually became one of the central figures in the industry's transformation. He served as president of global health at the Bill and Melinda Gates Foundation, and then as chief medical officer for Takeda, helping it rise in the Access to Medicine rankings.

There were other important inflection points, experts said.

One was the [about-face by the Clinton administration](#) in 1999. After Vice President Al Gore was [pressured by AIDS activists during his presidential campaign](#), the administration decided to support South Africa's efforts.

Another turning point came in 2001, when Cipla, an Indian company, [offered H.I.V. drugs to Doctors Without Borders for \\$350 per patient per year](#).

The offer revealed the huge markups the brand-name drug makers had been profiting from, and introduced the Indian pharmaceutical industry as a rival.

"Cipla was a driver for change," said David Reddy, chief executive of the Medicines for Malaria Venture, one of many public-private partnerships created to guide industry research.

The George W. Bush administration founded or supported the agencies that became the biggest buyers of generics: the President's Emergency Plan for AIDS Relief; the President's Malaria Initiative; and the Global Fund to Fight AIDS, Tuberculosis and Malaria.

The World Health Organization began certifying which drugs were safe, a boon for countries too poor to run their own regulatory agencies. And in 2008, Mr. Leereveld began issuing his scorecard.

At first, he said, advocacy groups "hated me because I was going to say nuanced things" about the drug industry, which they despised. Worse, the companies ignored his requests for data.

A trade group, the International Federation of Pharmaceutical Manufacturers and Associations, persuaded its members to stonewall him. He [proceeded anyway](#) with information from public sources.

Raising money was a separate struggle. With some backing from the Dutch government, Mr. Leereveld flew to Seattle to appeal to the Bill and Melinda Gates Foundation. "They said 'no' so fast that I flew back without even a second cup of coffee," he said.

Then the tide turned.

Before publication of the first rankings, he let all 20 companies know how they would be portrayed.

"Eight of them said some of our answers were wrong, so they broke the ban and participated," he said. "Two years later, all 20 responded."

Gates Foundation leaders also changed their minds.

"We gave them \$1.5 million in July 2009, and we've been providing funding ever since," said Hannah E. Kettler, senior program officer for the foundation's Life Sciences Partnerships. "It's a valuable tool for setting goal posts for the industry."

Other events prodding the industry, said [Eduardo Pisani](#), a former director-general of the trade group I.F.P.M.A., included the [2011 United Nations summit meeting on noncommunicable diseases](#) and the [2012 London Declaration on neglected tropical diseases](#), which set goals for eliminating those threats.

‘Think about the business opportunities’

Today, companies use three paths to get their drugs to the poor: They cut prices, donate medicines, or sub-license patents to generic companies.

More than 400 drugs now are sold at low prices. The companies more often donate drugs sold for veterinary care in the West that can also be used to kill parasites in humans.

Sub-licensing is now used for about 30 H.I.V. and hepatitis C drugs. Comparatively few Western customers pay high prices, but developing countries need millions of doses.

Recently, said [Yo Takatsuki](#), head of ethical investing research at Axa Investment Managers in London, drug companies have begun seeing a new motive for a distribution of their products in poor countries: future profits.

As markets in the West age and populations stabilize, companies like AstraZeneca and Sanofi now get almost a third of their revenues from developing countries, Mr. Takatsuki said.

As investors,” he said, “we ask companies to think about the business opportunities in emerging markets, instead of seeing them as feel-good, money-losing philanthropy.”

Mr. Leereveld, who said he was “very happy, very proud” of [the effects of his index](#), went on to found others ranking [mining companies on their environmentalism](#) and [seed companies](#) on getting their product to small farmers.

Dr. Iyer, his successor, feels progress has just begun.

“Two billion people still don’t have access,” she said. “And in the first five years after a launch, new products reach less than 10 percent of those who need them in developed countries, and less than 1 percent in poor ones. That’s underperforming both as a business and in social impact.”

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