

CUT THE COST

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GlaxoSmithKline risks reputation, warns Oxfam

GlaxoSmithKline (GSK), the world's biggest drug company, faces a severe risk to its reputation if it does not do more to help poor people get access to affordable, life-saving medicines, says Oxfam in a new report today. The consequences of this could include poor staff morale, loss of investor support and possibly more stringent government regulation.

The "Dare to Lead" report – part of Oxfam's new "Cut The Cost" campaign – warns that the pharmaceutical industry is in danger of losing public support as happened to companies associated with human rights abuses and environmental damage, and calls on GSK to take a lead.

"This is a wake-up call for GSK that they must do more to meet these challenges. The global pharmaceutical industry runs great risk if it continues to protect its profits and drug patents at all costs," said Oxfam Policy Director Justin Forsyth.

Oxfam's main concern is that rules of patent protection are squeezing low-cost copies of branded medicines out of the market. GSK has already used these patent rules to challenge the import of low-cost drugs into Uganda and Ghana, despite them providing a lifeline to millions of poor people. It is also one of a number of companies taking the South African government to court over access to medicines.

The industry wants to use patents to keep medicines priced higher for longer, even in poor countries where 80 per cent of the people pay out of their own pockets. "We want to see real competition to bring down the cost of medicines for the poor," said Mr Forsyth.

Oxfam has set key challenges that GSK must meet on its publicly stated commitment to poor people's access to medicines:

- Withdraw its legal challenge to the South African government over its programme for affordable medicines.
- Develop a clear policy to set out how it will meet its commitment to "maximising affordable access to medicines in the developing world" within the first three months of its existence as a newly merged company.
- Respect national health policies and strategies.
- Commit to forgo patent privileges in developing countries, if these privileges are likely to lead to an increase in prices.
- Ensure that its lobbying positions – individual and in industry interest associations – respect public health needs.
- Donate 0.3 per cent of its annual sales on "blockbuster" drugs to a \$5 billion international research fund, operated by the WHO and publicly owned.