

## Brazil Decides to Make Own AIDS Drug After Talks With Merck Collapse

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Until the end of the year, Brazil's Lafepe, the pharmaceutical laboratory of the Brazilian northeastern state of Pernambuco will start production of 30 million units of the medication Efavirenz. The medicine is used in aids treatment. The production in the state lab will be possible thanks to a partnership with the Farmanguinhos (Pharmaceutical Technology Institute), which belongs to Rio de Janeiro's Fiocruz (Oswaldo Cruz Foundation).

With this measure, the medicine, which is manufactured today by the multinational laboratory Merck Sharp & Dohme, will have its cost reduced by up to 40%, according to the technical director of Pernambuco's state-run lab, David Santana.

The product will be distributed by the Brazilian Health ministry to the whole country as part of the National Program of Sexually Transmissible Diseases and Aids.

In order for the Lafepe to start manufacturing the Efavirenz, the Health ministry declared the medicine to be of public interest, the first step for the compulsory licensing of the patent.

The procedure, contemplated by Brazilian industrial ownership law, is used by developed or in-development countries in cases of abuse of economic power by the patent owner, as well as when there is a national emergency or public interest, as long as the negotiations with the company have been exhausted.

"The measure is not a patent breakage but a compulsory suspension," explains Lafepe's director. The federal government spends about US\$ 580 per patient to purchase the medication, every year. Until the national production of Efavirenz is normalized, the Health Department intends to import the medicine, in its generic formula, from international laboratories which are recommended by the World Health Organization (WHO).

Negotiation between Merck and the Brazilian government seem to have arrived at an impasse. While Brazil has asked Merck to lower the price of Efavirenz to \$0.65 per pill - the price Thailand pays - the New Jersey based drug maker refuse to lower beyond US\$ 1.10.

Brazil's Health ministry says that Brazil is paying US\$ 1.57 per pill now. Merck informs that they sell the drug for US\$ 1.80 in most middle-income countries, like Brazil.

"We at Merck are disappointed to have had what we considered to be a fair offer rejected by the government of Brazil," Merck spokeswoman Amy Rose told reporters.

Since 1990, the Lafepe manufactures six products for the Health ministry for aids treatment. Among them there are Lamivudina, Zidovudina and Estavudina. Other public labs in the country, like Farmanguinhos, from Rio de Janeiro, Funed, from Minas Gerais, Furpe, from São Paulo, and Iquego, from Goiás, also produce medications used to treat AIDS patients.

Data from the Health ministry show that from about 200,000 people who are being treated for aids in Brazil, 38% use the imported drug Efavirenz.

In the northeastern state of Pernambuco alone, there are 4,400 AIDS patients registered to receive antiretroviral free medications as well as drugs to fight opportunistic diseases, like tuberculosis. These medicines are supplied by the Health ministry and state governments.

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