

India in Africa

Africa's Focus on Private Sector – India's Generic Drug Wars

Maha Rafi Atal*

Aaron Motsoaledi, South Africa's Health Minister, recently fired up debates on global drug policy by warning that the proposed changes to Indian patent law could spell death for Africans who depend on cheap, Indian-made drugs. "We regard India as the pharmacy of the developing world", Motsoaledi said. "They were our heroes, and if they change their laws now, we will be in big trouble in Sub-Saharan Africa".

Indian companies provide cheap generic drugs to the countries across the world and account for 80 percent of donor-funded HIV treatment – a set-up currently threatened by the US pressure. But Big Pharma should work with Indian companies and could even benefit by doing so.

India's longstanding battle with Big Pharma over generic drugs dates from 1970s, when it began only recognising patents for drug-making processes, rather than the products. This allowed local companies to 'reverse engineer' expensive medications using different processes, and then offer drugs cheaply. In 2005, the country became party to the World Trade Organisation (WTO) Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement, which requires members to respect patent rights issued in other members' markets. India negotiated the 'compulsory licence', allowing local companies to produce generic copies of foreign drugs for domestic use if there is a major public health need. These drugs can also be sold to foreign buyers.

India is currently under pressure from the United States to introduce 'data exclusivity', which grants Intellectual Property (IP) protection to the data produced while developing a drug, as well as the drug

itself. In practice, this would mean banning compulsory licensing, and might even restrict generic versions of (off-patent) drugs. India's Prime Minister Narendra Modi eager to attract foreign investment, has indicated that he is open to such reforms.

This is alarming for India and for countries and customers across Africa. In 1990s, India's Cipla Pharmaceuticals began offering HIV/AIDS anti-retrovirals in Africa at less than US\$1 a day – far less than Pfizer's US\$33 a day. At present Médecins Sans Frontières estimates that nearly 80 percent, of anti-retrovirals in Africa come from India. And it is not just HIV drugs: In 2011, India provided 17.7 percent of all pharmaceutical imports to the continent.

Not only does this relationship deliver life saving treatments at prices African countries can afford, but Indian companies also tend to work closely with Non-government Organisations (NGOs) to deliver drugs, while Big Pharma usually relies on private buyers. In rural areas where health systems are weak, collaboration with local NGO personnel is crucial for delivering drugs to the patients.

The benefits are economic too. The African market, expected to be worth US\$30bn by 2016, has helped the Indian drug industry grow into a business worth ₹128 crore (US\$19.36mn) a year. So successful is India's model that South Africa is considering remodelling intellectual property law along Indian lines, in the hope of stimulating its domestic manufacturing sector – a move also apparently threatened by the US



pharma lobbyists.

Meanwhile, South African media reports that the country is itself facing pressure to backtrack on the proposed intellectual property reform geared towards widening drug access.

Beyond Africa, trade between the developing countries also drives economic growth world-wide. South-South trade is worth about US\$5bn a year, while South-South aid and investment is US\$19bn. With new research demonstrating links between South-South cooperation and global growth, Western development agencies have begun to restructure their own programmes to facilitate trade between the developing countries – for example by brokering partnerships and providing technical guidance.

It is crucial that the Indian drug industry is not crippled by extreme patent reforms. The country should remind the US that as India's generics are largely sold in poor countries, the trade will hardly damage major US pharmaceutical firms in the core markets of North America, Europe and Japan. And there might actually be lucrative partnership opportunities within this generic drug trade, with Indian firms offering expertise about trading in Africa in exchange for Western research and development resources.

Kenya to Host India-Africa Expo

India and Kenya are planning India-Africa Information Communications and Technology (ICT) Expo 2015 (planned for September 28 and 29, 2015) that will bring together over 100 top companies. National Association of Software and Services Companies (NASSCOM) along with Telecom Equipment and Services Export Promotion Council (TEPC) and Ministry of Commerce and Industry, India have collaborated to host a two-day conference and exhibition in Nairobi.

It was discussed during Matiangi's, Information Communications and Technology Cabinet Secretary Kenya, visit to India. He is also focussed on borrowing from India, knowledge on spectrum auction, net neutrality, e-citizen services and training in the sector. Plans are also underway to establish a platform in Africa where supply and demand is met in the entire Information Technology and Telecom sector.

(www.nation.co.ke, 15.07.15)

India Ramps up Ties

India's trade with Francophone countries in western Africa, like Guinea and Liberia, has not been largely affected and in some cases, actually rose (in spite of the temporary isolation due to ebola outbreak) in some of these countries.

Figures released by the Indian embassy in Cote d'Ivoire (formerly Ivory Coast) said, "The overall bilateral trade between India and Guinea has been on the rise. In 2014-15, it crossed US\$1bn mark. The bilateral trade with Liberia was US\$280.54mn during 2013-14 but slumped to US\$264.21mn in 2014-15".

The Embassy said Guinea and Liberia has been allotted 30 slots each under the Indian Technical and Economic Cooperation (ITEC) Programme in fiscal 2015-16. It also said that India has been contributing towards the human resource development, capacity-building and skills upgradation of Liberians.

(www.business-standard.com, 01.09.2015)

EXIM Bank Sets PDC

Deputy Managing Director of Export Import Bank of India (EXIM), David Rasquinha, signed the constitutive documents on behalf of EXIM Bank, for setting up the Kukuza Project Development Company (PDC) in Africa to facilitate Indian participation in infrastructure projects in Africa, on July 24, 2015 at Mauritius. The other shareholders in the company are the Infrastructure Leasing & Financial Services Ltd. (IL&FS) Group, African Development Bank (AfDB) and the State Bank of India (SBI).

The PDC is expected to provide specialist project development expertise to take the infrastructure project from the concept

stage to the commissioning stage in the African continent. It shall utilise the domain expertise of each partner during the project development process to establish a bankable and sustainable implementation format based for understanding stake holders' all concerns.

(www.eximbankindia.in, 24.07.15)



India-SACU PTA Delayed

Delays in finalising a Preferential Trade Agreement (PTA) between India and the Southern African Customs Union (SACU) have been largely caused by differential processes in Indian states and resistance to New Delhi's wide-ranging goods list, said Niki Kruger, the Chief Director of trade negotiations in the Ministry of Trade and Industry, South Africa.

Kruger was hopeful that the PTA would be finalised soon, but cautioned that it was likely to be much less ambitious than originally planned. India had requested the inclusion of a wide range of products, but a number of these are presently expected to be excluded from the PTA.

(www.articles.economictimes.indiatimes.com, 21.08.15)

Nations to Attend IAFS III

India's Africa outreach in the form of the 3rd India-Africa Forum Summit (IAFS III) has taken off with heads of state and government of 35 nations confirming their participation in the Summit to be held from October 26-30, 2015 in New Delhi, India.

Among those who have agreed to attend are South African President Jacob Zuma and his Nigerian counterpart Muhammadu Buhari. Egyptian President Abdel-Fattah

el-Sisi is likely to send a representative for the event.

The Summit will address major global issues like climate change, United Nations Security Council (UNSC) reforms and international terrorism. It will also focus on health issues and skill development keeping in mind the young population and ocean related economy of both India and Africa.

(www.tralac.org, 07.09.15)

CI Africa Drill Takes a Hit

Coal India (CI) has decided to relinquish three-fourth of its leasehold licence area in Mozambique based on reports of low coal availability from these blocks by its exploratory wing. The state-run miner had earmarked ₹35,000 crore in the 12th Five-Year Plan (2012-17) for the development of coal blocks in Mozambique and the acquisition of overseas assets.

On the basis of interim geological report prepared by its subsidiary CMPDI (Central Mine Planning and Design Institute), the Board of Directors had decided to retain only 54 square km of the leasehold licence area out of the 224 square km. Officials said that the progress of the project has slowed on account of procedural delays and a cautious approach by the miner.

(www.telegraphindia.com, 15.07.15)