

U.S. pharma companies benefit from large Indian generic market

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MUMBAI: The tirade by the U.S. against India with regard to its 'unfriendly' business environment, particularly the Indian pharmaceutical sector, is largely misplaced according to the Indian Pharmaceutical Alliance (IPA).

The U.S. International Trade Commission (USITC) last month started public hearings in Washington DC as part of its investigation 'Trade, investment and industrial policies in India: effects on the U.S. economy.' Representatives from soft-

ware and pharmaceutical industry associations among others from India appeared before it.

Speaking to this correspondent, Dilip Shah, Secretary-General, IPA, who earlier appeared before the USITC hearings, said, "the USITC report is expected by November but the U.S. Trade Representative (TR) decision is expected by April 30 and a downgrade to 'Foreign Country Watch List' is possible. This could mean that the Generalised Scheme of Preferences (GSP) duty benefit to India could be withdrawn. It

will have a 4-5 per cent impact on India's total exports of \$50 billion to the U.S."

The sanctions, if they do come, could spark off a trade war with retaliatory sanctions from India also hurting large U.S. companies, Mr. Shah said, adding that India had been TRIPS (Trade related Aspects of Intellectual Property Rights) compliant since 2005.

He said that although the market for new patented drugs at U.S. prices was clearly negligible, innovator pharmaceutical companies had explored promising strategies to increase revenues with differential pricing.

"U.S. innovator companies are also profiting from the large generic market in India and increasing their sales and imports of finished goods," he said.

"The World Trade Organization (WTO) has not determined that India's patent laws are violative of the TRIPS agreement. No member country of the WTO, in-

(Rs. in crore)

FINISHED GOODS IMPORTS	
<i>(Illustrative sample of seven* pharmaceutical multinational companies)</i>	
YEAR ENDING March 31	Value
2005	187.1
2006	177.5
2007	267.7
2008	204.9
2009	244.3
2010	399.9
2011	640.6
2012	795.3
Total	2,917.3

2005-2012 Growth: 425 %

* Abbott, Bayer, GSK, Merck, Novartis, Pfizer and Sanofi
Source: Centre for Monitoring Indian Economy (CMIE)

(Rs. in crore)

WHOLESALE SALES VALUE			
COMPANY	12 MONTHS ENDING April 2009	12 MONTHS ENDING April 2013	GROWTH in %
Abbott Healthcare	1,724.7	2,710	57.1
Pfizer	837.6	1,714.7	104.7
Abbott India	694.6	1,416.1	103.9
Merck	272.7	475.1	74.2
BMS India	59.5	94.9	59.4
Total	3,589.1	6,410.8	78.6

Source: AWACS

cluding the U.S. has even disputed it before the WTO. It must therefore be presumed that India's patent law is TRIPS-compliant," Mr. Shah said adding, "The main institution for the global governance of health is the World Health Organization, which has strongly endorsed India's patent law and its compliance with the TRIPS agreement."

Industry