

Moratorium on drug prices imposed

By Aamir Shafaat Khan

KARACHI, April 12: The government has imposed a moratorium on drug prices for 30 days from April 10.

Caretaker Federal Minister for National Regulation and Services Shahzada Jamal Nazir informed local and multinational drug manufacturers about the moratorium during a meeting of the Drug Regulatory Authority (DRA) Policy Board held here on Wednesday. The meeting was actually called to discuss pricing policy and any interim relief as demanded by local and multinational companies to offset surging cost of production in the past 12 years. However, after a long discussion the meeting ended up with the imposition of a moratorium on prices.

Discussion on prices remained inconclusive and to the dismay of pharmaceutical companies the proposal of inflationary price adjustments was sent to provinces for their input. The caretaker minister has invited the representatives of pharmaceutical industry next week to discuss their issues.

Disappointed by the minister's decision, industry people reacted angrily and asked him why were they invited for the pricing meeting all the way from different parts of the country when the minister had to impose the moratorium.

They were also surprised as to how the caretaker minister could take such a decision when as per law the DRA was an autonomous body.

In this situation the minister was bailed out by the secretary of the Ministry of National Regulations and

Services, Imtiaz Inayat Elahi, who initiated deliberations on the pricing and paved the way for him to left the meeting.

Sources said that the Pharma Bureau had sought 25 per cent hike in drug prices.

On the contrary, chairman of Pakistan Pharmaceutical Manufacturers Association (PPMA), Jawed Akhai told Dawn that the association was looking forward for at least 30pc hike. After discussion at the Wednesday meeting, however, the association had agreed on a 25pc increase.

Justifying demand for high price rise, Mr Akhai said many members of the PPMA had low volumes. Members of Pharma Bureau were in low numbers and they enjoyed huge volume, he added.

Mr Akhai claimed that there had been no increase in the prices of 80pc of drugs for the past 12 years. But, he added, the DRA believed that there had been no increase in the prices of 70pc of drugs.

He said the government was not realising that in total medical expenditure of a person the share of medicine was only 10pc while 90pc accounts for consultation, surgery, hospitalisation and doctors' fees. Meanwhile, sources said that the government was contemplating over a proposal to categorise the pharmaceutical manufacturers into four different groups according to size and manufacturing practices and facilities.

This proposal which attracted immediate and harsh reaction from the pharmaceutical industry was floated at the

Wednesday meeting. Medicine makers reacted to the proposal sharply and said that this would only lead to discrimination of local industry which followed global manufacturing practices. The proposal was rejected also by multinational firms.

There are some 600 pharmaceutical companies in Pakistan out of which 22 are foreign companies. Four foreign firms left the country due to inconsistent and ad hoc policies. The market is abuzz with reports that one more foreign drug manufacturer has indicated to shut business in near future in case the ad hocism in policies continues.

Sources said the categorisation theory was followed by an offer from DRA bosses to industry to discuss hardship cases. The industry again reacted sharply and refused to discuss selective cases, citing allegations of corruption. It demanded across the board increase for the whole industry.

Representatives of pharmaceutical industry said no across the board price adjustment had been given for the past 12 years. However, they added, under the hardship category few adjustments were allowed.

The input costs have witnessed steep rise in various components (groups) since 2002. There has been increase of 215pc in food prices, followed by 153pc in fuel, 179pc in electricity and gas and 166pc in transportation and communication.

Pharmaceutical manufacturers in Pakistan have not got any increase apart from few hardship cases.

RECEIVED

13 APR 2013

P.F.M.A
ISLAMABAD

Handwritten signature