



PHARMACEUTICALS EXPORT PROMOTION COUNCIL

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News / Story reproduced with thanks:- **Fierce pharma**

Philippine price cuts pinch brands and generics

June 18, 2010 — 11:03am ET | By Tracy Station

Direct link to the News/Story:-

http://www.fiercepharma.com/story/philippine-price-cuts-pinch-brands-and-generics/2010-06-18?utm_medium=rss&utm_source=rss

File this under unintended consequence: [Price cuts in the Philippines](#) for branded drugs are putting some generics makers in a tight spot. The price-slashing began last August and have continued apace, with the caps affecting such commonly prescribed drugs as Pfizer's blood-pressure remedy Norvasc and GlaxoSmithKline's antibiotic Augmentin.

So now, the prices of popular branded meds are now almost as low as those for their generic competitors, pharma industry types say. And that, in turn, puts the squeeze on makers of copycat drugs. "What's happening now is that when the price of Norvasc, for example, is cut," Edward Isaac of the Philippine Chamber of the Pharmaceutical Industry told the *Wall Street Journal*, "the generics have to slash their own prices."

Meanwhile, drugstore chains have seen their sales drop since the price controls went into effect; their margins are suffering, and plans for new stores are on the back burner. Private hospitals have increased fees so they can recoup losses on drug inventories bought before the price controls began.

But Philippines Health Secretary Esperanza Cabral defended the price cuts, noting that drugs in the Philippines are more expensive than they are in markets such as Thailand and Indonesia; in fact, according to Datamonitor (as quoted by the *Wall Street Journal*), the Philippines has among the highest drug prices in Asia, after Japan, despite the fact that it's one of the poorest countries in the region. We'll have to wait and see how the competition shakes out.