

# Mexico's Generics Revolution

By Cori Hayden



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## Generic Drugs and a *Política Pública*

In 1997 and 1998, following several years of economic crisis, medication shortages and spiraling drug costs, Mexican government agencies, health activists and companies joined forces to actively promote the domestic manufacture and sale of generics — copied and cheaper versions of patented, brand-name drugs — well beyond the Social Security medical system. It would seem at first glance that in Mexico, as in Brazil and elsewhere, the emergence of an increasingly vigorous generics market is part of a broad resurgence of a *política pública* (public politics) as a challenge to globalized intellectual property regimes.

For international health activists in organizations such as *Medecins Sans Frontiers* and for a wide range of public health officials

in Latin America and beyond, setting drugs in circulation beyond the confines (and high prices) of patents has become the key to improving access to medicines. Most visibly, perhaps, Brazil's much-vaunted measures to offer universal, free access to HIV drugs has meant threatening to override patents on anti-retrovirals unless the transnational labs lower their prices, while also looking to domestic and Indian companies, primarily, for cheaper generic alternatives. Such measures are potentially sanctioned by the World Trade Organization, whose members passed an exemption in 2001 in the Doha Declaration, which grants nations the right to circumvent still-valid patents in the case of public health emergencies in a process known as compulsory licensing. Even the World Bank has issued calls over the last several

A man dressed as Victor González Torres, also known as Dr. Simi, dances at the entrance of a Mexico City pharmacy.

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years to develop “local” (i.e., national) generic manufacturing capacities in the developing world as a route to addressing health inequities.

Generics — the right and capacity to produce them, as well as the right to buy them — are crucial to a growing number of efforts to reorganize what anthropologist Joao Biehl calls “the international pharmaceutical contract.” The generic promises so much precisely because of its “public-ness”: its nonproperty status, its seemingly natural alignment with a politics of public health. But as events in Mexico suggest, such alignments are not the least bit predictable or self-evident. To the contrary, the struggle over generics has unleashed contradictory processes through which competing notions of a Mexican pharmaceutical “public good” are currently taking shape.

## An Embattled Marketplace

In stark contrast to Brazil, where the state has led efforts to grant access to still-patented AIDS/HIV drugs, the generics question in Mexico has played out in different terms altogether. The effort here has focused not on HIV/AIDS but rather on introducing to a broad consuming public an affordable, legally copied pharmacopeia of antibiotics, analgesics, digestive aids, antiparasitics and hundreds of other medications whose patents have already expired. It is a somewhat prosaic biochemical diet, to be sure, but one with extraordinary market reach: Mexico has recently become Latin America's leading pharmaceutical market, with total estimated sales in 2003 at \$8.2 billion.

From the 1950s until very recently, generic drugs were largely manufactured for and distributed by the Instituto Mexicano de Seguro Social (IMSS) and its sibling institutions in the public sector, while private pharmacies sold almost exclusively patented medications. In the late 1990s, 90 percent of the value of the Mexican pharmaceutical market was generated by the sale of brand-name medicines in the private sector. In 1997, following several years of supply problems within IMSS and dramatic

increases in the cost of patented drugs on sale in most pharmacies, the Secretary of Health made a decision to encourage a move to generics more broadly.

A reform in the Mexican health law, taking effect January 1, 1998, required doctors working in the public sector to prescribe the active substance of a drug and not simply a brand name, a move one Mexican pharmacoeconomist described as the first step to breaking monopolies. Thus doctors can no longer simply prescribe Claritin™; they must prescribe “Loradatine,” the active substance on which Claritin™ is based, and if the doctor in question so chooses, also the brand name of the patented “original.” Accompanying this move have been several legislative and regulatory decisions to define a “generic” drug and to set the parameters for registering and testing drugs under the new definitions.

But of course another necessary element to reconfiguring the domestic pharmaceutical market is “supply.” Here — ready to step into the opening provided by the Secretary of Health — was Victor González Torres, who is, among other things, brother of the founder of the Green Party (PVEM) in Mexico and great grandson of the founder of Laboratorios Best, a company established in the 1950s to manufacture generics for sale to IMSS and other public sector health institutions. In 1997, just as the Secretary of Health (SSA) was announcing its change in prescription laws, González Torres announced the opening of the first branch of his new pharmacy chain, Farmacias Similares. The chain would distribute only copied drugs, either made in-house by Laboratorios Best or purchased from other generics companies.

Farmacias Similares set forth with the rather bold motto, “the same but cheaper!” (*lo mismo pero más barato!*), fused with a nationalist and arguably populist claim to defend the health of “those who have the least” and a pointed critique of the transnationals which ostensibly had the health of the *pueblo mexicano* in their hands. The arrival of Similares and the



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simultaneous regulatory shifts set off an explosive battle pitting the Secretary of Health and “Dr. Simi”/Victor González Torres against the transnational pharmaceutical industry and its domestic trade organization. Despite industry efforts to challenge the legitimacy of Mexican generics in general and Similares in particular, the introduction of a market for generics has had concrete effects. In the year 2000, pharmaceutical prices actually dropped for the first time in many years, due, industry analysts note, to the presence of viable, cheaper alternatives. But the tale — a fight between “transnational interests” and those defending the “national public interest” — does not end here.

### **A Privatized Nationalization?**

While the Secretary of Health and Similares presented a relatively aligned front in 1997, these two defenders of the pharmaceutical public interest are now at war. The Secretary of Health must now issue public statements defending itself not against transnational companies but against the attacks of Victor González Torres whose civil association, the National Movement against Corruption (MNA), has

launched an all-out attack on “corruption” in IMSS pharmaceutical purchasing practices. Refusing, as of May 2003, to sell Laboratorios Best products to the public sector, González Torres dramatically offered to sell at a further 25 percent discount any medicine that patients were prescribed by IMSS but could not get their hands on in the still understocked public sector pharmacies.

But price wars with the public sector are merely the tip of the iceberg. González Torres is the head of a wide-ranging movement, simultaneously political, nonprofit and highly profitable, which is much more than a pharmacy chain. In many ways, his enterprise seems to be setting itself up as a direct competitor to the state, at least where health care and social assistance are concerned. A crucial aspect of González Torres’s pharmaceutical revolution has been the establishment of health clinics adjacent to the Farmacias Similares storefronts. The clinics — funded by Foundation Best, a nonprofit association established by González Torres — are staffed largely by recently graduated doctors and located primarily in poor neighborhoods. They offer medical attention — usually accompanied by prescriptions for

Victor González Torres and Rigoberta Menchú visit a “Clínica Simi” for pregnant women in Chiapas.

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Similares products — for a stunningly cheap 20 pesos (\$2) to well over 1.5 million patients a year.

These clinics now offer discounted diagnostic tests; the Foundation also runs call-in lines for advice on medications and mental health. In 2003, Fundación Best took the next logical step — one that had its counterpart with the Federal government's new Seguro Popular created for those not covered by IMSS — pioneering its own health plan, the Sistema Similar de Seguros. Patients pay 50-60 pesos a month for the plan, also known as “el Simi Seguro,” and receive free medical treatment and half-price medicines. And while the Simi Seguro is now rumored to be suspended, the catalogue of goods and services offered by this hydra-like organization continues to proliferate.

Indeed, these services are not limited to the provision of health care. Most importantly, Fundación Best offers a wide range of public and social-assistance programs to some of Mexico's most indigent citizens. Taking a cue from the time-honored tactics of the once-ruling party, the PRI, Dr. Simi has presided over the transfer of mountains of beans, rice, clothing, housing and other much-needed goods to the poor, the indigenous, the alcoholic, the orphaned and the disabled. The Foundation and Dr. Simi now hand out free rice at *fiestas populares* that they host on Sundays in city squares from Mexico City to Oaxaca and beyond.

It may not be a surprise, given all of this, that González Torres attempted to run for president in the 2006 elections, first as an independent and then as the representative of the Social Democratic and Campesino Alternative Party (PASC). The party split over his candidacy, and he was ultimately forced to withdraw. However, his political setbacks have not stopped him from exporting the Similares business model throughout Latin America.

What might we make of this? The Similares project has tapped into — but also radically transformed — a kind of pharmaceutical politics that has an illustrious history in Mexico. In the

mid-1970s, President Luís Echeverría made pharmaceutical self-sufficiency the pillar of his efforts to shore up a fracturing national body politic. Where Echeverría's efforts saw the state as the main engine of this effort to reinvigorate the Mexican pharmaceutical sector, González Torres' own brand of pharmaceutical nationalism calls on the private sector, a growing web of “civil society” organizations of his own making and “citizens” remade as consumers to do this work. As we might glean from his self-description — “I'm Che Guevara in a Mercedes!” — González Torres' movement is indisputably a businessman's revolution.

In Mexico, generics or at least Similares are far from a straightforward “challenge” to neoliberal trade regimes. Instead, they seem to be part of an ongoing privatization of health care, in which the burden of medication costs shifts ever further towards individual consumers and particularly the poor (what business models now call “the bottom of the pyramid”). The implications are not at all clear. As many of his critics grudgingly acknowledge, Dr. Simi is undeniably doing something important: speaking directly to those excluded from the care provided by costly private clinics as well as from the machinery of IMSS and the rest of the social security system.

In the generics/Simi wars we see a powerful battle afoot not just or even primarily between “transnational” (private) and “national” (public) interests, but simultaneously between the state and an increasingly powerful populist consumerism. With Echeverría's 1970s Mexico and post-1996 Brazil in mind, we should not be surprised that core questions about entitlements, the market and the state should be waged through the politics of the pharmaceutical. But as Victor González Torres shows us all too vividly, we would do well not to assume too much about the shape that this politics of the copy might take.

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