Pharmaceutics in South Africa

Aspen's upward slope

The number of South Africans with HIV/AIDS is tragic and alarming. The country has over 5.9 million people who need treatment—but only about 100,000 of them are getting it. That is a huge social problem, but it is a bigger business problem. Aspen Pharmacare is the local firm that is doing most to supply the market with the generic drugs South Africa will need. It now has ambitions to do the same for the rest of Africa—and then to expand into the market for generic HIV/AIDS drugs in the United States and Europe.

Founded in a suburban house in the coastal city of Durban in 1997, Aspen Pharmacare has grown at an average of over 20% a year and is now South Africa's leading drugmaker. Last August it announced annual revenues of 2.6 billion rand ($159m) and net profits of 49.4m. Its success is associated with its access to generic medication. But although the government would like all drug makers to keep medical costs down—there is a push for generics against the more expensive patented drugs. As a result, over 40% of prescriptions in South Africa are now generics.

The government and local pressure groups have argued with the pharmaceutical multi-nationals over price reductions. Apartheid-era laws, the use of fixed prices and the patent system have all played a role. In 2003, however, the country was able to introduce a form of generic drug, known as the "essential" drug list, under which the government negotiated prices with the pharmaceutical companies. This list has been a success and is now used by many other countries in Africa. The result is that, although the government's list of essential drugs identifies digital devices, it is expected to be expanded to encompass products (through medicaled supplies with suitable prices) for all levels of health care. The result is that the generic drugs are becoming more affordable and the country is now making money from advertising or bundling software, they have to pay for the health care system. The result is that they are not fixing the problem. Online music

Calling the tune

Music firms are emboldened, but risk strangling the golden goose.

Great Britain has long waited for the moment when internet piracy is destroying its business. Now, it is fighting back on two fronts. First, it has been trying to get its copyright laws updated. That process is now complete. All music firms will pay an extra levy to the British Phonographic Industry (BPI). All songs that are sampled in TV shows, radio, or films will have to be paid for. Second, all songs that are downloaded from the Internet will have to be licensed. That means the music firms can now control their own copyrights. They can charge for online use and can even charge for music that is not yet available on CD. The result is that, although the Internet is still in its infancy, Apple's iPod and Microsoft's Zune are already in competition. The problem is that, despite the increase in sales, the traditional music industry still has not been able to find a new business model that works. It has been unable to find a way to licence content on the Internet. The result is that it is still fighting for its survival. The music firms are already losing money and they are unlikely to be able to recover.