

Joint Foreign Chambers of the Philippines

American Chamber of Commerce of the Phils., Inc. ♦ Australian-New Zealand Chamber of Commerce (Phils.), Inc.
Canadian Chamber of Commerce of the Phils., Inc. ♦ European Chamber of Commerce of the Phils., Inc.
Japanese Chamber of Commerce & Industry of the Phils., Inc. ♦ Korean Chamber of Commerce of the Phils., Inc.
Philippine Association of Multinational Companies Regional Headquarters, Inc.

August 14, 2017

REP. FERJENEL BIRON

Chairperson
Committee on Trade and Industry
House of Representatives
Pasay City



AMERICAN



AUSTRALIAN-NEW ZEALAND



CANADIAN



EUROPEAN



JAPANESE



KOREAN



PAMURI

Dear Chairperson Biron:

This pertains to House Bill 3252, establishing the Drug Price Regulatory Board to regulate the prices of drugs and medicine in the Philippines.

The Joint Foreign Chambers (JFC) shares the goal of making quality medicine accessible to all Filipinos. However, we do not believe that the proposed bill will improve people's access to quality medicines.

The creation of a "Drug Price Regulatory Board" will make drug price regulation the primary instrument of the state for improving the affordability of drugs, contrary to the effective competition policy in RA 9502. Under this policy, regulation of drug prices is only secondary to market competition in promoting and ensuring public access to affordable quality drugs.

The proposed shift to the national policy on drug prices away from market competition towards price control is fraught with economic risk. As a matter of public economic policy, the imposition of price control is retrogressive. At a time when the trend is towards improving market competition, the introduction of a price control regime on the pharmaceutical industry may discourage investment and deter trade in pharmaceutical products and services. Moreover, price control may cause market disruptions or inefficiencies that would ultimately leave various stakeholders, including the public, worse off.

More importantly, the use of price controls in any industry can be counter-productive, discourage existing and future investors in all industries, and potentially lead to price controls over other industries or products thereby sending the wrong signals to potential investors who rely on a predictable business environment to invest in the Philippines.

Clearly, all medicine deemed to be of public health interest is covered in the current law (RA 9502) which authorizes the government to implement measures to effectively reduce the cost of drugs and medicine. In addition, broad consultations from the different stakeholders are already in place through the Pricing Advisory Council and the Drug Price and Access Committee under the Department of Health. Therefore, there is no need to introduce a new layer of bureaucracy when such a consultative body composed of exactly the same expert stakeholders identified in the bill already exists.

It is certainly true that there are many people from various segments of society who cannot afford essential medicines despite the existence of laws intended to improve their access to them. We believe that the major obstacle to better access is poverty as well as the inadequacy of government health programs. Lowering and controlling of drug prices is useless if citizens cannot afford to access them in the first place.

Instead, the JFC supports the government advocacy for Universal Healthcare, that is, accelerating momentum towards universal health coverage while strengthening primary care and local government involvement and maintaining sufficient coverage for catastrophic illnesses.

The JFC is a coalition of the American, Australian-New Zealand, Canadian, European, Japanese, Korean chambers and PAMURI. We represent over 3,000 member companies engaged in over \$100 billion worth of trade and some \$30 billion worth of investments in the Philippines. The JFC supports and promotes open international trade, increased foreign investment, and improved conditions for business to benefit both the Philippines and the countries the JFC members represent.

Best regards,



BRUCE WINTON
President
American Chamber of Commerce
of the Philippines Inc



TOM GREALY
President
Australian-New Zealand Chamber
of Commerce of the Philippines Inc.



JULIAN PAYNE
President
Canadian Chamber of
Commerce of the Philippines



GUENTER TAUS
President
European Chamber of
Commerce of the Philippines



HIROSHI SHIRAISHI

President

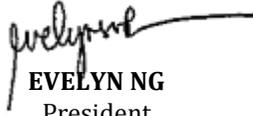
Japanese Chamber of Commerce
& Industry of the Philippines, Inc.



HO-IK LEE

President

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EVELYN NG

President

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cc: Members, House Trade and Industry Committee