ABPI : The Association of the British Pharmaceutical Industry (ABPI)

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A Corporate Profile

By Corporate Watch UK
Completed September 2003

The ABPI is the UK pharmaceutical industry's main industry body and lobby group. Members include seventy five companies in the UK producing prescription medicines, supplying more than 90 per cent of the medicines prescribed through the National Health Service (NHS). Membership of the ABPI is open to companies in the UK which supply prescription medicines for human use. A complete list of member companies and affiliates can be found on the ABPI's web site [1].

The ABPI justifiably claims to be the leading body in representing the industry's views to government and decision makers in the UK. Influencing legislation affecting the industry, and creating a beneficial business environment, stand amongst the ABPI's principal objectives. It is certainly one of the most powerful of all cross industry groups in the UK, enjoying a very favourable relationship with the government. As Secretary of State for Health, Stephen Dorrell, explained in 1996, "Our policy needs to provide firm support for the pharmaceutical industry... The industry knows that there will be no surprises, because our partnership is based upon constant, constructive dialogue... In order to guarantee that the benefits of this are enjoyed by the UK economy the Government is committed to ensuring that regulation of the sector is flexible and supportive."
The ABPI also lobbies the EU in Brussels.

The ABPI operates out of two offices. The Whitehall office has a staff of 60 and is shared with the ABPI-created group, the Prescription Medicines Code of Practice Authority. ABPI Scotland, based in Edinburgh, was set up in 1999 in order to lobby the new Scottish Parliament.

12 Whitehall, London SW1A 2DY

Telephone: +44 (0) 20 7930 3477
Fax: +44 (0) 20 7747 1414

ABPI homepage: www.abpi.org.uk/ [1]

ABPI Scotland

The Royal College of Physicians

9 Queen Street, Edinburgh, EH2 1JQ

Telephone: +44 0131 247 3688
Fax: +44 (0) 131 225 4865

The ABPI has also formed a 'Wales Industry Group' in response to the perception that "despite the limited powers of the National Assembly for Wales, devolution was leading to the development of a distinctive health policy agenda in Wales" [2].

The ABPI is controlled by a board of management whose members are elected by the member companies and by directors appointed by the ABPI itself. Board members work voluntarily for the ABPI and maintain their jobs with their companies. Inevitably the larger pharmaceutical corporations are better represented on the board of management.

In February 2003 the hired PR company, Hill & Knowlton to handle its public affairs (lobbying) account in support of the ABPI's parliamentary affairs head, Alison Bartlett (formerly of PR giant, Ketchum). The brief covers media monitoring and strategic advice in addition to the public affairs support. Hill & Knowlton are working with think tanks and forming stakeholder partnerships on behalf of the ABPI. This role had previously been covered by Ketchum UK. [3]

The ABPI's European work on access to medicines in developing countries is performed by WS Adamson, the Brussels-based subsidiary of Weber Shandwick.

A Fat Cat Industry

Whilst the UK’s manufacturing industry has declined since the 70s, the pharmaceutical industry has rarely veered from an upward path. In 2000 UK pharmaceutical exports and investment levels reached record highs. Exports rose 17% year-on-year to over £7bn, taking the trade surplus to £2.3bn, while R&D expenditure rose 7% to almost £3bn – or £8m/day – making pharmaceuticals responsible for 23% of total expenditure on manufacturing industry
R&D in the UK. As the UK’s biggest export earner, after North Sea oil, the industry has tremendous economic power. One of the ABPI's favourite bargaining tactics (like so many other companies and industries) is the overt or covert threat of companies leaving the UK.

The drugs market is divided into two sectors: prescription-only medicines (POMs) and over-the-counter (OTC) medicines. POMs are obtained only with a prescription from a qualified medical professional and dispensed only by a registered pharmacist in a licensed pharmacy outlet. The vast majority of prescribed pharmaceuticals in the UK are prescribed through the National Health Service (NHS). The market for OTC pharmaceuticals is consumer orientated. The pharmaceutical industry aims at expansion of the latter category drugs which have a higher profit margin, and for which advertising rules are relatively loose.

INFLUENCE AND AMBITIONS

Government backing

The pharmaceutical industry blossoms in the UK because of the existence of a highly favourable business climate, created by the Government at the request of the industry. The industry prospered under the Conservative government and can now count on the support of Prime Minister Tony Blair who describes the pharmaceutical industry as ‘a prime example of what is needed in a successful knowledge economy’ and praises the industry because of ‘its very substantial contribution to our economy and the welfare of our citizens’. Blair adds: ‘We must work together to ensure that the future of the UK pharmaceutical industry is even brighter’.5 This must sound as music to the industry’s ears.

As will be demonstrated below the ABPI maintains cosy relations with the government and relevant areas of the public sector through links to regulatory bodies and a number of specially created fora.

Backing biotech

As it represents the pharmaceutical industry which has considerable biotechnology investments, the ABPI has consistently lobbied for government backing of biotechnology at the UK and European level. The ABPI seems to have particularly concentrated on getting the UK government to back the 1997 European Biotechnology Patents Directive, claiming that it was essential to maintain the UK’s leading position in pharmaceuticals research and development. The Directive was passed by the European Parliament in 1997.6

Pushing for advertising rules to be relaxed

The ABPI has long been lobbying for relaxation of the regulations governing promotion and advertising of prescription medicine. After the US Food and Drug Administration changed its rules to allow direct-to-consumer (DTC) marketing in 1997 the ABPI began its campaign for DTC marketing in Britain and Europe.

The new rules in the USA have led to a plethora of advertising and PR campaigns promoting prescription drugs. By 2000 American drugs companies were spending $2bn on DTC marketing of branded medicines. Recent PR campaigns have included the spectacle of
american celebrities extolling the virtues of particular drugs during chat show appearances.

The Consumers Association objects that marketing will inevitably present a biased viewpoint of drugs, highlighting benefits and not the risks and ignoring non-drug treatments. Patients demanding particular brands will lead to increased costs to the NHS. The CA also points out a lack of any evidence of overall health benefits in the USA as a result of DTC advertising.

The ABPI's campaign orchestrates both lobbying and public relations in its overall strategy. At a briefing to the Pharmaceuticals Marketing Society in 2000, the ABPI described its “battle plan” thus: “to deploy ground troops in the form of patient support groups, sympathetic medical opinion and healthcare professionals... which will lead the debate on the informed patient issue. This will have the effect of weakening political, ideological and professional defences... Then the ABPI will follow through with high-level precision strikes on specific regulatory enclaves in both Whitehall and Brussels...”

Aiming to create more informed patients, in January 2000, the ABPI launched its Electronic Medicines Compendium. The eMC, launched under the slogan “if you can eMC it you can believe it,” is a web site giving detailed information on thousands of prescription drugs. A spokesman added, “we intend to work closely with patient interest groups.”

Proposals for relaxing DTC regulations at the European Union have twice been rejected by the European Parliament and may be thrown out completely later this year. For more information see the Consumers Association web site [2].

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Protecting Corporate Secrecy

At the same time as espousing DTC marketing as the best way to keep patients informed, the ABPI has been strongly opposing another European proposal that would force pharmaceutical companies to disclose far more research data than they currently do. The information required would be of tremendous benefit to academic researchers and patient interest groups and would undoubtedly be more objective than that released through corporate advertising or PR. However the ABPI continues to oppose the proposal which was the result of pressure from consumer groups and politicians over drug safety.9

Denying Conflicts of Interest

The ABPI routinely defends the pharmaceuticals regulatory framework from accusations of conflicts of interest. In 2000 the ABPI responded to a government review of the extensive financial links between pharmaceutical companies and their regulators saying, “this must be the silly season because this story comes round every 18 months”.10 Although 27 of the 36 members of the Committee on Safety of Medicines (CSM) have declared interests in the pharmaceutical industry 11, the ABPI can apparently not even see why anyone might be suspicious of this situation.

The CSM is a department of the Medical and Healthcare products Regulatory Agency (formerly the Medicines Control Agency and the Medical Devices Agency) which licenses medicines for use in the UK.

Parallel Imports
Whilst the ABPI is strongly in favour of 'free market' conditions where it favours its member companies, it takes a dim view of free trade where it does not. One recurring 'problem' with the European single market has been the phenomenon of 'parallel imports'.

Parallel importing occurs due to the different prices set for branded medicines in different countries within the EU. This leads to imports of the same medicines from countries with lower prices to countries with higher prices. The ABPI has consistently complained that this undermines innovation in the UK pharmaceuticals sector and damages its members profits.

Since the adoption of the Pharmaceutical Price Regulation Scheme in 1999 parallel imports have declined. The British Association of European Pharmaceutical Distributors, which represents parallel importers, alleges that provisions with the scheme allow companies to selectively drive importers out of business. The ABPI has denied this.12

**Opposition to lowering drug prices**

The ABPI is at the forefront of creating an ever-friendlier business environment in the UK and making the industry's demands clear to the UK government. The ABPI has successfully opposed efforts by the Government to lower drugs prices and increase transparency in pricing policies. When in 1998 the Government announced its plans to reform the pharmaceutical price regulation scheme (PPRS) -the scheme allowing drug companies to set their own prices for drugs as long as they do not pass certain profit limits- ABPI launched a counter-offensive, threatening that 'any attempt to cut profits could drive manufacturers away and damage a business.'13 The ABPI opposed the NHS Modernisation Bill that contained powers to ensure that pharmaceutical companies would comply with an agreement negotiated with the government on how much profit they could make from the NHS.14

In July 1999, after months of negotiations, the government struck a deal with the pharmaceutical industry. The ABPI agreed to cut the price of branded prescription medicines by 4.5%. In return, drug companies won concessions and allowances aimed at rewarding and encouraging research and development of new products. Critics, however, still believe drug companies are overcharging consumers.15

**Pharmaceutical Industry Competitiveness Task Force (PICTF)**

Capitalising on its cosy relationship with the government, the ABPI in 2000 “achieved the setting up of a joint industry/government Pharmaceutical Industry Competitiveness Task Force, reporting to the Prime Minister”16

The PICTF, which was announced at the April 2000 annual dinner of the ABPI by Health Minister, Alan Milburn, embodies a far-reaching partnership between government and industry. The idea was to bring together industry leaders in the UK with Government policy makers to identify and report to the Prime Minister on the steps that need to be taken to retain and strengthen the profitability of the UK pharmaceutical industry. There is no reference in the PICTF's stated mission to identifying ways in which the industry can assist the NHS or the wider society, its value is simply presupposed.17

Areas where agreement has been reached through the PICTF include certain aspects of intellectual property. In spite of recent controversies over pharmaceutical companies refusing
to allow developing countries to manufacture copies of unaffordable medicines to combat epidemics (of AIDS for instance), the government has agreed that “intellectual property protection is not per se a barrier to access to medicines” and that protection of patents must remain a “key plank”18 of its policy on access to medicines in the developing world.

Another key area for the pharmaceuticals industry has been in creating closer ties between the relevant authorities and the industry for research. The PICTF has achieved a streamlining of the procedure for clinical trials approval, reducing the approval process to about sixty days.

Three of the PICTF's ten members are senior members of the ABPI: Bill Fullagar of Pfizer and ABPI President; Ken Moran of Pfizer and ABPI Vice-President; and Trevor Jones, ABPI Director General.

Public funds for research

The substantial amount of money spent on R&D is brought forward by the industry as the main argument justifying the pharmaceutical industry's enormous profits. However, the industry increasingly seeks public funds to finance research. A recently announced partnership between the private sector and the NHS allows co-funding of clinical trials and faster development of new drugs. A spokeswoman for the ABPI told BBC News Online that previous collaborations with the NHS had been very ad-hoc in nature. She said: "A lot more can be achieved by working together and pooling resources."19

One long term consequence of ever closer ties between the pharmaceutical industry and the NHS may be concentration on drug therapies at the expense of non-drug treatments.

National Institute for Clinical Excellence (NICE)

The National Institute for Clinical Excellence was set up as a Special Health Authority for England and Wales in 1999. A part of the National Health Service (NHS), its role is to provide patients, health professionals and the public with authoritative guidance on current “best practice”, concerning both individual health technologies (including medicines, medical devices, diagnostic techniques, and procedures) and the clinical management of specific conditions. As such its work has the potential to impact significantly on sales of the ABPI's member companies' products, and the ABPI naturally devotes considerable energy to lobbying the Department of Health concerning its operations.

After a couple of years of discussions the ABPI seems to have largely got its way: “

Links with Universities and Schools

ABPI sends free booklets to schools. Every secondary school and sixth form college has been sent two free booklets from ABPI about pharmaceutical manufacture. ABPI also offers an online course about medicines and drugs. See: www.abpischools.org.uk/ [3]

Animal rights

ABPI supports using animals in research. However, ABPI is concerned about the growing opposition against experiments with animals, mainly coming from animal rights activists,
claiming that the industry is increasingly violently harassed. Tony Blair shares the industry's concerns. And the industry works hard to get the media on her side. Banks and financial institutions have recently been threatened by the industry, saying they will close accounts if they cave in to threats from animal rights protesters. The move follows a number of high profile financial institutions severing links with the drugs-testing firm Huntingdon Life Sciences (HLS) after it was targeted by animal rights activists. "If they are not prepared to support a member of our industry [HLS], we must ask if they are the people we should rely on for advice and to invest our cash," said Trevor Jones, director-general of the ABPI.

The ABPI claims to have won significant concessions in the 2001 Police and Criminal Justice Act. Indeed all of its main requests were added to the Act, including provisions to "deal with protests outside people's homes, malicious communications, the organisation of harassment campaigns and the availability of company directors' and secretaries' home addresses. In addition, a National Crime Squad has been established, along with a high level ministerial committee, to deal specifically with this type of criminal activity."22

Putting Profits before the Poor

Outside the UK, the ABPI shamelessly supported the big pharmaceutical companies' fight against the South African government that tried to provide its citizens with affordable AIDS medicines. The pharmaceutical industry -afraid of losing profits- sued the South African government for breaking international patent law. See also: sector overview pharmaceutical industry.

When Development Cooperation Minister Clare Short criticized the drugs industry for its lack of interest in Third World diseases, ABPI spokesman Richard Ley said the industry welcomed her comments. He added: "We would be happy to work with governments and other agencies to discuss ways in which we can justify investment in these areas to our shareholders."23

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