

APPENDIX 3

RECOMMENDATIONS OF ORGANISED LABOUR TO ENHANCE GROWTH AND DEVELOPMENT OF THE PHARMACEUTICAL MANUFACTURING SECTOR

Organised labour has presented a number of recommendations to the Counterpart Group that it believes are vital to the future health of the sector, as well as fulfilling government's social responsibility objectives. Pivotal to this is a shift to generic drug manufacture as the centrepiece of industrial restructuring in the pharmaceutical industry in South Africa. As such, the state should recognise the strategic importance of the generics sub-sector and:

- use its economies of scale to limit generic imports by only buying from local manufacturers
- provide regulations over and above the Essential Drugs List that ensures doctors and private hospitals purchase and supply generic drugs
- ensure government regulation of the industry so that labelling, clinical trials and monitoring can be done effectively
- publicly appeal to transnational companies to contribute to the growth of the new South Africa by manufacturing patented drugs in South Africa rather than importing
- promote partnerships between successful Third World generic producers and local South African businesses
- nationalise by increasingly state owned and controlled manufacturing of API's and selling at non-profit rates to local and wider African manufacturers
- provide tax and tariff incentives to generic manufacturers that would promote labour intensive methods of manufacture
- support proper training and development programmes for the industry.

To carry this forward, labour believes a cluster study policy process is not feasible. It is labour's considered view that industrial policy in South Africa requires active state intervention and leadership in order to work. Hence, labour would like to strongly recommend and argue for a state led planning approach, that would be driven by the DTI and the IDC, for the restructuring of the pharmaceutical industry. A state defined restructuring

plan, taking on board the issues and challenges raised in this study as well as labour's policy agenda, must be developed and presented to a high profile pharmaceutical industry task team comprising labour, government and business for further negotiations and fine tuning. In the end the state must drive the implementation of this restructuring plan and ensure South Africa develops a sustainable generics drugs manufacturing capacity in which job creation and public health interests are paramount.