

## IMPACT OF US-ANDEAN FTA IN PERU: OVERVIEW

### Poverty and access to health care

- Peru has 27 million inhabitants; 52 percent live below the poverty line.
- Around 4 million people live in extreme poverty; 2.1 million of whom are children.
- About 8 million people do not have any health insurance.
- About 20 percent of the population has no access to health care because they cannot afford it.
- The public health insurance system, which reaches about 8 million people, does not cover cancer or any other “high cost” illnesses.
- 44 percent of household spending on health care is devoted to medicines. Most of the expenditures on medicines are paid out of pocket.
- Currently, programs for treatment of HIV/AIDS and resistant strains of tuberculosis are dependant on foreign aid.

### Impact of the FTA on access to medicines

In the negotiations on intellectual property in the US-Andean FTA, the US negotiating team has been pushing several provisions to increase the amount of time that brand-name medicines can enjoy monopoly rights in the market. These measures will increase the price of medicines and thus will exacerbate the problem of lack of health care endured by Peruvians, in violation of their right to health. Only one measure, test data protection that provides exclusive use of the data showing safety and efficacy of a medicine needed to obtain marketing approval, could have devastating effects, as a Ministry of Health study revealed:

- In the first year of implementation of the FTA, the prices of medicines would increase by an average of 9.6 percent; by 55 percent by 2011; and by almost 100 percent by 2017.
- During the first year, Peruvians would have to spend an additional US\$34.4 million to maintain the same level of access to medicines. In 2003, the total expenditure of the Ministry of Health on medicines was US\$35 million.
- In the first five years of implementation, between 700,000 and 900,000 people will be unable to get access to health care each year.
- Between 2011 and 2017, the additional expenditure on medicines will be between US\$130 million and US\$169 million.

These effects would result only from the test data protection. Other measures the US is insisting be included would only exacerbate these effects, as well as the current critical health care situation of several million Peruvians.