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GlaxoSmithKline (GSK), one of the world's largest pharmaceutical developers, and Aspen Pharmacare, South Africa's largest generic pharmaceutical manufacturer, intend to merge their South African operations. As part of the merger, most of GSK's South African operations will become part of Aspen. GSK will purchase 16% of Aspen's shares and become the company's single-largest shareholder.

Following submissions and correspondence from the Treatment Action Campaign (TAC), the Centre for the AIDS Programme of Research (CAPRISA) and the Southern African HIV Clinicians Society (SAHCS), assisted by the AIDS Law Project (ALP), the Competition Commission has approved the merger subject to the following condition:

GSK is required to grant licenses, on a non-exclusive basis, to Adcock Ingram, Cipla Medpro, Ranbaxy, Biotech Laboratories, Feza Pharmaceuticals and other generic manufacturer for the manufacture and/or import of abacavir, on terms and conditions no less favourable than those granted to Aspen.

Abacavir is a nucleoside reverse transcriptase inhibitor used by patients who are unable to take non-nucleoside reverse transcriptase inhibitors or protease inhibitors as the third antiretroviral in a triple combination. It is also particularly important for the treatment of young children.

It is sold under the brand name Ziagen by GSK. It was invented by researchers at the University of Minnesota with financial support from the US federal government. It is part of the three-drug "cocktails" used in the treatment of HIV/AIDS. The patent on abacavir is held by the University of Minnesota. In exchange, the university receives substantial royalties from GSK in terms of a licensing agreement.

The current public sector tender provides, over a two year period, for 1.7m bottles of 240ml abacavir for paediatric use at a cost of R235 million and 43,000 bottles of abacavir pills (primarily for adults and older children) at a cost of R14m. The price-tag for the state will likely come down substantially when the tender is renewed next year. It will also make the drug cheaper in the private sector. This is also dependent on the MCC registering generic abacavir products.

The following table lists the prices of abacavir products in South Africa.

Product (all GSK)	Public Sector Price	Private Sector Price (incl. VAT)
abacavir 240 ml (20mg/ml)	R134	R339.13
abacavir 300mg tab. x 60	R320	R895.41
abacavir/lamivudine/AZT	N/A	R1,517.73
abacavir/lamivudine	N/A	R922.26

The condition on the merger is an important development that will improve access to an important antiretroviral.

TAC's submission to the Competition Commission can be downloaded [here](#).

TAC thanks the ALP, CAPRISA and the SAHCS for their assistance with our submission to and correspondence with the Competition Commission.

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