

by the government's Medications Market Regulation Chamber (Cmed) based on the average level of discounts offered to the private sector.

The principal legal argument used by the industry association was that under Brazilian law, Cmed is responsible for setting the prices for all of the medications in question, and in March the government organ set the level of prices for 2007. As a result, according to the association, Cmed could not afterwards declare a discount on prices that it already had defined for the entire year.

But in its ruling, the high court stated that Cmed can legally establish new ceilings for drug prices.

Health ministry officials applauded the court's unanimous decision. Reinaldo Guimarães, in charge of the ministry's department of science, technology and strategic inputs, said the decision demonstrated the strength of the ministry's position. He added that he does not expect future problems with the industry as a result of the ruling.

"In any country there is a level of tension

Congressional committees currently are working with physician organizations to halt the physician payment cut.

between public health interests and the interests of the pharmaceutical industry. I don't believe that relations between the government and the industry will worsen," he said.

Industry representatives, however, indicated they have not given up in their efforts to fight the new policy. The Brazilian Pharmaceutical Industry Federation (Febrafarma), which represents Brazilian as well as multinational firms, has asked the health ministry to review its decision and also is lobbying in Congress for approval of a bill reducing the discount.

In addition, the Brazil unit of Swiss-based Novartis challenged the policy in a lower court and won an injunction suspending the price reduction. The suspension is valid only for Novartis, but other firms are considering similar lawsuits.

The health ministry, meanwhile, has warned that any pharmaceutical company that refuses to grant the 24.69 percent discount will face fines of up to \$1.5 million. ☞

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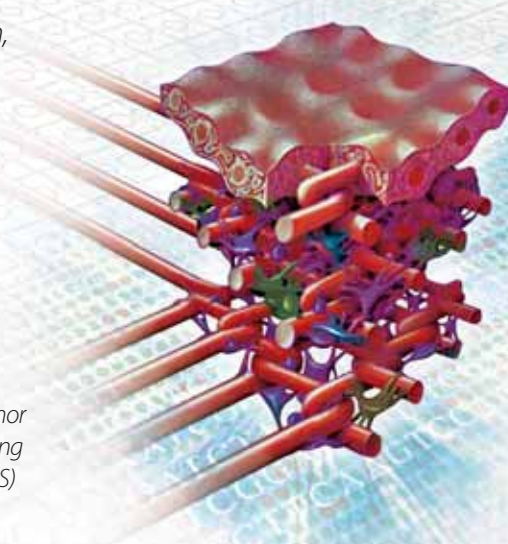
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