

December 11, 2007
Business & Human Rights Resource Centre
Response to "Investing for Life" briefing paper



Merck is disappointed that Oxfam's *Investing for Life* briefing does not offer a more balanced and informed view of the important issues related to access to medicines and vaccines. It is also regrettable that Oxfam chose not to include much of the information Merck & Co., Inc. provided to them that demonstrated the positive impact of collective action for improving public health and fostering access to medicines and vaccines. Rather, Oxfam has constructed an unrealistic set of measures by which to assess industry efforts -- most of which aren't directly related to actually improving access to medicines -- and has also systematically underestimated the efforts of individual companies.

In particular, the report inaccurately reflects Merck's position on the TRIPS agreement. To be clear, Merck is not asking for any more than that which is provided for in TRIPS. Oxfam chose not to reflect the fact that Merck has a pro-generic policy, where a generic is defined as a product that is bioequivalent and bioavailable, and made available after patent expiry with the best possible price. Philosophically, the Company supports the entry of high-quality generics into the market place at the appropriate time. We also indicated to Oxfam that Merck, like many other companies, does not have patents on its products in many developing countries, and therefore generic manufacturers could manufacture or distribute otherwise patented products.

In terms of tiered pricing, the fact of the matter is that 80 percent of patients currently treated with Merck's anti-retrovirals (ARVs) are receiving them at prices at which Merck makes no profit on their sale. Another 10 percent are receiving Merck's ARVs at significantly reduced prices. Today, more than 650,000 patients in over 130 countries and territories are being treated with regimens containing one of Merck's ARV medicines -- more than 90 percent of whom live in the developing world. There are an estimated 80,000 children using pediatric versions of Merck's ARVs.

We also were surprised that Oxfam chose to characterize the MECTIZAN Donation Program -- one of the most successful public-private partnerships in history -- as an example of "some success in the context of specific disease-eradication programmes." We believe that the MECTIZAN Donation Program *exemplifies* the critical need for and power of public private partnerships in addressing the developing world's greatest public health challenges. Unfortunately Oxfam has chosen to downplay the major advances that have been made in the fight against river blindness in the past two decades. Tens of millions of people in Africa receive MECTIZAN each year to treat and control the spread of the disease; 40,000 cases of blindness are prevented annually; and investment in river blindness control is estimated by the World Bank to yield an economic rate of return of 17 percent. Through its distribution of MECTIZAN over the past decade, the MECTIZAN Donation Program and its partners also pioneered an innovative delivery strategy called Community-Directed Treatment with Ivermectin (CDTI) through which nearly 350,000 trained community volunteers distribute MECTIZAN and other health services in more than 117,000 communities. The CDTI model has enabled other health services -- such as vitamin A distribution, eye care services, treatment of lymphatic filariasis, schistosomiasis and trachoma, and

December 11, 2007

Page 2

distribution of insecticide-treated bed nets for malaria control – to be introduced in often remote communities where health services are limited. In Latin America, public health officials gathering just last month at the 17th Inter-American Conference on Onchocerciasis (IACO) in Quito, Ecuador, announced that transmission of river blindness has been halted in Colombia, marking the first time that the disease has been eliminated as a public health problem on a country-wide basis. Health officials also announced that river blindness transmission has been halted in certain endemic areas in Ecuador and Guatemala due to the effectiveness of treatment with MECTIZAN. Officials also confirmed that new cases of eye disease caused by onchocerciasis have been eliminated in 9 of the 13 foci in the Americas where it was endemic and all new cases of blindness have been halted in all 13 foci.

Oxfam also found fault in our announcement to donate 3 million doses (one million courses) of our cervical cancer vaccine to poor countries over the next five years. Merck has not suggested that this donation program in itself is a sustainable response to the need for HPV vaccines in the developing world. We know that this program is an interim step, but believe it is an important one that will create models of successful HPV vaccination in resource-poor countries. At the same time, we have indicated our intention to implement tiered pricing for this vaccine as we have done for our ARVs, by which it will be made available at dramatically lower prices -- at which Merck does not profit -- to people living in the world's poorest countries.

While we agree with Oxfam that the issue of access to health is an extremely critical one, we are concerned that some of the arguments in the recent briefing will hinder, rather than help, the very people that need medicines and vaccines the most. Rather, we believe that true solutions will come from focusing on those areas that will actually improve access. We believe, for example, that our activities and those of others in the research-based pharmaceutical industry, have had a meaningful impact on access to care. In particular, Merck is very proud of our record of success in developing important medicines and vaccines using the best scientific understanding of disease and taking important steps to promote access to our discoveries. What Oxfam may consider is looking at all of the players in the public health arena – including governments. For example, one way to help ensure access to affordable medicines would be for countries to eliminate import tariffs and value-added taxes to medicines that increase price to consumers. It also would be revealing if Oxfam were to analyze countries' efforts to set up effective delivery mechanisms to ensure that medicines and vaccines actually reach patients in need, rather than be left to expire in government warehouses or diverted into corrupt hands. Another more illuminating analysis would have been of countries' failure to live up to existing commitments in the Harare and Abuja declarations. There is much that can be done to improve access if we all work together and focus on the real barriers.

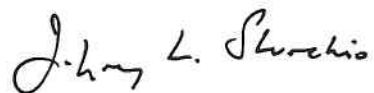
Merck believes that responding to global health challenges is a strategic and humanitarian necessity. Our approach is founded upon the belief that pharmaceutical companies have a responsibility to offer assistance when social, political and economic conditions make it impossible for patients to receive life-saving therapies and that Merck and others should leverage its expertise to help remove the barriers that stand between patients and the therapies they need. But we also recognize that no single organization or entity can successfully address the complex health challenges the world faces today. Merck is committed to working with non-governmental

December 11, 2007

Page 3

organizations such as Oxfam, as well as with governments and other organizations involved in international assistance, to truly invest in life. However, publishing inaccurate and unbalanced reports as Oxfam has done will not contribute to this objective.

Thank you for the opportunity to comment.

A handwritten signature in black ink that reads "Jeffrey L. Sturchio". The signature is written in a cursive style with a large initial "J".

Jeffrey L. Sturchio
Vice President, Corporate Responsibility
Merck & Co., Inc.

*Merck & Co., Inc. (Whitehouse Station, NJ, USA) operates as Merck Sharp & Dohme (MSD) in most countries outside the United States.