Compulsory licencing proposed in the Netherlands to enforce lower prices for medicines

When a company is not prepared to charge a socially acceptable price in the Netherlands for a medicine, the government (in consultation with other stakeholders such as patients, patient organizations, pharmacies, and the health insurers) can take action against the company. If the company is not prepared to charge a socially acceptable price, the National Health Insurance Fund (NLZ), the authorities can apply for a license to make the medicine available to the Dutch market. The price of the medicine is determined by the authorities, not by the company.

Development of new medicines. Better, faster, cheaper

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The RVS report on the development of medicines was published in February 2012. The RVS points out that 'countries are often reluctant to issue compulsory licences, partly out of fear of economic reprisals and partly out of ignorance', and it gives some examples of what happened in this respect in the past. The majority of compulsory licences for medicines were issued in the period 2001-2006 by countries such as Brazil and South Africa for medicines against HIV/aids, but it happened in Italy and France in the past. The RVS points out that 'countries are often reluctant to issue compulsory licenses partly out of fear of economic reprisals and partly out of ignorance', and it gives some examples of what happened in this respect in the past. The majority of compulsory licences for medicines were issued in the period 2001-2006 by countries such as Brazil and South Africa for medicines against HIV/aids, but it happened in Italy and France in the past.

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2 Encouraging pharmacy preparation

In the short term, several other tools are available for the authorities in order to comply with their task of keeping healthcare affordable and provide public health care; the KWS options. It presents four options:

- Compulsory licences

- Reining in the high prices

- Other approaches

In order to make medicines more broadly available to patients, other solutions are possible as well. The RVS suggests the Dutch authorities should not be afraid to impose a license to make the medicine available to the Dutch market. This creates competition, which will make prices drop. When compulsory licences are issued, there is a requirement that the authorities must obtain the necessary licenses from the patent owners, but it is not enough that the authorities and the licensor have the same interests. The RVS points out that 'countries are often reluctant to issue compulsory licenses partly out of fear of economic reprisals and partly out of ignorance', and it gives some examples of what happened in this respect in the past. The majority of compulsory licences for medicines were issued in the period 2001-2006 by countries such as Brazil and South Africa for medicines against HIV/aids, but it happened in Italy and France in the past.

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