



**MAKING A KILLING:  
THE DEADLY IMPLICATIONS OF  
THE COUNTERFEIT DRUG TRADE**

**By Roger Bate**

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Are your medicines safe? Counterfeiters have flooded developing nations with contaminated and dangerous prescription drugs and are increasingly targeting the larger, more lucrative markets of the developed world. Because the penalties for trafficking in counterfeit pharmaceuticals are slight compared to the penalties for peddling hard drugs, narcotics dealers are flocking to the counterfeit drug trade in search of high profits at low risk. What can we do to stop the deadly trade in counterfeit pharmaceuticals?

In *Making a Killing: The Deadly Implications of the Counterfeit Drug Trade* (AEI Press, May 2008), American Enterprise Institute resident fellow Roger Bate analyzes the burgeoning international trade in counterfeit drugs and recommends steps that governments and law enforcement agencies could take to stop it. Tracing counterfeit drug trafficking around the world—from Internet pharmacies frequented by American consumers to the back streets of New Delhi—Bate reveals a complex, deadly, increasingly lucrative web that is becoming an attractive arena for organized crime:

Nearly 10 percent of prescription drugs on the world market may be counterfeit, causing hundreds of thousands of deaths every year. According to the World Health Organization, 200,000 people die annually from counterfeit and substandard antimalarial medicines alone; the total human toll of all counterfeit drugs is far greater.

- Damage done by counterfeit pharmaceuticals is most acute in the developing world, where up to 30 percent of lifesaving drugs sold in some African, Latin American, and Asian countries may be counterfeit.
- India and China are two of the top sources of counterfeit pharmaceutical products. These countries also supply drugs to developing countries and active pharmaceutical ingredients (API) to manufacturers across the globe. American drug companies purchase 40 percent of their API from India and China; this number may double over the next fifteen years.

- In Western markets, counterfeiters have historically targeted “lifestyle drugs” such as Viagra and Cialis, expensive products that promise high returns and can be easily marketed over the Internet, but they are becoming more sophisticated and have begun to target lifesaving therapeutic drugs as well.

Vigorous regulation has thus far prevented a broad influx of counterfeit drugs into the United States. Far fewer than 5 percent—perhaps as little as 1 percent—of American drug products are counterfeit, but the problem is growing. Two tragic examples illustrate the deadly consequences of these drugs.

In July 2007, fifty-eight-year-old Canadian Marcia Bergeron died after unwittingly consuming counterfeit antidepressants and acetaminophen purchased from unlicensed online pharmacies. The pills contained toxic levels of aluminum, phosphorus, titanium, tin, strontium, arsenic, and other heavy metals.

In April 2008, the Food and Drug Administration linked eighty-one deaths in the United States to an allergic reaction to heparin, a blood-thinning medication. The deadly heparin was linked to a contaminant likely produced in China and inserted somewhere along the American supply chain. Australia, Canada, China, Denmark, France, Germany, Italy, Japan, the Netherlands, and New Zealand have also reported contaminated heparin in their markets.

*Making a Killing* champions greater cooperation between wealthy and poor nations to restrict the trade in counterfeit pharmaceuticals. Bate calls for fortified policing resources, harsher penalties for counterfeiters, widespread public education, stricter repackaging requirements, limits on parallel importing, more rigorous pedigree systems, and commonsense consumer vigilance against this danger. Western policymakers must act immediately to quell the deadly counterfeit market in developing countries—and to ensure the integrity of their products at home.

**Roger Bate** is a resident fellow at the American Enterprise Institute. He writes extensively on topics such as endemic diseases in developing countries; access and innovation in pharmaceuticals; taxes and tariffs; water policy; and international health agreements.

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