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Withdrawal/Redaction Marker

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. cable	WH Situation Room to Kenneth Bernard et al re Joint G-8 Message from President Clinton and President Prodi to Prime Minister Mori (4 pages)	06/27/2000	P1/b(1)

COLLECTION:

Clinton Presidential Records
National AIDS Policy Office

OA/Box Number: 21070

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2007-1550-F
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RESTRICTION CODES

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- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
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- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

NATIONAL SECURITY COUNCIL

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17th & Penn, N.W.
Washington, D.C.
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Did you get a complete,
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Chris Keenan at
(202) 456-9394

From: Kenneth W. Bernard
International Health Affairs
phone: 202 456-9391 FAX: 202 456-9390

To: Sandy Thurman
Agency: ONAP
Fax Number: 6-2439

Date/Time: June 29, 2000
No. of pages to follow: 4

Withdrawal/Redaction Sheet

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Colol
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Babu James
1-800-625-9521
John Scott
316-2765802

OFFICE OF NATIONAL AIDS POLICY
EXECUTIVE OFFICE OF THE PRESIDENT
THE WHITE HOUSE

Please Deliver to Sandra Thurman

FACSIMILE TRANSMITTAL SHEET

TO: Sandy Thurman FROM: Cheryl Bawle
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FAX NUMBER: 520-749-1646 TOTAL NO. OF PAGES INCLUDING COVER:
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RE:

☐ URGENT ☐ FOR REVIEW ☐ PLEASE COMMENT ☐ PLEASE REPLY ☐ PLEASE RECYCLE

NOTES/COMMENTS:

Hi Sandy-attached are

- ① Ken's proposed agenda for Sept. 7
- ② Pam's info
- ③ Mica's questions
- ④ I'm also sending Tom Stillitano's fax. I think you should look @ it since it deals so heavily with labor in #1 & #2.

Please call me if you need anything.

☺ Cheryl

736 Jackson Place
Washington, DC 20503
(202) 456-2437
(202) 456-2438 (fax)

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From: Dr. Kenneth W. Bernard
International Health AffairsTo: Sandy Thurman / Michael
Agency: Sabowitz

Fax Number: 6-243 9 (Cheryl)

Date/Time:

No. of pages to follow:

Message:

Comments / changes / ideas
ASAP. Have not yet
given to Melanne so
take your best shots.
This will be for advance distribution
to attendees. cheers -

Ken

Tom: here is my first crack at a cable to the field. I would intend to send action to the Sub-Saharan labor officers and info to the rest. Would welcome your wordsmithing and additional ideas including major shifts as you see necessary. (Will it need a White House clearance?)
Ed

1. SUMMARY/INTRODUCTION: ON JULY 19, VICE PRESIDENT GORE ANNOUNCED ON BEHALF OF THE ADMINISTRATION A USD 100 MILLION GLOBAL AIDS PREVENTION AND TREATMENT INITIATIVE. MORE THAN TWO-THIRDS OF THE FUNDING IS TO BE SPENT IN SUB-SAHARAN AFRICA WHERE AIDS IS THE LEADING CAUSE OF DEATH. THIS INITIATIVE WILL PURSUE A VARIETY OF STRATEGIC OPPORTUNITIES FOR CHALLENGING OTHER PARTNERS, INCLUDING LABOR, TO JOIN IN AN ENHANCED EFFORT. SPECIFICALLY REGARDING LABOR, THIS INITIATIVE ENVISAGES ASSISTING LABOR ORGANIZATIONS IN EDUCATING THEIR MEMBERS AND SECURING COMMITMENTS TO DEVELOP WORKPLACE-BASED AIDS EDUCATION AND PREVENTION PROGRAMS, INCLUDING OUTREACH TO YOUTH. THIS MESSAGE IS INTENDED TO INFORM/UPDATE LABOR OFFICERS SERVING IN SUB-SAHARAN AFRICA REGARDING THIS INITIATIVE AND TO ENCOURAGE THEM TO PLAY AN ACTIVE ROLE IN ENSURING ITS SUCCESS THROUGH USE OF LABOFF'S TIES WITH LABOR IN HIS/HER HOST COUNTRY.
2. WHILE THIS PROGRAM INITIALLY IS TARGETED AT SUB-SAHARAN AFRICA, LABOR OFFICERS SERVING IN COUNTRIES OUTSIDE OF SUB-SAHARAN AFRICA IN COUNTRIES WHICH FACE SERIOUS AIDS PROBLEMS ARE ENCOURAGED TO COMMENT ON THE POSSIBILITY OF EXTENDING SUCH AN INITIATIVE TO THEIR COUNTRY. WHILE LABOFFS OUTSIDE OF SUB-SAHARAN AFRICA MAY WISH TO DISCUSS THIS INITIATIVE INFORMALLY WITH HOST GOVERNMENT OFFICIALS, LABOR REPRESENTATIVES, AFL-CIO SOLIDARITY CENTERS WHERE THEY EXIST AND OTHERS, IT SHOULD BE MADE CLEAR THAT THERE ARE NO CURRENT PLANS TO EXTEND THIS INITIATIVE TO THAT COUNTRY. IN GENERAL, THE DEPARTMENT WOULD BE INTERESTED IN KNOWING THE EXTENT OF LIKELY HOST COUNTRY (GOVERNMENT, LABOR AND MANAGEMENT) RECEPTIVITY TO SUCH AN INITIATIVE, SPECIFICALLY TO INCLUDE THE ROLE OF LABOR AS A PARTNER IN SUCH AN INITIATIVE. END SUMMARY/INTRODUCTION.

AN OVERVIEW OF THE INITIATIVE:

3. THE ADMINISTRATION HAS PLEDGED TO COMMIT USD 100 MILLION IN FY2000 TO THE GLOBAL BATTLE AGAINST AIDS. MOST OF THE INITIATIVE WILL FOCUS ON SUB-SAHARAN AFRICA. THIS INITIATIVE WILL PROVIDE FOR:
- USD 48 MILLION TO CONTAIN THE AIDS PANDEMIC BY IMPLEMENTING A VARIETY OF PREVENTION AND STIGMA REDUCTION STRATEGIES, ESPECIALLY FOR WOMEN AND YOUTH, INCLUDING: HIV EDUCATION, ENGAGEMENT OF POLITICAL, RELIGIOUS, AND OTHER LEADERS; VOLUNTARY COUNSELING AND TESTING; INTERVENTIONS TO REDUCE MOTHER-TO-CHILD TRANSMISSION (MTCT) AND ENHANCE TRAINING AND TECHNICAL ASSISTANCE EFFORTS, INCLUDING DEPARTMENT OF DEFENSE EFFORTS WITH AFRICAN MILITARIES.
 - USD 23 MILLION TO PROVIDE HOME AND COMMUNITY-BASED CARE TO INCLUDE: DELIVERY OF COUNSELING, SUPPORT, PALLIATIVE AND BASIC MEDICAL CARE INCLUDING TREATMENT FOR SEXUALLY TRANSMITTED DISEASES, OPPORTUNISTIC INFECTIONS (OIs), AND TUBERCULOSIS (TB) THROUGH COMMUNITY-BASED CLINICS AND HOME-BASED CARE WORKERS. ENHANCE TRAINING AND TECHNICAL ASSISTANCE EFFORTS.
 - USD 10 MILLION FOR CARE FOR CHILDREN ORPHANED BY AIDS WHICH WILL BE USED TO ASSIST FAMILIES, EXTENDED FAMILIES AND COMMUNITIES IN CARING FOR THEIR CHILDREN THROUGH NUTRITIONAL ASSISTANCE, EDUCATION, TRAINING, HEALTH AND COUNSELING SUPPORT, IN COORDINATION WITH MICRO-FINANCE PROGRAMS.
 - USD 19 MILLION TO STRENGTHEN PREVENTION AND TREATMENT BY AUGMENTING PLANNING, INFRASTRUCTURE, AND CAPACITY DEVELOPMENT SO AS TO STRENGTHEN HOST COUNTRY ABILITY TO PLAN AND IMPLEMENT EFFECTIVE INTERVENTIONS. THIS ASPECT OF THE INITIATIVE WILL AIM AT STRENGTHENING THE CAPACITY FOR EFFECTIVE PARTNERSHIPS AND THE ABILITY OF COMMUNITY BASED ORGANIZATIONS TO DELIVER ESSENTIAL SERVICES AND TO OPERATE STRENGTHENED SURVEILLANCE SYSTEMS TO INCLUDE TRACKING THE EPIDEMIC AND TARGET HIV/AIDS PROGRAMS.
4. THE COMMITMENT OF HOST COUNTRY POLITICAL LEADERS AND VARIOUS SEGMENTS OF SOCIETY ARE KEY TO THIS INITIATIVE'S SUCCESS. MOREOVER, RESOURCES PROVIDED BY THE USG NEED TO BE LEVERAGED AND COORDINATED WITH THOSE OF OTHER DONORS, THE PRIVATE SECTOR AND NATIONAL GOVERNMENTS TO ENSURE SYNERGY AND SO AS TO MAXIMIZE THEIR IMPACT. PARTNERSHIPS WITH KEY STAKEHOLDERS IN

SUPPORT OF EFFECTIVE ACTION AT THE COMMUNITY LEVEL SHOULD, OF COURSE, INCLUDE THE LABOR SECTOR.

5. IN ORDER TO HIGHLIGHT THE ROLE OF LABOR, THE SECRETARY OF LABOR WILL FACILITATE A MEETING OF US AND AFRICAN LABOR LEADERS THAT WILL BE CO-CHAIRLED BY THE AFL-CIO. THE SUCCESS OF THE AFL-CIO AND ITS SOLIDARITY CENTER IN SOUTH AFRICA (SUPPORTED BY USAID) IN WORKING WITH THE SOUTH AFRICAN TRADE UNION FEDERATIONS TO INCLUDE AIDS AS A KEY LABOR OUTREACH AND POLICY ISSUE PROVIDES A MODEL FOR SIMILAR ACTION ELSEWHERE. OUTCOMES INCLUDE ASSISTING LABOR ORGANIZATIONS IN EDUCATING THEIR MEMBERS AND SECURING COMMITMENTS TO DEVELOP WORKPLACE-BASED AIDS EDUCATION AND PREVENTION PROGRAMS, INCLUDING OUTREACH TO YOUTH.
6. IN A JULY 19 STATEMENT, AFL-CIO PRESIDENT JOHN SWEENEY APPLAUDED THE GORE ANNOUNCEMENT AND SPECIFICALLY THE CLINTON ADMINISTRATION'S INTENTION TO "OPEN A NEW FRONT ON THE INTERNATIONAL WAR AGAINST AIDS BY TAKING HIV EDUCATION AND PREVENTION MESSAGES TO WORKPLACES AROUND THE GLOBE." SWEENEY ADDED THAT, "A HEALTHY, PRODUCTIVE AND EMPOWERED WORKFORCE IS A KEY ELEMENT OF EVERY COUNTRY'S SUCCESS IN THE GLOBAL ECONOMY... EDUCATION IN THE WORKPLACE OFFERS A COMMON SENSE SOLUTION ... FOR IT OFFERS ACCESS TO A LARGE PART OF THE AFFECTED POPULATION, THIS IS WHY TRADE UNIONS, AND THE WORKING MEN AND WOMEN THEY REPRESENT, CAN AND MUST PLAY A SPECIAL ROLE IN FIGHTING THE CALMITY OF THIS GLOBAL DISEASE." SWEENEY CONCLUDED BY NOTING THAT "THE CLINTON ADMINISTRATION IS TO BE COMMENDED FOR RECOGNIZING THAT ANY INTERNATIONAL STRATEGY TO STEM THE RISE OF NEW HIV INFECTIONS WILL NOT SUCCEED UNLESS TRADE UNIONS AND WORKING PEOPLE ACROSS THE GLOBE ARE ENGAGED IN THE BATTLE."

ONE HUNDRED SIXTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON GOVERNMENT REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

MAJORITY (202) 225-5074
MINORITY (202) 225-5051
TTY (202) 225-8052

July 28, 1999

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STEPHEN HORN, CALIFORNIA
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BERNARD SANDERS, VERMONT,
INDEPENDENT

Ms. Sandra Thurman
Director, Office of National AIDS Policy
The White House
736 Jackson Place, NW
Washington, DC 20503

Dear Ms. Thurman:

On behalf of myself and the members of the Subcommittee on Criminal Justice, Drug Policy and Human Resources, I would like to thank you for taking the time to testify before the subcommittee on the issue of the global HIV/AIDS epidemic. Your testimony assisted our consideration of the challenges faced by the Federal government in determining its role in combating the epidemic.

As mentioned at the close of the hearing, I have also included a set of follow-up questions that I did not get a chance to present to you at the hearing. Please provide the subcommittee with answers to the questions for the record no later than Friday, August 20, 1999. The responses and any additional supporting documentation can either be faxed to 202-225-1154, sent electronically to mason.alinger@mail.house.gov, or mailed to:

Subcommittee on Criminal Justice, Drug Policy and Human Resources
B-373 Rayburn House Office Building
Washington, DC 20515

Please feel free to share your ideas and information with my staff and me as we continue to work together on this important topic.

Sincerely,

John L. Mica
Chairman

Subcommittee on Criminal Justice, Drug Policy, and Human Resources

QUESTIONS FOR SANDRA THURMAN

1. According to the Washington Post (July 20; page A4), the recent White House announcement of \$100 million for prevention and treatment of HIV/AIDS will come from existing funds, including \$48 million for a program that provides "education, counseling and blood screening." Can you tell us specifically where this money is coming from, and how it will be used? How much will go directly for drug treatment for people who are HIV positive and how would they be selected?
2. Congressman Berry testified that he "...welcomes the Administration's proposal to increase the U.S. investment in fighting HIV/AIDS in Africa by \$100 million...but noticeably it will not help one more patient get life-saving medicines that are now available." What would you recommend to address the needs of over twenty million infected persons who are in need of treatment? Would you support the government's making available to the World Health Organization the drugs that the US has the patent rights to? Don't you think that relying upon periodic announcements of recommended aid could raise false hopes, and that more comprehensive approaches are required to save significant lives, such as has occurred in the U.S. with effective drug treatment? What else would you recommend to help these countries get affordable treatment?
3. Since you've seen the situation in South Africa first-hand, would you describe it as an emergency? If so, wouldn't you rather see the United States government respond to this crisis as if it *were* an emergency, rather than threatening trade retaliation against a country like South Africa for enacting a law that appears to be in accordance with existing international laws and agreements, and has not even been implemented as yet?
4. Is your office on record as opposing parallel imports or compulsory licensing of AIDS treatment drugs by nations that are experiencing major AIDS epidemics? What is your policy regarding the expansion of HIV/AIDS drug availability in developing nations?
5. Do you support this Administration's "assiduous, concerted campaign to persuade the Government of South Africa" (state department report) to give up on their Medicines Act?
6. Do you think that drug treatments should be withheld from the millions now suffering due to fears that new strains of HIV/AIDS might develop? If so, should this policy apply to the U.S.? Why or why not?

Mica Questions

(1). ONAP has submitted for the record a copy of the Administration's "Joining Forces for Life" proposal which outlines how the Administration would invest the \$100 million increase it has requested in global AIDS funding for FY2000. In addition, we have submitted a copy of the Administration's budget amendment which outlines our proposed offsets for this essential new funding.

In brief, our investment breakdown is as follows:

- \$48 million for prevention;
- \$23 million for basic care and treatment;
- \$19 million for infrastructure and capacity development.
- \$10 million for care for children orphaned by AIDS; and

As you can see, the Administration's proposal allocates \$23 million for basic care and treatment for people living with HIV and AIDS. While the delivery of health care services has not been the traditional role of health related foreign assistance, the suffering brought on by the AIDS pandemic in Africa beckons all host governments, bilateral donors, multilateral institutions, and private-sector partners to do more.

Currently, the overwhelming majority of funding requests related to AIDS treatment coming to us from African governments, USAID missions in Africa, African NGOs, US PVOs working in Africa, and multi-lateral institutions such as UNAIDS have been for assistance in the care and treatment of AIDS related opportunistic infections, such as tuberculosis, not for anti-retrovirals and protease inhibitors. It is likely that a significant percentage of the care and treatment funding proposed by the Administration would be used for this purpose. For example, The AIDS Support Organization (TASO) has provided basic care and treatment to 50,000 people living with AIDS through satellite clinics and home-care workers throughout Uganda. This effort has not only prolonged life and reduced suffering, it has helped to decrease the stigma of AIDS and to increase the effectiveness of HIV prevention efforts. Such programs should be more widely available throughout Africa, and the Administration's proposal would help to make this possible.

(2). The Administration is not interested in "periodic announcements" or in "raising false hopes". We are interested in working closely with the Congress, the private-sector, our G-8 and other allies, multilateral institutions, NGOs, and African governments in the development and implementation of a comprehensive and coordinated HIV/AIDS strategy. We are grateful that the Subcommittee is also committed to such an approach.

The Administration believes that aspects of a comprehensive HIV/AIDS strategy include encouraging the Congress to enact the \$100 million in new global AIDS spending for FY2000, pursuing a bipartisan and ongoing resource commitment in FY2001 and beyond, challenging our partners (both public and private) to do their fair share, and supporting cp and pi in emergency situations as long as such action is done in accordance with existing international trade laws and agreements. None of these approaches alone, including cp and pi, is a panacea, able to eliminate the tremendous suffering brought on by this devastating pandemic. The global AIDS crisis is everyone's problem and everyone must be part of the solution.

Should the price of anti-retrovirals and protease inhibitors be dramatically reduced, either through cl and pi or through negotiations with the pharmaceutical industry, these treatments will likely remain far beyond the reach of the overwhelming majority of people living with HIV and AIDS in South Africa and across the continent. Most Africans live on \$1 per day. Most people living with HIV and AIDS in Africa do not know they are HIV+ and many will probably die before they learn their status or see a health care professional. If we are serious about our desire to reduce this suffering, health care infrastructure and basic health care services are sorely needed. It is this infrastructure that will help to make access to effective AIDS therapies, and someday an HIV vaccine, accessible once affordable. It is this infrastructure and basic care and treatment that the Administration's proposal seeks to provide.

(3). The Administration's policy on cp and pi is.....as long as such action is done in accordance with existing international trade laws and agreements.

(4). ONAP supports cp and pi.....as long as such action is done in accordance with existing international trade laws and agreements.

(5). The Administration's policy on cp and pi is.....as long as such action is done in accordance with existing international trade laws and agreements.

(6). I know of no one who has proposed "withholding" drug treatments "from millions now suffering due to fears that new strains of HIV/AIDS might develop". The challenge we all face is how to make HIV/AIDS treatments affordable, accessible, and effective, both here and abroad. I have discussed above how even if drugs are affordable, they are unlikely to be accessible in Africa without a great deal of infrastructure development (clinics, providers, paraprofessionals, etc.). In addition, in order for drugs to be effective, they must be taken in the manner required and their side effects, often devastating, must be managed. These concerns are real in the United States, and are certainly real in the developing world.

It is true, that protease inhibitors are difficult to take. To be effective, this therapy requires strict adherence to a regimen of 36 pills, taken with large quantities of water, at four precise times each and every day - without exception. This is an extremely complicated therapy for citizens in developing nations that often lack both clean water and access to health care clinics or providers. And it is true, that failure to adhere to the prescribed regimen in this case can do more harm than good. This is not an excuse, it is a reality that must be considered, both here and abroad, when planning and implementing appropriate systems of care for people living with HIV and AIDS. Together, we should do all we can to remove barriers to treatments that can prolong life and reduce suffering, but we should not ignore such barriers or pretend they do not exist.

I look forward to working closely with you on this vitally important effort and thank you again for your interest and commitment.

From Tom. J. Churchill

(3). The AIDS crisis in Africa would have brought forth an urgent and immediate response from the world community if the devastation were wrought by a short-term natural disaster, like a flood, hurricane or earthquake. Instead, the disease has spread quietly, but quickly, and we have been too slow to sound the alarm.

We face an international emergency that demands a united and coordinated response not just from this Administration and this Congress, but from the governments in crisis, the G-8, the United Nations, NGOs, private corporations, and the pharmaceutical industry.

And this response must be comprehensive. It must address awareness and prevention, improving health care delivery, caring for orphans, making drugs more effective and affordable, and accelerating the search for a cure.

This type of global response will not come until awareness of the crisis grows. That is why I appreciate the leadership shown by the Subcommittee of Criminal Justice, Drug Policy, and Human Resources in addressing this issue in Congressional hearings. It will help prompt an increasingly positive response from some of the world's most powerful institutions and organizations.

(4). The Office of National AIDS Policy believes that effective and affordable medicines are an essential component of a comprehensive effort to address the AIDS crisis worldwide. While we defer to the USTR for an explanation of United States trade policy, we do believe that a world-wide partnership against this disease – that includes governments, health care professionals, private companies, and pharmaceutical companies in particular – would go a long way toward establishing a safe and effective regime for expanding the availability of medicines in developing nations.

Of course, any effort to expand HIV/AIDS drug availability must include – as a first order of business – expanding and improving the health care delivery system in nations where as many as 95% of the people have no access to treatment of any kind. This issue is beyond matters of trade law or the price of pharmaceuticals; it demands a dramatic and unprecedented worldwide commitment to the cause – the kind of commitment that can be generated in part by keen and continuing attention by Members of Congress.

(5). The Office of National AIDS Policy understands that the United States Government has a duty to defend U.S. economic interests (and that includes the commercial interests of its corporations). But we believe that that duty must be balanced against the humanitarian, social, political, and national security interests represented by a health crisis of this dimension.

Therefore, the Office of National AIDS Policy finds regrettable the language in last year's foreign aid bill that cuts off all U.S. assistance to the Central Government of South Africa "until the Secretary of State reports in writing to the appropriate committees of the Congress on the steps being taken by the United States Government to work with the Government of the Republic of South Africa to negotiate the repeal, suspension, or

termination of section 15 (c) of South Africa's Medicines and Related Substances Control Amendment Act No. 90 of 1997."

It is our understanding that the Member of Congress who inserted this language did so at the behest of pharmaceutical companies, and that the Member threatened tougher language in this year's bill if the issue had not resolved.

To our relief, a witness at Congressman Mica's hearing reported that the Member of Congress has now said he will refrain from offering any such language in this year's bill. We believe the attention generated by your hearings contributed to the Congressman's decision to change his position. We welcome this early positive impact of your hearings, and we look forward to the positive impact that will come from the Committee's continued interest and attention.

NATIONAL SECURITY COUNCIL

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From: Kenneth W. Bernard
International Health Affairs
Phone: 202 456-9391, Fax: 202 456-9390

To: Sandy Thurman
Agency: ONAP
Fax Number: 6-2438
Date/Time: January 24, 2000
No. of pages to follow: 1

Sandy:
**We need to figure out how to coordinate our
response on this**

1/17/00

THE PRESIDENT HAS SEEN
1-10-00INTERNATIONAL ROUNDUP

International Mergers Increase as Regulation Becomes More Complex. Last year was a record year for mergers and acquisitions, with more than \$1.7 trillion in announced deals recorded in the United States, \$1.2 trillion in Europe, and \$162 billion in Asia. However, at the same time that mergers, particularly cross-border mergers, are rapidly increasing, merger control laws are becoming more numerous and complex. A survey of 99 international jurisdictions found that 28 countries and the European Union have substantially revised and strengthened existing competition laws in the past 3 years, and that 41 countries have instituted new merger control regulations in the past decade. The proliferation of regimes means that obtaining clearance for mergers and acquisitions worldwide is becoming increasingly complex, as companies must comply with merger notification requirements in different jurisdictions, each with its own rules, time frames, thresholds, and policy aims.

Copied
Berge
Roderick

EU and Mexico Reach Trade Agreement. At the end of November 1999, Mexico and the European Union agreed on the terms of a free trade area (FTA) between the two regions, although both partners must still approve the agreement. The agreement will include an FTA covering industrial and agricultural goods, a preferential agreement in services, an agreement covering investments, rules on competition and intellectual property, and an effective dispute settlement system. The agreement may help bolster the share of Mexico's imports coming from the EU. (This share had declined from an average of 14 percent in 1990-92 to 9 percent in 1998.) At the same time, the agreement may allow Mexico to decrease its dependence on U.S. markets, currently the destination for roughly 80 percent of Mexican merchandise exports. Anecdotal evidence suggests that the proposed free trade agreement is already stimulating foreign direct investment in Mexico. For instance, the Nissan-Renault automobile alliance recently announced a joint venture of \$400 million in Mexico over the next 7 years.

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Debt-for-Health Swap for Sub-Saharan Africa. Of the estimated 34 million people living with HIV/AIDS in the world today, 23 million live in sub-Saharan Africa. Infection rates approach a quarter of the adult population in several countries in the region and top 10 percent in many others. A shortage of funds hinders efforts to slow the spread of the epidemic and reduce its impact. Recent international debt relief programs, such as the Cologne Debt Initiative, may free up resources to address social problems, and a recent study argues that HIV/AIDS prevention should be placed at the top of the agenda for sub-Saharan Africa. The study reviews various debt-for-development swap programs since 1987 and recommends using the debt relief savings to establish a "counterpart fund" in debtor countries, with a top priority of implementing HIV/AIDS prevention programs. The study states that even with a modest amount of funding, the effect on HIV/AIDS prevention could be significant. For example, Uganda launched a national campaign against HIV/AIDS with less funding than what could be available to most other sub-Saharan countries through debt relief, and it has successfully reduced the HIV/AIDS prevalence rate among Uganda's teenagers from 28 percent in 1992 to 10 percent in 1996.

N5C

NATIONAL SECURITY COUNCIL

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17th & Penn, N.W.
Washington, D.C.
20504

Did you get a complete,
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Chris Keenan at
(202) 456-9394

From: Dr. Kenneth W. Bernard
International Health Affairs

To: Sandy Thurman
Agency: National Aids Policy
Fax Number: 456-2438
Date/Time: September 7, 1999
No. of pages to follow: 7

Message: As discussed

FACSIMILE COVER SHEET
OFFICE OF THE ASSISTANT SECRETARY
INTERNATIONAL AFFAIRS
DEPARTMENT OF THE TREASURY
1500 PENNSYLVANIA AVENUE, NW
WASHINGTON, DC 20220

URGENT

DATE: September 3, 1999 PAGES TO FOLLOW: 1
TO: Ken Bernard, NSC
ADDRESSEE'S FAX NUMBER: 202/ 456-9390
ADDRESSEE'S CONFIRMATION NUMBER: 202/ 456-9298
FROM: Margaret Kuhlrow
SENDER'S FAX NUMBER: 202/622-0404
SENDER'S CONFIRMATION NUMBER: 202/622-0656
SPECIAL INSTRUCTIONS/MESSAGE:

Ken, attached please find suggested text describing two sample countries whose social spending programs, including AIDS prevention, could potentially benefit from the deeper debt reduction that would be afforded under the Cologne initiative. If you need to make significant changes, please clear the substance with Bill Schuerch.

Should you need additional information, you can reach Bill Schuerch or Joe Eichenberger through the Treasury operator at 622-1260.

The recently agreed Cologne initiative to expand debt reduction under the Highly Indebted Poor Countries program, or HIPC, could play an active part in increasing AIDS prevention activities in the poorest countries of the world by freeing up resources for health care and public awareness. Two examples of countries at different stages of their battle with AIDS who will benefit from the Cologne initiative are Uganda and Tanzania. Uganda, the first country to receive HIPC debt reduction, is already using funds that would otherwise be used for debt service for increased social sector spending. Uganda's experience in reducing the rate of HIV/AIDS infection demonstrates what can be done with strong political leadership and effective programs in the health sector, primary schools, and more broadly with private organizations and religious groups. Tanzania is just beginning its efforts to combat AIDS. They will soon be eligible for participation in the HIPC program and the Prime Minister recently visited Uganda to gather lessons for Tanzania as they embark on their own AIDS prevention program.

The Cologne agreement will more than double the debt relief to be provided under the HIPC program, freeing up resources for Uganda and Tanzania and other eligible countries to finance basic social sector spending, including more intensive efforts to prevent the spread of AIDS.

For the initial countries eligible for debt reduction under HIPC, we will work with the International Monetary Fund and the World Bank to encourage them to develop pilot projects that integrate AIDS programs more effectively into each country's public health strategies.

FIRST LADY HILLARY RODHAM CLINTON
TALKING POINTS FOR MEETING ON AIDS IN AFRICA
THE WHITE HOUSE
SEPTEMBER 7, 1999

- Welcome -- and thank you all for coming to what I hope will be a very interesting and productive discussion. We are very pleased to be joined this morning by many leaders from the Administration, international organizations, foundations, businesses, and the AIDS community. [Their presence is a testament to the impact the AIDS pandemic has on every sector of society – and to the responsibility we all have to end it.]
- It is my hope that this meeting will lead to new initiatives, new resources, new thinking, and new partnerships to fight – and ultimately win – the war against HIV/AIDS in Africa and around the world.
- Every day, we are reminded of the breakthroughs we've had in this fight—from drug therapies that are improving life to education campaigns that are empowering people to prevent the disease. We know what works. But, we also know that far too many people are still being left behind.
- Just a week ago in Atlanta, we heard that the rate of HIV infections is no longer declining in the U.S. And, each and every day, AIDS claims the lives of more than 5,500 men, women, and children in Africa. In the next few years, that number will more than double. The AIDS epidemic in Africa is a crisis of biblical proportions. We are facing an emergency. And what we see in Africa today, we will likely see one day in India, in Southeast Asia, and the Newly Independent States if we don't act now.
- In Uganda, I saw firsthand what can be accomplished when the governments and citizens join forces to beat this disease. I went to the AIDS Information Center and saw countless billboards educating people to protect themselves against AIDS. I remember a song some of them sang: Ugandans are fighting to ensure that AIDS cannot win. And, it's working. From 1992 to 1998, the percentage of sexually active teenage girls who were HIV positive declined by almost two thirds.
- That example was on the minds of the African health ministers who came together last week at a W.H.O. meeting in Namibia. They declared war on HIV/AIDS and made a commitment to stop the devastation plaguing their citizens and countries. And we must work hand in hand with them.

- AIDS is not somebody else's problem. Our work against this deadly disease must be part of all our development efforts – especially those affecting women and children. Because, as we speak, the AIDS epidemic is turning back the clock on the development we've seen in Africa. It is undermining entire economies, trade, civil society, and stability. It is decreasing life expectancy by up to 20 years in some countries and turning millions of children into orphans.
- I know that the people in this room have worked tirelessly to make great progress in the battle against AIDS. But, as you know better than anyone, the challenge before us is far greater than the collective actions taken so far. And that's why your continuing leadership is so important.
- We are pleased to be joined this morning by many leaders of our Administration, who have worked on this problem from every perspective -- health, financial, international, and development. They include the Secretary of Health and Human Services, Donna Shalala; the Secretary of the Treasury Larry Summers; USAID Administrator Brady Anderson; our Surgeon General, Dr. David Satcher; Undersecretary of State, Frank Loy; and the Director of the White House Office of National AIDS Policy, Sandy Thurman.
- As many of you know, the Administration has asked for an additional \$100 million next year to fight the global battle against AIDS. This new initiative represents the largest increase ever in the international AIDS budget. And it would allow us to more than double our efforts in sub-Saharan Africa.
- We can also take heart in the recent Cologne Agreement, which will more than double the debt relief provided to countries that need it most. This means that eligible nations such as Uganda and Tanzania will now be allowed to use their freed up resources on social sector spending – including, for the first time, activities to prevent HIV/AIDS. We will work with the International Monetary Fund, ~~and the~~ World Bank to encourage Uganda, Tanzania, and other eligible countries to develop HIV/AIDS pilot projects – and provide an example to other indebted nations struggling against this disease.

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add the
 UNAIDS
 program

- And I am very pleased that we are joined here by key representatives of our multilateral organizations, including Jim Wolfenson and Jan Piercy from the World Bank and Peter Piot from UNAIDS.
- We are also very fortunate to have with us the National Association of People with AIDS and the Global AIDS Action Network – two non-governmental organizations that serve on the frontlines of this battle.
- We are also joined this morning by representatives of foundations that have provided great leadership in the fight against HIV/AIDS. I want to thank the Rockefeller Foundation, the Gates Foundation, and the Open Society Institute for their generous contributions. I also want to thank the Kaiser Family Foundation, which comes here with a new commitment to match funding dedicated to preventing AIDS among adolescents in South Africa. And I want to thank the MacArthur Foundation, which will be bringing foundations together at the end of this year to discuss even more ways they came meet this challenge.
- I am also very pleased to be joined by Black Entertainment Television and Bristol Myers Squibb, who are not only making great contributions – but also reminding us of critical role that all businesses can play.
- Because just imagine what we could accomplish if, over the next few years, we could bring to this table every business, government leader, foundation, NGO, multilateral organization, and citizen. Think of the millions of people in Africa and all over the world whose lives and futures we could save – if we could find the will and the way.
- We will never give up until the day when we meet our ultimate goal – and find a cure that reaches every single man, woman, and child on this planet. But, until then, we must do everything in our power to prevent HIV and heal those it strikes in Africa and all over the world.
- And I hope that over the next hour or so we will think creatively about the ways that we can work together to do just that.

Laura E. Schiller
08/07/89 07:57:26 AM

Record Type: Record

To: Kenneth W. Bernard/NSC/EOP@EOP

cc:

Subject:

- We can also take heart in the recent Cologne Agreement, which will more than double the debt relief provided to countries that need it most. This means that eligible nations such as Uganda and Tanzania will now be allowed to use their freed up resources on social sector spending – including, for the first time, activities to prevent HIV/AIDS. We will work with the International Monetary Fund and the World Bank to encourage Uganda, Tanzania, and other eligible countries to develop HIV/AIDS pilot projects – and provide an example to other indebted nations struggling against this disease.

**AIDS Convening
September 7, 1999**

Participants List

Administration

First Lady Hillary Rodham Clinton

Secretary Donna Shalala
Department of Health and Human Services

The Honorable David Satcher
Surgeon General

Secretary Lawrence Summers
Department of the Treasury

Administrator Brady Anderson
US Agency for International Development

The Honorable Leon Fuerth
Assistant to the Vice President for National Security Affairs
The White House

The Honorable Sandy Thurman
Director
National AIDS Policy Office
The White House

Ms. Gayle Smith
Senior Director for African Affairs
National Security Council
The White House

Under Secretary Frank Loy
Under Secretary for Global Affairs
Department of State

Melanne Verveer
Assistant to the President and Chief of Staff to the First Lady
The White House

Dr. Ken Bernard
International Health Affairs
National Security Council
The White House

Multinational Organizations

Mr. James Wolfensohn
President
World Bank

Ms. Jan Piercy
The Executive Director of the United States
The World Bank

Dr. Peter Piot
Executive Director
Joint United Nations Program on HIV/AIDS

Foundations

Dr. Timothy Evans
Team Director for Health Services
The Rockefeller Foundation

Mr. Aryeh Neier
President Soros Foundations Network
Open Society Institute

Mr. Stewart Burden
Senior Program Officer
The John D. and Catherine T. MacArthur Foundation

Dr. Gordon Perkin
President of PATH
William H. Gates Foundation

Dr. Drew Altman
President and CEO
Kaiser Family Foundation

Corporations/Others

Mr. Charles Heimbold
Chairman and Chief Executive Officer
Bristol Myers Squibb

Mr. Robert Johnson
Chairman and CEO
Black Entertainment Television

Observers

B.A. Rudolph
Chief of Staff to the Administrator
Agency for International Development

Paul Delay
Agency for International Development

Dr. Jim Sherry
United Nations Joint Program on HIV/AIDS

Mr. Eduardo Doryan
Vice President and Head of Network
The World Bank

Ms. Debrework Zewdie
Lead Specialist, Population
The World Bank

Timothy Geithner
Under Secretary for International Affairs
Department of the Treasury

William Schuerch
Deputy Assistant Secretary for International Development, Debt and Environmental Policy
Department of the Treasury

Ms. Debrah Lee
President and COO
Black Entertainment Television

Mr. Ken Weg
Vice Chairman
Bristol Myers Squibb

Dr. Seth Berkley
President
International AIDS Vaccine Initiative
The Rockefeller Foundation

Mr. Terry Anderson
Executive Director of Public Policy
National Association of People with AIDS

Mr. Paul Boneberg
Director
Global AIDS Action Network

Ms. Marsha Martin
Special Assistant to the Secretary
Department of Health and Human Services

Ms. Diane Graham
Special Assistant for Global Affairs
State Department

Ambassador Nancy Powell
Principal Deputy Assistant Secretary for African Affairs
State Department

Richard Socaridies
Special Assistant to the President and Senior Adviser for Public Liaison
Office of the Public Liaison
The White House

Draft as of 07/14/2000 10:52 AM

SECURITY COUNCIL RESOLUTION

[The Responsibility of the Security Council in the
Maintenance of International Peace and Security:
HIV/AIDS and International Peacekeeping Operations]

The Security Council,

Deeply concerned by the extent of the HIV/AIDS pandemic
worldwide, and by the severity of the crisis in Africa in
particular;

Recalling its meeting of 10 January 2000, on "the situation
in Africa: the impact of AIDS on peace and security in
Africa", taking note of the 5 July 2000 report from UNAIDS
(S/2000/657) which summarizes follow-up actions taken to
date; Recalling further the letter of the President of the
Council dated 31 January 2000 addressed to the President of
the General Assembly (S/2000/75)

Emphasizing the important roles of the General Assembly and
the Economic and Social Council in addressing HIV/AIDS;

Recalling also the 28 February 2000 special meeting of the
Economic and Social Council, held in partnership with the
President of the Security Council, on the development
aspects of the HIV/AIDS pandemic;

Welcoming the decision by the General Assembly to include
in the agenda of its fifty-fourth session an additional
item of an urgent and important character entitled "Review
of the problem of HIV/AIDS in all its aspects," and
encouraging further action to address the problem of
HIV/AIDS,

Recognizing that the spread of HIV/AIDS can have a uniquely
devastating impact on all sectors and levels of society,

Reaffirming the importance of a coordinated international
response to the HIV/AIDS pandemic, given its possible
growing impact on social instability and emergency
situations,

Draft as of 07/14/2000 10:52 AM

Further recognizing that the HIV/AIDS pandemic is also exacerbated by conditions of violence and instability, which increase the risk of exposure to the disease through large movements of people, widespread uncertainty over conditions, and reduced access to medical care,

[Stressing that the HIV/AIDS pandemic, if unchecked, may pose a risk to stability and security,]

Recognizing the need to incorporate HIV/AIDS prevention awareness skills and advice in aspects of the United Nations Department of Peacekeeping Operations' training for peacekeeping personnel, welcoming the 20 March 2000 Report of the United Nations Special Committee on Peacekeeping (A/54/839) which affirmed this need and the efforts already made by the UN Secretariat in this regard,

Taking note of the call of the Secretary-General in his report to the Millennium Assembly (A/54/2000) for coordinated and intensified international action to reduce the HIV infection rates in persons 15 to 24 years of age by 25% by the year 2010,

Commending the efforts by UNAIDS to coordinate and intensify efforts to address HIV/AIDS in all appropriate fora,

Noting with satisfaction the 13th International AIDS conference, held 9 - 14 July in Durban, South Africa, which was the first conference of this type to be held in a developing country and which drew significant attention to the magnitude of the HIV/AIDS pandemic in sub-Saharan Africa, and further noting that this conference was an important opportunity for leaders and scientists to discuss the epidemiology of HIV/AIDS and estimates of resources needed to address HIV/AIDS, as well as issues related to access to care, mother to child transmission, prevention, and development of vaccines,

Bearing in mind the Council's primary responsibility for the maintenance of international peace and security,

1. Expresses concern at the potential damaging impact of HIV/AIDS on the health of international peacekeeping personnel, including support personnel,

Draft as of 07/14/2000 10:52 AM

2. Requests the Secretary-General to take further steps towards the provision of training for peacekeeping personnel on issues related to preventing the spread of HIV/AIDS and, to continue the further development of pre-deployment orientation and on-going training for all peacekeeping personnel on these issues,
3. Recognizes the efforts of those member states which have acknowledged the problem of HIV/AIDS and, where applicable, have developed national programs, and encourages all interested member states which have not already done so to consider developing -- in cooperation with the international community and UNAIDS, where appropriate -- effective long term strategies for HIV/AIDS education, prevention, voluntary and confidential testing and counseling, and treatment of their personnel, as an important part of their preparation for their participation in peacekeeping operations,
4. Encourages interested member states to increase international cooperation of relevant national bodies to assist with the creation and execution of policies for HIV/AIDS prevention, voluntary and confidential testing and counseling, and treatment for personnel to be deployed in international peacekeeping operations,
5. Encourages UNAIDS to continue to strengthen its cooperation with member states to establish a voluntary [database] [record] of best practices and countries' policies on HIV/AIDS prevention education, testing, counseling and treatment policies, [as part of UNAIDS' strategy to enhance both the dissemination of information and the systematic collection of data from countries (S/2000/657)]
6. Stressing the need for [coordinated efforts] of all relevant United Nations organizations to address the HIV/AIDS pandemic in line with their respective mandates and to assist, wherever possible, in global efforts against the pandemic,
7. [Encourages the convening of an international meeting under the auspices of the United Nations on access to HIV/AIDS medication,]

Draft as of 07/14/2000 10:52 AM

8. [Decides to continue to seek information and guidance on this issue from all appropriate sources,]
9. [Decides to remain seized of the matter.]

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Chris Keenan at
(202) 456-9394

From: Kenneth W. Bernard
International Health Affairs
phone: 202 456-9391 FAX: 202 456-9390

To: Michael Iskowitz
Agency: ONAP
Fax Number: 6-2439

Date/Time: July 19, 2000
No. of pages to follow: 2

FYI!

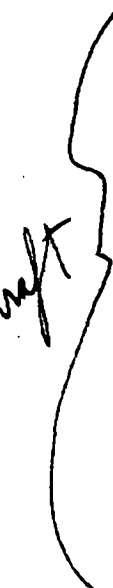
INTERNATIONAL AIDS EPIDEMTIC**July 19, 2000**

Background: *The human toll of AIDS is staggering: 50 million people worldwide have been infected, and AIDS is now the leading cause of death in Africa. HIV/AIDS has begun to reverse recent advances in life expectancy and economic growth, while perpetuating the cycle of sickness and poverty in the hardest hit regions. We have been pushing for increased international resources to fight this epidemic for over a decade – with USAID alone spending over \$1.4 billion in the last 15 years in foreign assistance for AIDS. The U.S. continues to provide more bilateral assistance for AIDS than all other donors combined. In the last two years, the President has more than doubled our investment in international prevention and care programs. This year he is asking Congress for \$325 million for international AIDS programs. Plans for further increases for prevention and especially for treatment and care are under discussion.*

The Washington Post reports that turf battles within the administration have delayed the appointment of a Presidential Envoy for AIDS Cooperation. Given the seriousness of the international epidemic, and the USG call for leadership why was this allowed to happen?

- First, we remain the international leader in generating global attention to this crisis and financing the battle against AIDS. This is why we put AIDS on the agenda of the UN Security Council in January, why it was a key topic during the U.S.-EU Summit, and why AIDS as a priority issue for the G-8 meeting in Okinawa. You might also note that the President has spoken frequently about AIDS in virtually every international forum he attends, from Davos to the Indian Parliament, to the EU Summit, and I can assure you, he will raise it in Okinawa. The President himself has taken on the major leadership role for the USG.
- The Presidential Envoy for AIDS proposal was considered earlier this year. Since then, State, Sandy Thurman's office and the NSC have been in ongoing discussions about a number of administrative and personnel details of the proposal. We hope to settle the issue soon – but if done, we want to do it correctly, with the right structure and the best person.

The Wall Street Journal and the New York Times both report that the Ex-Im Bank will offer \$1.0 billion in loans and guarantees to Sub-Saharan African countries to purchase HIV/AIDS drugs and services. Will this help?

- 
- President Clinton takes the issue of accessibility to drugs for HIV/AIDS affected populations in Africa very seriously. On May 10, he signed an Executive Order to reduce trade barriers and make HIV/AIDS related drugs more affordable and accessible in Sub-Saharan African countries. The Administration welcomes the new initiatives by pharmaceutical manufacturers to deeply discount prices of anti-retroviral drugs for developing countries. And the US-sponsored Cologne Debt Initiative specifically makes resources freed from debt obligations in HIPC countries available for health, especially AIDS prevention and treatment.
 - The Ex-Im announcement, expected today, is another positive step in increasing access and availability of HIV/AIDS medicines and services in Africa. ExIm's initiative represents the kind of innovative proposals that are needed to make a real difference – especially when

taken together with the President's call for increased bilateral assistance for AIDS, and increased World Bank, foundation, and private sector resources devoted to care and treatment.

raft **We understand that the Administration was skeptical of the proposal and tried to block the announcement. Is this true?**

- No. This is a new proposal from Ex-Im, and we, along with State, Treasury and others, support efforts to make needed drugs more accessible to Africa. This kind of financing, however, has never been tried before, and thus required careful consideration. We will closely monitor the effectiveness of the initial pilot program, and how the country-investment in commercial loans for HIV/AIDS drugs can be best utilized in overall AIDS prevention and treatment efforts. We expect to be guided by eligible developing countries themselves on this issue.

O-NSC

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Chris Keenan at
(202) 456-9394

From: Kenneth W. Bernard

International Health Affairs

phone: 202 456-9391 FAX: 202 456-9390

To: Sandy Thurman, ONAP

6-2439

Paul Delay, USAID

216-3046

Date/Time: June 28, 2000

No. of pages to follow: 2

FYII

*Final Draft for
POTUS Review Conf.
- Ken*

International AIDS Epidemic

"Mr. President, the UN released its devastating report yesterday on AIDS in Africa. Already if unchecked, the disease will kill 2 of every 3 Botswanan teenagers. Given your announcement Monday that the USG surplus is in the trillions of dollars, are you doing enough to help forestall disaster in Africa?"

- No, the U.S. and all concerned countries should be doing more – much more. We have been pushing for increased international resources programs to fight this epidemic for over ten years – with USAID alone spending over \$1.2 billion in foreign assistance for AIDS.
- Two things are necessary to fight and win the war against AIDS. One is resources. But the other, and equally important weapon is leadership. Leaders throughout the world need to make the fight against AIDS a priority, now, and do all they can to alert and educate their people now. We will fight the fight to get more resources, but all the money in the world will not wipe out this epidemic unless we have the leadership we need.
- In the last two years I have more than doubled our investment in international prevention and care programs. This year I am asking Congress for \$325 million for international AIDS programs, more than 4 times more than the next largest donor. In addition, NIH is spending over 1.8 billion on research, with over 220 million for vaccines – the long-term best answer to this disease.
- Funding for international AIDS has strong bipartisan congressional support – we all realize the importance of this disease. We must secure full funding of my request this year, and continue to redouble our investments.
- I have also proposed a \$1 billion tax credit to provide incentives for industry to develop critically needed vaccines for AIDS, malaria, and tuberculosis.
- In the Cologne Debt Initiative we promised to make resources freed up by debt relief to the poorest countries available for AIDS programs. Congress should must increase funding for debt relief, especially for the HIPC countries, to provide the levels of resources for neediest countries to fight the epidemic.
- I am going to Okinawa and will ask the G-8 to commit to dramatically increase our support of AIDS. Canada and Great Britain have already announced major

increases in funding – but eight of the richest countries in the world can, and must, do more.

- Jim Wolfensohn at the World Bank, with our strong support and the encouragement of our allies, will be making substantial funds available for AIDS – and these are the levels of resources that can really close the gap.

UNCLASSIFIED*declined*
*O - NSC*NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20504date: 11/18/99
pages to follow: 0

FROM: NORA DEMPSEY 202-456-9261; 202-456-9260 FAX

SUBJECT: **Invitation to Education Initiative
(EDDI) Meeting on November 23, 2:00 p.m.**

TO: SARAH MOTEN, EDDI	712-5220	216-3381
CAROLYN COLEMAN, EDDI	712-5220	216-3381
MELANIE BIXBY, State/AF/RA	647-7373	736-4872
GREG LYNCH, State/AF/PD	619-5918	619-5925
CURTIS HUFF, State/ECA	619-5972	619-4350
SAM MCKEE, Education	401-0430	401-2508
SYDNEY SMITH, Labor	219-7616	219-5613
SALLY MILLER, Commerce	482-4227	482-5198
NANCY WALKER, DOD	703-697-8824	703-695-4620
MARILEE FITZGERALD, DOD	703-696-3866	703-696-4033
VALERIE DICKSON-HORTON, AID	712-0500	216-3008
LANE SMITH, AID	712-0826	216-3381
BRENDA BOWMAN, Peace Corps	692-2313	692-2301
JERRY MALONE, DOT	366-6800	366-3956
BERNESTINE ALLEN, DOT	366-9515	366-7417
FRANKIE KING, Agriculture	690-0787	720-7779
ALAN HECHT/ORLANDO GONZALEZ, EPA	564-6600	565-2407
DARREN PETERS, Energy	586-6122	588-3847
SANDY THURMAN, WH/OPD	456-2437	456-2438
JENN ROSSCOE, WH/OPD	456-2930	456-6218
STERLING HENRY, WH Initiative	502-7869	502-7869
on HBCUs		
VALERIE GUARNIERI, NSC	456-9241	456-9240
KEN BERNARD, NSC	456-9298	456-9390

You are invited to an interagency meeting on the Education for Development and Democracy Initiative (EDDI) at 2:00 p.m., Tuesday, November 23, in Room 472, Old Executive Office Building (use Pennsylvania Avenue entrance). You must be pre-cleared to enter the building. If you wish to attend, please call Pat Battenfield at 202-456-9261 with your name/dob/ssn.

UNCLASSIFIED

O-Peace Corp

Charles R. Baquet, III
Peace Corps' Acting Director

On March 26, 1994, Charles R. Baquet, III was sworn in as the Deputy Director of the Peace Corps. Nominated by President Clinton and unanimously confirmed by the U. S. Senate, Baquet began his career in public service by serving as a Peace Corps Volunteer in the Somali Republic from 1965 to 1967. After completing his Peace Corps service, Baquet went on to pursue a long and distinguished career in the Foreign Service, working in Asia, North America, Africa, and Europe.

While serving as a Peace Corps volunteer in Somalia, Baquet worked at a boys' school teaching social studies and English. When he returned to the United States in 1967, he joined Volunteers in Service to America (VISTA), a domestic version of the Peace Corps. A year later, he joined the Foreign Service and began pursuing a career in diplomacy.

Baquet served at a variety of posts around the world, including Paris, Hong Kong and Beirut. From 1988 to 1991, he served as the U. S. Consul General at the American Embassy in Cape Town, South Africa, where he witnessed the end of apartheid and the birth of South Africa's democracy. In 1991, President Bush appointed Baquet to become the U. S. Ambassador to Djibouti, where he served until his return to the Peace Corps.

Baquet, 57, received a B.A. in history and English literature from Xavier University in New Orleans. He earned his M.P.A. in public administration from the Maxwell School of Government at Syracuse University.

Baquet is a member of the American Foreign Service Association, African-American Ambassador's Association, and Rotary International.

0-NSC

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please call:Chris Keenan at
(202) 456-9394**From: Kenneth W. Bernard**
International Health Affairs
phone: 202 456-9391 FAX: 202 456-9390**To:***Michael & Sandy T.***Agency:****Fax Number:****Date/Time:****No. of pages to follow:**

9

Message:*Still a working
draft not for use*

10/4/2000

Draft
Drug accessibility
Issue

Mike / Sandy T.

not for distribution

To :

From Ken Bernard

ISSUE:

The President, on several occasions now, has remarked that he would like to do more to make "affordable drugs more accessible in Africa and other poor countries." We have at least two notes from him requiring our response.

This is a complex issue, requiring an unfortunate amount of detail to cover the various interests and equities. I have attached a memo that outlines the major obstacles to increasing access to affordable drugs, and provides some details, along with pros and cons, related to the evolving consensus that some kind of tiered, or differential pricing, will be necessary to lower prices in poor countries.

Clearly, major steps to increase drug accessibility in poor countries will have to be left for the next administration. However, given the President's interest, I believe he could still profitably push the issue this year.

BACKGROUND:

Improving drug accessibility is based on two components: 1) a functional health system, including a working drug finance and distribution infrastructure, and 2) availability of affordable medications for a variety of diseases disproportionately affecting poor countries, including AIDS, TB, malaria, pneumonia, dysentery, and many others.

The major obstacles to increasing access are listed in the attached memo. The Interagency Working Group on AIDS has tasked an IWG subgroup to evaluate options to increase accessibility to affordable drugs. This subgroup is currently drafting background papers on each of the possible actions for increasing access.

The following is a summary of possible solutions being actively discussed by the IWG, as well as the EU, UN agencies and many developing countries:

- **Local health infrastructures and drug procurement systems must be improved.** HIPC debt relief and World Bank loans (especially in IDA countries) are critical, as is bilateral development assistance. The administration is already doing as much or more on all three of these than any other country. WHO and UNAIDS are heavily involved.
- **Excessive taxes and import tariffs on drugs can be reduced in poor countries.** These can double the cost of drugs to local communities. Government discussions with UNAIDS and WHO are underway to deal with this sensitive issue.
- **Price markups added by distributors and pharmacies can be reduced.** In many developing countries this can account for 50 percent of the user cost - especially for generics. And in some countries, pharmacists still charge a fee that is a percentage of the cost of the medicine rather than a fixed price for the prescription, leading to a financial incentive to dispense the costliest drugs.
- **Tech transfer should be encouraged** to help developing countries manufacture and distribute generic medications (which make up over 90 percent of the essential drugs).
- **Drug pricing information should be more readily available** so purchase decisions based on quality, manufacturer as well as price can be rationally approached.
- **Options for tiered pricing (also called differential or segmented pricing) should be evaluated** in partnership with industry, OECD and poor countries. Especially important for expensive patented medicines for AIDS, tiered pricing results in higher prices in rich and lower prices in poor countries. It can involve several mechanisms including voluntary discounting, voluntary or compulsory licensing, and parallel importing. This is complex, has domestic equities, and is explained in some detail in the attached memo.

POSSIBLE NEXT STEPS:

The following options for Presidential action in the next 3 months could include:

- 1) Expanding the scope of the Executive Order signed on May 10 to help make HIV/AIDS drugs more affordable by reducing trade impediments to compulsory licensing. The currently EO applies to Africa only, and a new EO could make it applicable worldwide. USTR will not now go after any country anywhere that tries to obtain a compulsory licence for a life-saving drug so long as they follow TRIPS/WTO rules. A new EO, therefore, would be institutionalizing current policy, and would be symbolic and send a positive message. USTR has indicated that they would agree.
- 2) Especially if the tax incentive on sales of vaccines for AIDS/TB/malaria is passed by this Congress, pulling all stakeholders in the President's Millennium Vaccine Initiative (industry, government, Congress) into an "event" to congratulate the joint effort. Then,

challenge them to move on to making progress on increasing accessibility of necessary medicines, focusing on the issues outlined above. Would lay down an agenda for action. (Note: Thus far we have three of the four parts of the Vaccine Initiative likely to be funded -- NIH research, World Bank loans and GAVI. We need the tax credit to complete the package and to make this option most effective.)

3) Take advantage of the U.S.-EU summit declaration and G-8 Communique calls for increasing access to care, treatment and affordable medicines for poor countries. In a speech, either at WH or at the US-EU Summit in December, call for the stakeholders to create specific *ad hoc* task forces to find solutions to problems of access such as tariffs, trade barriers, counterfeiting, corruption of price structures, quality assurance, tech transfer, local manufacture of drugs, parallel importing, tiered pricing arrangements etc. The EU has put this issue at the top of their development agenda, and would embrace our forward-leaning approach. The naming of a high-level "mediator" has been suggested as one way to move the process and avoid non-productive meetings.

Any such speech would best be delayed until after Congress adjourns to avoid interference with the domestic legislative agenda on pharmaceutical benefits for the elderly and the drug re-importation issue (see attached memo).

GUIDANCE:

Please advise as to whether you would like us to vet the options and initiatives more formally for the purpose of preparing specific proposals for the President.



Drugs-Africa memo.doc

See attached memo

INFORMATION

MEMORANDUM FOR

Draft- not for distribution

FROM: KENNETH BERNARD

SUBJECT: Increasing access to affordable drugs in poor countries

ISSUE: The President has written on the margins of several articles and memos concerning the affordability of medicines, "can we do any more on the drug issue?" This is complex - and the issues are not specific for AIDS drugs.

THE PROBLEM:

Major Obstacles to increasing access to drugs:

- Inadequate health delivery systems to administer and monitor treatments.
- Inadequate drug management systems. Need for trained staff. Procurement systems, including price negotiations, international tendering, bulk purchase, etc., are not pursued to full advantage.
- Lack of financial commitment to health programs by national governments. Made worse by debt service costs that reduce available funds for investing in health.
- Lack of affordability resulting from: high drug costs, need for delivery systems to assure safe and effective use, local duties, taxes, fees, and retail markups.
- Lack of capacity for local drug manufacture.
- Lack of country regulatory capacity to assure safety, efficacy and quality of drugs. Necessary to avoid use of substandard or counterfeit drugs often obtained through black-markets.
- Lack of information on international availability and prices.
- International trade agreements (such as TRIPS) may prevent local manufacture of patented drugs.
- Little acceptance of differential (tiered) pricing by pharmaceutical companies because of fear that it will encourage "parallel importing" (re-sale of drugs purchased by a developing country at concessionary prices to a third country, undercutting manufacturers' sales and profits.)
- Lack of interest by pharmaceutical companies in offering drugs for sale in low demand (and low profit) markets.

SOLUTIONS:

The problems with access can be loosely grouped in two categories, 1) health infrastructure and systems to procure and then safely deliver medications and treatment, and 2) affordability - the cost of essential medications.

1) Health Systems:

Clearly, in the absence of effective health infrastructures, including clinical facilities, trained health personnel, drug management and procurement systems, and sustainable financial support, cheap available medications would provide no real benefit, and if misused, could be detrimental to public health. This issue is not controversial, just in need of funding and technical assistance. This is the approach favored by the EU and many foundations. Bilateral development assistance can help, but most of the sustainable resources will have to come from multilateral development banks, debt relief, foundations and other internal country sources. Our support of HIPC, and the World Bank's new health emphasis is ideal.

2) Drug costs:

- Over 90 percent of the drugs needed by developing countries are not patented, and support of generic manufacture in poor countries could solve many problems, especially for treating opportunistic infections like TB, and should be encouraged.
- Brazil, with its substantial domestic drug production, has only cut the cost of triple drug therapy for AIDS from \$10-12,000/year in the U.S. to \$4,700/year - still far in excess of what most countries can afford.
- In developed countries, manufacturer's prices represent only 50-60 percent of the consumer price. In poor countries, manufacturer prices drop to 20 percent of final cost. Other contributors to cost include taxes, import duties, corruption, distribution costs and dispensing fees. Each of these issues will require attention if consumer costs are to be lowered.
- Patent-protected prices consist not only of production costs but huge mark-ups to recoup development expenses and produce profits necessary to drive new drug discovery. Neither donors nor poor countries can afford to pay patent-protected prices.

- And for the least developed countries, cost of drugs produced in rich countries will be out of reach even if prices are reduced to production cost. For example, cutting the cost of the anti-AIDS drug AZT to \$2 per day (20 percent of its U.S. price) still far outstrips the ability of most countries to pay. Uganda, for example, expends only \$6-7 total per person per year on health care - less than 2 cents per day.
- For the expensive, patented drugs, therefore, even dramatically discounted prices will have to be selectively supported by donors.
- A key to reduced prices in poor countries will be adopting some sort of segmented or tiered market-pricing scheme. Market-driven prices in rich countries that would preserve profits and incentives for innovation and lower prices in poor countries that would allow access to essential medications.

[It should be noted that domestically, some people resent paying more for a drug than is charged to other countries. However, the rich countries receive the primary benefit from innovative research paid for by the higher costs, and can better afford to pay for it. Control of excessive prices in the U.S. and distribution of research costs among OECD countries could help ameliorate some the inequities felt by Americans.]

Segmented or tiered pricing can be achieved through a variety of means:

1) **Pharmaceutical companies can discount drug prices to poor countries**, either singly or as part of international agreements and bulk purchases. UNICEF buys vaccine this way. Donations fall under this category as the "ultimate" discounted product.

Pros: This is working now. This is the only solution embraced without reservation by the drug companies because it maintains complete control over profits, IPR and distribution. Drug companies are already providing discounted pricing - the big announcement on May 11 that five companies will discount AIDS drug prices to Africa is an example. The new joint \$100 million AIDS project in Botswana by Gates and Merck is another. We can and should encourage more joint partnerships with the private sector.

Cons: Spotty coverage, controlled by the pharmaceutical companies. Critics say this is a stopgap measure, failing to change the basic system responsible for the unaffordability.

2) Pharmaceutical companies could voluntarily license production of patented drugs to developing countries;

This option would require poor country licensees to refrain from exporting drugs to any country other than those countries explicitly covered by the license and agreements. Appropriate labeling regimens could help avoid smuggling and unlicensed sale in rich countries.

Pros: pharmaceutical companies would receive some return for their products sold in developing countries; would retain IPR for their drugs; would avoid charges of price discrimination across markets, as Western pharmaceutical companies would not set the end-user drug prices in poor-country markets.

Cons: Drug countries argue that they would lose control of their products, allowing companies in poor countries to export to Western markets, undercutting their prices and profits there.

In order to have tiered pricing for developing countries; we would have to ensure that provision of deeply discounted drugs to poor countries is not a door to re-import them to the U.S. and other rich countries.

3) Poor countries could import drugs that have been licensed to, and produced in, other low manufacturing-cost countries (parallel importing).

Pros: Parallel importing is legal under TRIPS/WTO rules. It would provide a way for poor countries to access needed drugs at substantially reduced prices (often 10-100 times less) than in developed countries.

Cons: The pharmaceutical companies do not like it because it undermines their ability to negotiate prices on a country-by-country basis, and can open borders to counterfeit manufacturers and products that are unsafe or ineffective.

Political Note:

Parallel importing has domestic implications. The Administration supports the Senate "Medicine Equity and

drug Safety Act of 2000" that allows U.S. pharmacists to re-import FDA-approved drugs sold cheaply to Canada and Mexico. It is an effort to lower drug prices for Americans - something the drug companies fear more than any other issue. The bill would not authorize re-importation of products and sold cheaply in developing countries that are not FDA approved.

Maintaining reasonable profitability in the pharmaceutical sector in rich countries is mandatory to drive innovation. Clearly, as repeatedly stated by the President, drug prices in the U.S. are unreasonably high, subsidizing not only innovation, but also huge advertising budgets and the highest profitability of any U.S. manufacturing sector (13-30 percent annually). A balance would need to be struck ensuring adequate profitability to ensure innovative research, but restraint to avoid over charging the American public.

4) ~~Poor~~ countries could force a pharmaceutical company to issue a compulsory license for an essential medication.

Pros: Countries have compulsory licensing within their rights under TRIPS/WTO agreement. It allows a country to force a pharmaceutical company to issue a license to produce a patented drug if it is needed for a national health crisis. The President's May EO makes explicit our intent to allow (TRIPS compliant) compulsory licensing in Africa.

Cons: Compulsory licensing is a cumbersome process that, even after production rights are obtained, still requires the capability and facilities to manufacture the drugs.

Other arguments concerning compulsory licensing:

Many activist NGOs embrace compulsory licensing - in part, because it attacks the concept of intellectual property.

Pharmaceutical companies vehemently object to compulsory licensing, as it can affect both profits and control of their intellectual property. They argue that it strips them of the "fruits of their innovation" and, therefore, reduces their interest in developing products for poor countries.

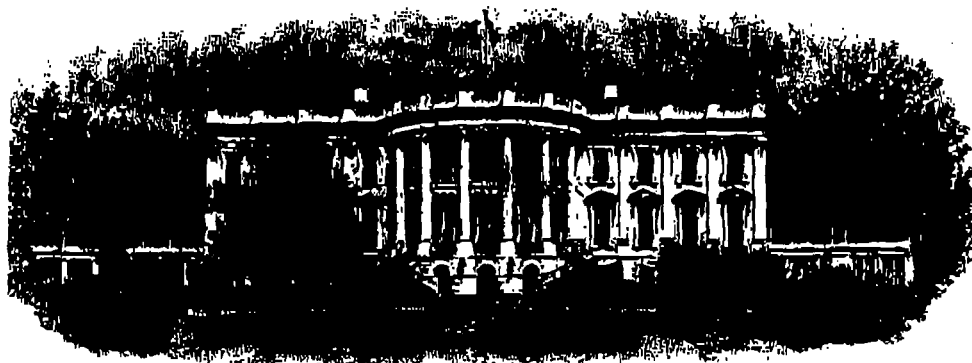
It should be noted that no one has forced compulsory licensing of any drug yet - for AIDS or otherwise. The risk, as seen by Pharma, is that a country like Kenya would force a compulsory

license for a drug and then have it made in India which could then re-sell excess product elsewhere.

CONCLUSIONS:

- Life-saving drugs can be made more affordable and available in the developing world. Along with lower prices, adequate health infrastructures and financial resources are essential.
- Beyond improving health systems, interventions that can lower cost to the consumers include: improving local drug procurement and distribution systems; reducing taxes and import tariffs on drugs in developing countries; reducing price markups by local distributors and pharmacists; encouraging local production of generic drugs; making drug pricing information more readily available; and one or several tiered pricing schemes, especially for patented drugs.
- Any scheme to implement tiered pricing must erect some sort of protection against re-importation of drugs from poor countries back into OECD countries, or the drug companies will not play. This is not necessarily in conflict with reducing prices in rich countries as well.
- "Reasonable" profits for the big pharmaceutical companies in rich countries cannot be excessively undermined. They are needed to provide the incentive to stay in the game and do new research on innovative drugs for both the developed and developing world. Practically, this means their profits will have to be supported by the wealthier nations. Nonetheless, we can no longer afford to watch the pharmaceutical industry increase prices to fund advertising and unreasonable profitability. Other OECD countries have already taken some steps to reign in drug prices. The U.S. will have no choice but to pursue the same goal.

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20504



Phone: 202-456-9261; Fax: 202-456-9260

Date: 9/19

Pages to follow 3

FROM: ✓ Gayle Smith Cathy Byrne
 Grant Harris

TO: Phone Number Fax Number

1. Sandy Thurman 6-2438

2. _____

3. _____

4. _____

MESSAGE:

UNCLASSIFIED

cc. Ms. Gayle Smith



THE REPRESENTATIVE
OF THE
UNITED STATES OF AMERICA
TO THE
UNITED NATIONS

*Copy
Ken Bernard
Gandy Thurman
Grant*

September 11, 2000

Dear Mark:

Having spent the last year frequently engaged in African affairs at the United Nations, I have come to realize what a profound impact the Peace Corps has had on the continent and its people. I constantly meet senior African leaders whose first exposure to Americans was through our volunteers, and many of the Africans with whom I have met have shared with me their fond recollections of our PCVs. Indeed, I know of at least two African Ambassadors in New York who were employees of the Peace Corps at some points in their careers, and the experience has shaped them in the best possible way.

I met with Botswana President Festus Mogae on September 5, and he raised the terrible toll that HIV/AIDS is taking on his population. He stressed his government's commitment to HIV/AIDS education and asked if the Peace Corps would consider returning to Botswana to assist in this critical effort. I understand that Ambassador Lange in Gaborone has made a similar request. I want to register my strong support for this idea.

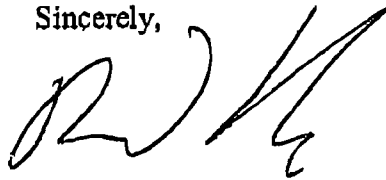
My understanding is that, in an era of scarce resources, the Peace Corps decided that much of its work in Botswana had been accomplished, and the country should be "graduated." While an examination of Botswana's remarkable economic performance since independence may support this position, Botswana is in fact entering a new phase, with new development challenges that the Peace Corps is still uniquely equipped to undertake. HIV/AIDS is the largest single challenge facing southern Africa, and it threatens the progress made by regional governments, Peace Corps, USAID and other development organizations. As I said in my letter of June 27, I am immensely proud of Peace Corps' decision to make HIV/AIDS prevention a central mission.

I understand that the Government of Botswana funded the vast majority of Peace Corps' earlier work in environment, education, small business training, soil conservation, and women in development. As Ambassador Lange noted, the Government of Botswana would likely continue this cooperation. President Mogae praised the Peace Corps for its 30-year commitment to Botswana and noted with great pride that Botswana had the highest PCV retention rate of any country in the world.

As a former Country Director and a longstanding supporter of the Peace Corps, I understand fully the difficult choices that must be made as development challenges evolve. I doubt very many of us in the 1960s could have imagined that Peace Corps would one day be present in something called the "former Soviet Union" or that Botswana - which came to independence as the poorest country in the world - would be one of Africa's great economic success stories. On the other hand, none of us could have predicted the HIV/AIDS pandemic and the mortal threat it poses to the African continent.

If resuming an HIV/AIDS-oriented Peace Corps presence in Botswana fits within your priorities, which I hope will be the case, I would gladly lend my full support to such an effort.

Sincerely,

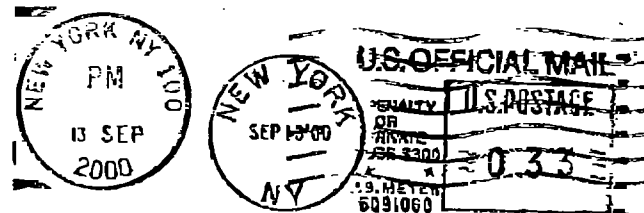


Richard C. Holbrooke -
Permanent Representative of the United States
To the United Nations &
Peace Corps Country Director
Morocco, 1970-72

Mr. Mark L. Schneider
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1111 20th Street, NW
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CC: Ambassador John Lange, U.S. Embassy Gaborone
National Security Advisor Sandy Berger
Assistant Secretary Susan Rice, Bureau of African Affairs
Senior Director Gayle Smith, National Security Council

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O-NSC

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International Health Affairs
Phone: 202 456-9391, Fax: 202 456-9390****To: Sandy Thurman
Fax Number: 6-2439
Date/Time: September 25, 2000
No. of pages to follow: 1****Message: FYI**

An editorial in today's Washington Post criticizes the Clinton Administration for not supporting the International AIDS Vaccine Initiative (IAVI), a small NGO working with governments, foundations, and industry to develop an AIDS vaccine.

Why isn't the Clinton Administration supporting IAVI?

- This Administration is absolutely committed to developing a vaccine for AIDS, and sees IAVI as an important player in this effort.
- The President has doubled government funding for AIDS vaccine research since 1997, when he called for an AIDS vaccine within a decade, and is requesting more than \$250 million this year for AIDS vaccine research alone.
- Earlier this year, the President launched his Millennium Vaccine Initiative, which will accelerate the development of vaccines for AIDS, malaria, TB, and other leading killers in the poorest countries. The initiative calls for sharp increases in vaccine research, \$50 million for purchase of existing vaccines for children who need them, a call to the multilateral development banks to increase resources for health systems, and a \$1 billion tax credit for sales of vaccines for AIDS and other leading killers. The President has urged the Congress to support this tax credit and other components of the initiative.

Why isn't the Administration supporting the \$20 million/two year earmark for IAVI in the Foreign Operations bill, proposed in the Leach/Lee Global AIDS and Tuberculosis Relief Act of 2000?

- We support the work of IAVI, and, in fact, President Clinton signed the Global AIDS and Tuberculosis Relief Act of 2000 last month. We are currently reviewing what the right level and source of funding for IAVI should be. However, the Administration does not support specific earmarks, no matter how worthy the cause, particularly in a bill already underfunded by \$2 billion.