



DEPARTMENT OF HEALTH AND SOCIAL SECURITY  
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 Telephone 01-407 5522

*From the Secretary of State for Social Services*

Spoke to SHF & agreed his  
 suggested course, implying that  
 the point to get across to the US  
 was that the party had been  
 decided. It was  
 important not to  
 encourage a public  
 charge of substance could  
 now be used.  
 Met 14/3

Mark Addison Esq  
 Private Secretary  
 10 Downing Street

13 March 1985

*Dear Mark,*

You will wish to be aware of the request from the US Pharmaceutical Manufacturers Association that the Prime Minister should receive a deputation.

The background is as set out in the attached copy telegram. Briefly, the American companies feel that their extensive investments in the UK pharmaceutical industry have been ill-rewarded by the recent measures to limit the range of drugs prescribable under the NHS and the reduction in the profit earned on those which remain prescribable. Our Secretary of State and Mr Clarke received a deputation from the PMA in January, when their concerns, including the impact of these actions on inward investment, were discussed at length. Separately, Mr Clarke has seen representatives of several of the companies in membership with the PMA. All in all, therefore, the Association's members have had ample opportunity to express their misgivings and to suggest alternative policies and there was not thought to be a case for recommending that the Prime Minister should receive a deputation.

Action has therefore been taken along the lines of the recommendation in the final paragraph of the telegram.

I am copying this to Peter Ricketts (FCO).

*Yours sincerely,  
 Stephen*

S H F HICKEY  
 Private Secretary

Enc

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FM WASHINGTON 280008Z FEB 85  
TO PRIORITY F C O  
TELEGRAM NUMBER 708 OF 27 FEBRUARY  
INFO BTDO NEW YORK.

REQUEST FROM U.S. PHARMACEUTICAL MANUFACTURERS ASSOCIATION FOR A  
CALL ON THE PRIME MINISTER

1. THE PRESIDENT OF THE U.S. PHARMACEUTICAL MANUFACTURERS ASSOCIATION HAS WRITTEN TO ME ASKING IF A MEETING COULD BE ARRANGED BETWEEN THE PRIME MINISTER AND REPRESENTATIVE CHIEF EXECUTIVE OFFICERS OF MEMBER COMPANIES WITH INVESTMENTS IN BRITAIN (COPY OF LETTER FOLLOWS BY BAG). HE EXPRESSES CONCERN ABOUT RECENT D.H.S.S. ACTIONS - INCLUDING CHANGES IN THE USE OF GENERIC DRUGS BY THE NATIONAL HEALTH SERVICE, AND IN THE PHARMACEUTICAL PRICE REIMBURSEMENT SCHEME-- WHICH HE CLAIMS HAVE DIMINISHED HIS MEMBERS' CONFIDENCE IN BRITAIN AS A STABLE ENVIRONMENT FOR INVESTMENT. HE REFERS TO A MEETING WITH THE SECRETARY OF STATE FOR HEALTH AND SOCIAL SECURITY ON 15 JANUARY. THE ASSOCIATION HAVE (UNSPECIFIED) ALTERNATIVE IDEAS FOR SAVINGS WHICH THEY WOULD LIKE TO DISCUSS WITH THE PRIME MINISTER.

2. THE ASSOCIATION NUMBERS ALL THE MAJOR U.S. DRUG COMPANIES AMONG ITS MEMBERS. THEY HAVE TOLD US THAT IF THE PRIME MINISTER WERE TO AGREE TO RECEIVE THEM THEY WOULD PLAN TO SEND 3 OR 4 OF THE CHIEF EXECUTIVE OFFICERS OF MEMBER COMPANIES WITH MAJOR INVESTMENTS IN BRITAIN TO LONDON FOR THE MEETING. AFTER THE 15 JANUARY MEETING THEY HAD ASKED THE U.S. AMBASSADOR IN LONDON TO TRY TO ARRANGE A MEETING WITH THE PRIME MINISTER, BUT HE HAD TRIED TO POINT THEM IN THE DIRECTION OF OTHER MINISTERS.

COMMENT.

3. I WOULD NOT WISH TO ARGUE THAT THE THREAT TO OUR INWARD INVESTMENT INTERESTS OUTWEIGHTS THE NEED FOR ECONOMY IN THE NATIONAL HEALTH SERVICE. SO FAR AS WE ARE AWARE, THERE ARE NO INDICATIONS THAT CONCERN AMONG U.S. PHARMACEUTICAL MANUFACTURERS HAS SPREAD TO OTHER SECTORS, NOR DO THE PHARMACEUTICAL MANUFACTURERS THEMSELVES APPEAR TO BE RECONSIDERING EXISTING INVESTMENTS. NONETHELESS U.S. PHARMACEUTICAL COMPANIES ARE VERY IMPORTANT INVESTORS IN THE U.K., AND THEIR CONCERN IS CLEARLY GENUINE.

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1 RECOMMENDATION

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RECOMMENDATION.

4. SINCE MR MOSSINGHOFF'S LETTER REFERS TO ALTERNATIVE FORMS OF SAVING, YOU MAY WISH ME TO REPLY THAT THE PRIME MINISTER FOUND THAT IDEA INTERESTING (ASSUMING SHE DOES), BUT WOULD WISH MR MOSSINGHOFF TO DISCUSS THESE IDEAS ~~ALSO~~ WITH MR FOWLER. DEPENDING ON THE OUTCOME, SHE WOULD CONSIDER MEETING THE DELEGATION.

WRIGHT

LIMITED

- NAD
- TRED
- PROTOCOL D
- NEWS D
- PS
- PS/LADY YOUNG
- PS/PUS
- SIR W HARDING
- MA DAVID THOMAS

copy to:

~~MR. J. R. LONG.~~  
DHSS. Rm 110 Russell Square

Mr. G. Austin  
1BB. D11. Rm 215  
Kingsgate House  
Vic St.