



SUITCASE TRADING AND THE PHARMACEUTICAL INDUSTRY IN TRINIDAD

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Abstract

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Introduction: The act of suitcase trading was first conceived in the Caribbean, in Jamaica, among people who were known as 'higgler.' A 'higgler' was originally known as a buyer and seller of produce and goods usually purchased in small quantities from rural growers and sold in the town marketplace. In Trinidad it is common for pharmacies to purchase products from unauthorized distributors when supply is unavailable from authorized agents with cheaper prices also a factor.

Aim: The aim of the study was to gain a better understanding of the suitcase trading in Trinidad

Methods: Retail pharmacists with at least five years' experience in the field were randomly chosen from across the country and interviewed face to face using a structured questionnaire. Representatives from one of the large pharmaceutical companies were interviewed by telephone.

Results: To provide best prices to consumers was the number one as well as the most important reason cited for engaging in the suitcase trade. The impression of pharmacists was that suitcase drugs are no different in quality compared to non-suitcase drugs and they can be acquired at a cheaper rate.

Conclusion: Anecdotally, suitcase trade has significantly impacted on the pharmaceutical industry within Trinidad and Tobago. The main incentives for engaging in this trade were the attractive comparatively lower prices for the same product; however, retail pharmacists supported the tightening of regulations concerning this trade.

INTRODUCTION

Suitcase trading, commonly known as 'shuttle trading' is a new form of higglering.' The term 'higgler' in the Caribbean context means a market intermediary, a buyer and seller of produce and goods typically purchased in small quantities from rural growers and sold in the town marketplace.¹

Background

The act of suitcase trading was first conceived in the Caribbean, in Jamaica, among people who were known as 'higglers.' A 'higgler' was originally known as a buyer and seller of produce and goods usually purchased in small quantities from rural growers and sold in the town marketplace. The 'higgler' was usually depicted as a woman who represented female independence and empowerment.

These women were illustrated travelling back and forth from country to town buying and selling agricultural produce and manufactured goods and in turn making these goods available in the countryside.²

Higglering has expanded throughout the Caribbean region, whereby women travel on commercial airlines to buy clothing and other consumer goods, rather than mangoes and provision crops as in the past, and re-sell these in an active (illegal) informal market at home. Alert to commercial opportunities, the higglers became more international, entering into the export and import trade and handling US currency.³ They buy consumer goods and clothes from countries like North America, Curacao and more recently a

popular destination for Jamaican women is to travel to China several times for the year.

Higglers purchase goods and stow them away in their suitcases as ‘personal effects’ to avoid tariff charges. In this way the middleman is removed and the higglers get more out of their profits made⁴. As a result they were branded “foreign higglers,” “travelling higglers,” “international higglers,” “suitcase traders” and “Informal Commercial Importers (ICI)”.

ICIs represent an expanding informal sector in Barbados and the region at large. In Jamaica, pharmacists complained of higglers selling prescription drugs on the streets.⁵ Several street side vendors were involved in a lucrative open-air pharmacy on the sidewalks of Kingston. They provided prescription drugs to persons who wanted to avoid going to a doctor to get the medication for their illness. The health sector was baffled about how so many different kinds of prescription drugs got on the streets and were very concerned about the health risk involved in the abuse of these drugs.

Suitcase Trading is now an international phenomenon seen throughout the major

cities of China, Eastern Europe, Russia, Turkey, USA and prominent in the third-world countries of Africa, Latin America and the Caribbean.⁶ “Informal suitcase trade allows low waged women workers to participate in globalization of tastes in consumer goods and fashions”⁷ and thrives on poverty and inefficient markets and as a result significantly distorts a country’s trade figures.

An article in Trinidad⁸ revealed that it was common for pharmacies to purchase products from unauthorized distributors when supply was unavailable from authorized agents and cheaper prices were also a factor. Unauthorized dealers were thought to get their drugs from different sources, such as India and Venezuela which were then re-routed to Trinidad. This trade is illegal in Trinidad. However, as there on average 250 pharmacies in Trinidad selling hundreds of items, it is difficult to monitor. Fines of TT 500 (approximately US 100), are in place for those who are caught in such trade.

Aim

The aim of this paper was to gain a better understanding of the suitcase trade in Trinidad.

Objectives

The objectives of this study were

1. To ascertain the views of professionals in the pharmaceutical industry on the suitcase trade
2. To use the findings to make recommendations regarding the suitcase trade

METHODS

Ethical approval was not necessary for this study.

A survey of retail pharmacists in Trinidad was undertaken during a one month period in 2010. A nine-item questionnaire was administered to participants. Five items were conceived de novo and four items were adapted using questionnaires from previously conducted studies. Five community pharmacies were randomly chosen from each Regional Health Authority administrative area. Registered pharmacists with at least five years' experience were randomly chosen for inclusion in the study from the thirty selected community pharmacies. The questionnaires were

piloted for face validity and adjustments incorporated. Data were collected using face to face interviews and a questionnaire. In addition two telephone interviews were also conducted with a specialist in the field and with a drug representative for a pharmaceutical distribution company.

RESULTS AND DISCUSSION

Data were collected from 30 pharmacists located throughout Trinidad and from two high level officials in a pharmaceutical company. The survey revealed that all persons interviewed were aware of the term – suitcase trading. Data from interviews are presented below Table 1.

Interviews were conducted with a drug representative as well as with a specialist in the related field. Their responses coincided mainly with those of the questionnaire respondents. However, the specialist in the field disagreed with the general consensus and felt that the regulations regarding the suitcase trade should be relaxed rather than tightened. The main reasons cited were that there is already a very structured approach towards suitcase trading and one needs to deal with the greater fundamental problems which lead to this trade rather

than just tighten regulations. The expert believes that tighter regulations will solve some of the short term problems however these “entrepreneurs” will find new ways to defeat the system. The expert then cited this should be the objectives of new studies to be conducted.

Discussion

The findings demonstrate that pharmacists are fully aware of the existence of the suitcase trade of pharmaceutical drugs in Trinidad. They see the consumer as the main beneficiary although fifty percent admitted that competitive prices⁹ was the reason that pharmacists might participate in suitcase trade followed by 23% said they might engage to fill their stocks. However, no one participated in suitcase trading to avoid the hassle of pharmaceutical companies and more than 50% of respondents indicated that the experience with pharmaceutical companies in terms of availability and timely delivery was good. This could suggest that pharmacists are contented with the business conducted with pharmaceutical companies but use the suitcase traders as an alternative means of accessing goods at cheaper prices.^{10, 11}

Sixty-three percent (63%) of pharmacists said that selling suitcase trade drugs had a very positive effect on their business. This is linked to the 50% of pharmacists who admitted that customers benefit the most from suitcase trade and manufacturers lose out the most sales. These results reflect that the discount obtained from purchasing from these traders may be passed onto the customers.¹² Sixty-seven percent (67%) said that it is approximately between 0 and 15% cheaper to purchase suitcase traded goods and 33% admitted up to 50% cheaper.

We reported that approximately 77% believed that there was no difference in the quality of the suitcase trade drugs. Despite the advantages pharmacists received from selling these “illegal items,” the results concluded that 83% of the pharmacists would like to see a tightening of the regulations concerning the suitcase trade. However on further questioning one of the reasons for tightening of regulations was to ensure that only pharmacists may engage in the suitcase trade as non pharmacists may not be aware of the drugs they are selling and the latest information.

Many pharmacists interviewed stated clearly that they did not participate in the sale of counterfeit goods. However, they admitted that they conducted business with suitcase traders because of the low prices and that in some instances they provided goods that many pharmaceutical companies did not stock.¹³ One pharmacist claimed he only bought OTC drugs from suitcase traders because they were in sealed packages and the prices were 25-50% cheaper (for example, Centrum products and multivitamins for men and women). He said he does not indulge in prescription sale from suitcase traders because of the safety implications and regulations involved.

An important consideration is the penetration of counterfeits in the suitcase trade. Several studies argued that counterfeiting was increasing on a global scale and could take advantage of established parallel import supply channels beyond the control of the manufacturer.^{14, 15, 16} While this would be of little significance in studies involving other industries, it would very important to assess with regard to the pharmaceutical industry. Counterfeit goods entering the Market in

this way may pose a serious threat to public health.¹⁴

Parallel importation^{17,18} goes hand in hand with the suitcase trade as it involves the same principles as importing drugs from other countries at much lower prices (compared to the pharmaceutical companies) benefitting both the pharmacists and consumers. The main difference however is that the suitcase trade is illegal (smuggled drugs in suitcases to avoid paying tariff charges) and parallel importation is legal in many countries (such as EU nations).

Conversely, supporters of strong international patent rights for new medicines promote a global policy of banning parallel importation, believing that if such trade were widely allowed it would undermine profitability and, consequently, harm investment in R & D and the potential for discovering new drug treatments.¹⁴ In addition, profits in the research-intensive pharmaceutical sector would be reduced and ultimately slow down innovation. Parallel trade may also affect the safety and quality of medicines,¹⁹ and bring about an increased risk of counterfeiting and piracy.²⁰

Similarly, from our interactions with pharmacists across the country, we summarized the short term effects that parallel importation and suitcase trading will have on Trinidad and Tobago. The impact can be measured in terms of:

- Lost sales revenue for pharmaceutical companies
- Replacement of manufactured products with imported supplies
- Reduction of the economic contribution of a sector that has traditionally ranked among the top industry sectors providing a positive trade balance

The group conducting the study tried to minimize bias by implementing random sampling and surveying pharmacists who owned registered pharmacies across Trinidad and Tobago.

Another limitation was that during the data collection process, we were unable to access a pharmacy from each division of Trinidad and Tobago. In this case, random sampling was not completely exercised. In addition, strategic bias (when respondents over or underestimate responses to impact the outcome) and compliance bias

(respondents want to 'please' the interviewer and overstate the results) may have occurred among the pharmacists when they were answering the questionnaires. Some were also reluctant to admit that they participated in suitcase trading and few pharmacists, on the other hand gave 'hurried' answers as time was taken from their busy schedules to answer the questionnaires. All these factors may have affected the validity of the results.

However, this study has addressed a topic not well researched within the Caribbean. The findings set the stage for future more detailed studies into this important issue which has many potential implications for the public and public health.

CONCLUSION

This study illustrates that suitcase trading exists in Trinidad with perceived benefits to the consumer and a negative impact on sales for the pharmaceutical companies. There are however serious issues for consideration when addressing suitcase trade of pharmaceuticals in particular which do not apply to suitcase trade in costume jewelry, clothes etc. The issue of counterfeit

products is a real and serious issue that is a major public health problem.

Suitcase traders may not be aware of the changes in legislation regarding certain products which may lead to products that have been removed from the market still being sold to vulnerable persons in certain societies.

What we have learnt new

1. Suitcase trading exists in Trinidad
2. Pharmacists are aware of the trade and engage in it

3. Pharmacists may wish to be the sole users of the suitcase trade

Next steps

1. A survey of consumers to ascertain their views on the suitcase trade
2. Review the impact of suitcase trade on the pharmaceutical industry
3. Use the findings to improve the existing sale and distribution of drugs in the legal market

Table 1
Responses from pharmacists (N=30)

Factor	Frequency
Reasons for pharmacists' engaging in the suitcase trade	
Competitive prices	15
Meet consumer demand	7
Restock shelves	3
To avoid hassle from pharmaceutical companies	0
Other	5
Effect Suitcase Drugs have on Sales	
Very positive	19
No effect	8
Negative	3
Views on cost of suitcase drugs compared to regular prices	
0-15% less	20
25-50% less	10
>50%	0
Pharmacists' perception of the quality of suitcase drugs	
Very low	7
No difference	23
High	0
Pharmacists' perception on beneficiaries from suitcase trade	

Manufacturers	1
Consumers	15
Pharmacists	7
Other	7
Pharmacists' perception on who benefits least	
Manufacturers	19
Consumers	5
Pharmacists	3
Other	3
Pharmacists' views on action that should be taken regarding regulation	
Relaxation	5
Tightening	25
How pharmacists rated pharmaceutical companies service	
Prices	
Excellent	2
Good	17
Fair	8
Poor	3
Very poor	0
Availability	
Excellent	7

Good	16
Fair	7
Poor	0
Very poor	0

Quality

Excellent	8
Good	14
Fair	8
Poor	0
Very poor	0

Timely delivery

Excellent	7
Good	16
Fair	7
Poor	0
Very poor	0

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