

Stephen Gelb is Executive Director of The EDGE Institute, an independent non-profit economic policy research centre in Johannesburg. He is an economist with more than 20 years experience in South African economic policy issues and a widely-published writer on South African economics and politics. He studied economics in Cape Town and Canada and was an activist in the Canadian anti-apartheid movement between 1976 and 1984. Returning to South Africa in 1984, he advised the Congress of South African Trade Unions (COSATU), the South African Council of Churches and the United Democratic Front (UDF) on economic policy issues, and assisted the ANC in its economic policy formulation processes between 1990 and 1994. Since 1994, he has advised a number of South African government departments and agencies, including the Office of the President, the National Treasury, the Department of Trade & Industry, and the National Economic Development and Labour Council (NEDLAC), the statutory tripartite body for government, business and labour interaction. He has taught economics, political science and development studies at York University (Canada), the New School for Social Research (USA), and the Universities of Durban-Westville, Natal and the Witwatersrand in South Africa. From 1997 to 2001, he worked at the Development Bank of Southern Africa. He was research co-ordinator for the SA Government team on the NEPAD process between November 2000 and July 2001, and subsequently a consultant to the NEPAD Secretariat.

His recent papers include: Foreign companies in South Africa: Entry, performance and impact; South Africa, Africa & the New Partnership for Africa's Development (NEPAD) Globalisation, the state and macroeconomic policy; Socio-political risk, confidence and firm investment in South Africa; Sustaining the nation, economic growth, people and the environment, the political economy of macroeconomic reform in South Africa; South Africa, reform & economic performance, 1995–2000. The macro-economic impact of HIV/AIDS in South Africa. The evolution of policy in the South African pharmaceutical sector in the context of the TRIPS agreement, this paper reviews the evolution of the South African pharmaceutical sector over the past decade, in the context of the new government's drugs policy and the TRIPS agreement.

The impact of the drug policy, which strongly favours wider access to affordable drugs, has been to re-orient the sector strongly towards generics, both locally produced and imports. The multinational (brand) companies tried but failed to overturn the policy via their well-known court challenge. This suggests, the paper argues, that the TRIPS agreement (and by extension the WTO), can provide space for development policy, under some circumstances. This is contrary to the common argument that the internationalisation of policy inevitably leads to the exclusion of the poor. But there are two caveats: what are the circumstances under which pro-poor policy can emerge? Was the South African context of the mid-1990s *sui generis*? And second, is the policy sustainable over time – the composition of demand in the sector has changed and it has become more competitive, but sustainability will depend on the development of substantial new domestic capacity, and supply-side policy is much less clear.