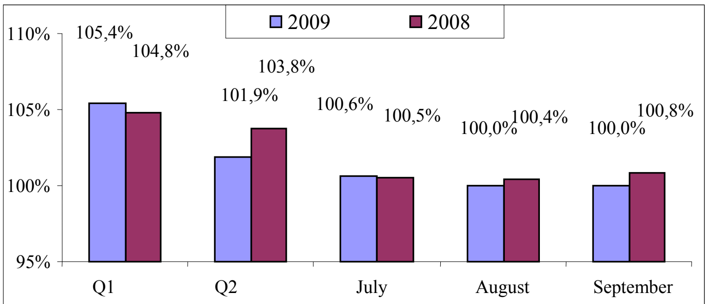
A Joint Publication of the Association of International Pharmaceutical Manufacturers in Russia and Group of Companies Remedium

MACROECONOMIC INDICATORS

Inflation

According to RosStat in September 2009 consumer price index constituted 100.0% just like the previous month. The index was 108.1% from the beginning of the year through September (and 110.6% in January-September 2008). Industrial Product Price Index in September accounted for 101.2% (and 101.4% in the previous month). The index was estimated as 114.9% from the beginning of the year through September (and 117.6% in the analogous period of 2008).

Figure 1. Consumer Price Index (as related to the previous period)



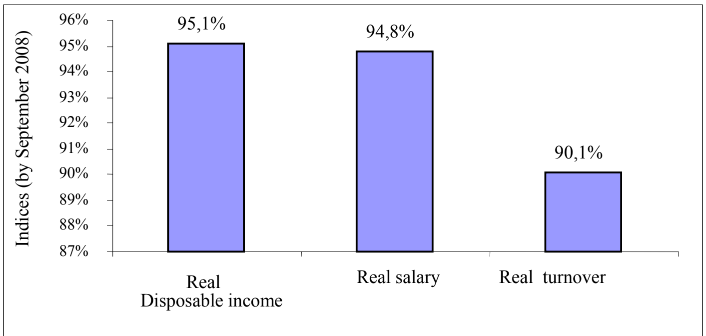
Source: RosStat

Living standard

Preliminary data from RosStat showed that average monthly salary per person in September 2009 was 18702 rubles (621.5 dollars). Real income in September 2009 accounted for 94.8% as compared to the analogous period of 2008. In September 2009 real cash incomes dropped by 4.9% as compared to the analogous period in 2008 (by 1.1% in January-September) and increased by 1.7% August of year (figure 2).

Retail turnover amounted to RUB 1229.5 billion in September 2009 and in terms of the mass of commodities this was 90.1% less that the figure in the analogous period of the previous year (fig. 2).

Figure 2.Real income, real salary and retail turnover in September 2009



Source: RosStat

Industrial Products Manufacturing

According to Rosstat Industrial Production Index in September 2009 accounted for 90.5% as compared to the corresponding period of the previous year and 105.1% as related to the previous month. The index was 86.5% from January through September 2009 as compared to the analogous period of the previous year (105.4% in January-September 2008).

Domestic production

Data from RosStat showed that production volume of domestic chemical and pharmaceutical enterprises in September 2009 equaled to $238.0 Mln, this was 13% less that the figure in the analogous period of the previous year. As compared to August 2009 production volume increased by 17%.

The top ten list of largest domestic enterprises by production volume following the results of September 2009 is represented in Table 1. Total production volume of ten leaders was estimated to be $169.5 Mln which contributed to 71% of the total production volume of chemical and pharmaceutical enterprises in the analyzed period.

Table 1. Top ten chemical and pharmaceutical enterprises by production volume in September 2009

Rank	Manufacturer	Production volume, $Mln
1	Pharmstandard	47,4
2	Microgene	32,6
3	Nizhpharm	17,0
4	Veropharm	13,5
5	PharmCenter	12,9
6	Materia Medika	12,1
7	Valenta	9,4
8	Akrihin	8,8
9	Biosynthesis	8,0
10	KRKA-Rus	7,8

Table 2 illustrates data on pharmacy sales in 10 regions of RF. In four out of 10 analyzed regions pharmacy sales have shown a decrease in August 2009 the most evident one being observed in the city of Perm (-17%). The volume of pharmacy sales in Saint-Petersburg remained practically unchanged. The most pronounced positive dynamics is valid for Tyumen (18%).

Table 2. Regional pharmacy sales in 2009

Region	Volume of pharmacy sales, $ Mln. (wholesale prices)			Increments, % (in rouble terms)		
	June 2009	July 2009	August 2009	June/May 2009	July/ June 2009	August/ July 2009
Moscow	78.4	80.8	80.3	-3%	5%	-1%
Saint-Petersurg	26.1	25.5	25.6	-2%	-1%	0%
Krasnodarskiy Kray	16.7	19.5	20.9	15%	18%	7%
Novosibirskaya Oblast	14.8	14.3	14.5	7%	-2%	1%
Tatarstan	12.5	12.3	13.1	2%	0%	6%
Krasnoyarsk Krai	9.8	9.7	9.9	8%	0%	2%
Rostov Oblast	12.0	12.7	13.6	-3%	8%	6%
Voronezh Oblast	7.7	8.1	8.9	2%	6%	9%
Perm	5.1	4.5	3.7	12%	-11%	-17%
Tyumen	4.1	3.8	4.5	7%	-6%	18%

Advertising

The largest advertising agencies and most promoted trade names in mass media (television, radio, print press and outdoor advertising) are represented in Tables 3 and 4.

Table 3. Five largest advertising agencies widely promoted in mass media in September 2009

Rank	Company*	Amount of issuance
1	Berlin-Chemie/Menarini Group	4 198
2	Pharmstandard	3 359
3	Reckitt Benckiser	2 947
4	Novartis	2 602
5	Johnson & Johnson	1 716

Source – TNS Gallup AdFact

Table 4. Five top trade marks widely promoted in mass media in August 2009

Rank	Trade name*	Amount of issuance
1	Strepsils	1 657
2	Evalar	1 067
3	Motilium	1 040
4	Nospa	1 027
5	Teraflu	1 015

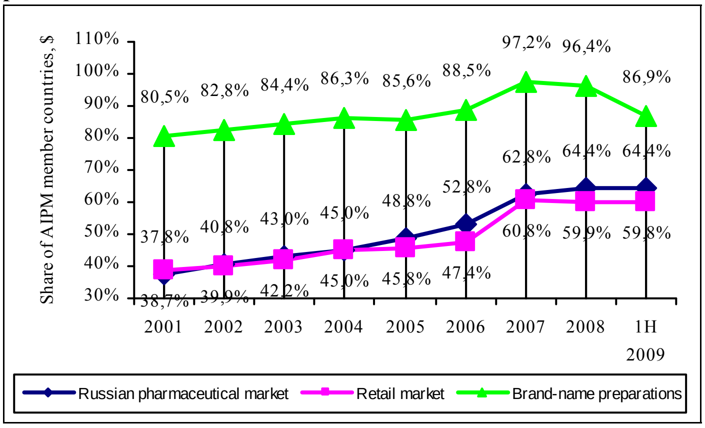
Source – TNS Gallup AdFact

* Only drugs enumerated in State Drug Register were taken into account.

POSITION OF AIPM MEMBERS ON THE RUSSIAN PHARMACEUTICAL MARKET

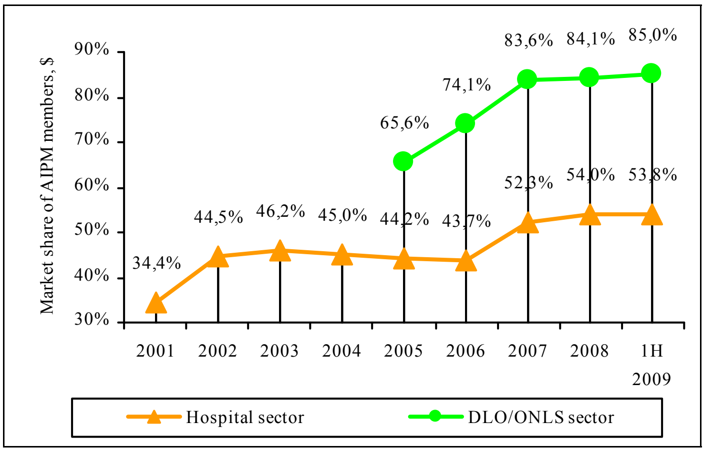
According to Retail Audit of Drugs in the Russian Federation™, Hospital Purchasing Audit in the Russian Federation™ and data on DLO market for the period 2001 - the first half of 2009 the share of AIPM member companies on the Russian pharmaceutical market has increased from 40% to 64% (figure 1).

Figure 1. Share of AIPM members on the Russian pharmaceutical market and on the market of commercial retail sales in RF for the period 2001 – the first half of 2009



Increased share of AIPM members on the Russian market was stipulated by a number of factors such as organic sales growth, M&A processes, involving AIPM members and new members joining the Association.

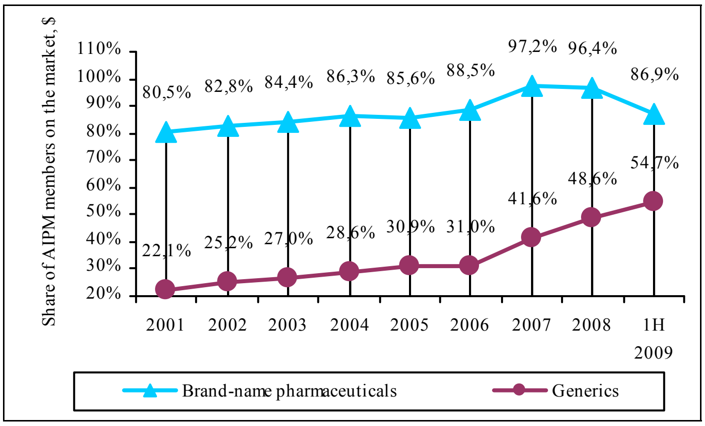
Figure 2. Share of AIPM members under the reimbursement sector in RF in 2001 – 1st half of 2009



In 2005-2006 AIPM members have considerably expanded their possibilities for sales on the Russian market due to implementation of DLO program and National Priority Project "Health". High dynamics of sales and market share expansion was achieved in 2007 against the background of state sources of finance and constantly high growth rates of population income.

On the whole the positions of AIPM members on the Russian market were a bit strengthened in 2008 (fig. 1). Especially impressive market share of AIPM members was achieved for DLO/ONLS sector and accounted for 54% (fig. 1, 2).

Figure 3. Share of AIPM members on the market of brand-name and generic pharmaceuticals in RF for the period 2001 – the first half of 2009

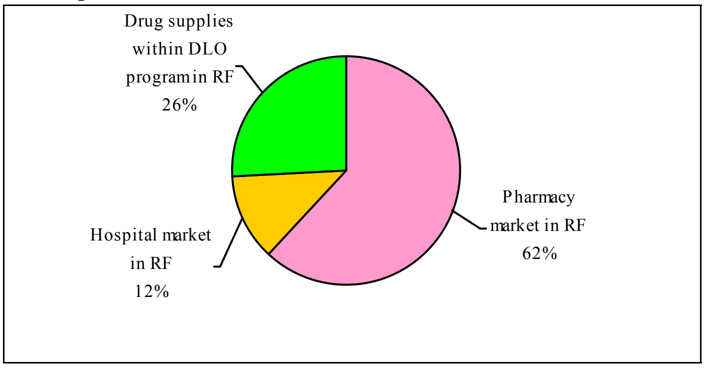


According to the results of the first half of 2009 and in spite of visible economic situation worsening the AIPM countries remained in a dominating position: they preserved their positions in the commercial and hospital market sectors and strengthened ones in the DLO/ONLS sector (85%) (fig. 1, 2).

The value with negative reaction to the poor market conditions was represented by share reduction of the AIPM members in the sales structure of brand-name pharmaceuticals which however retained its leading position according to the results of the first half of 2009 and accounted for 87% (fig. 3).

In the last few years the Association has considerably reinforced its positions in the generic segment. If in 2006 the share was estimated as 31% then it increased to 49% in 2008 (fig. 3). The mentioned tendency was continued to be followed in the first half of 2009 when the share of AIPM members in the structure of generic sales was increased up to 55%. Thus, share reduction of AIPM members in the brand-name segment was compensated for enhancement their positions in the generic marketplace.

Figure 4. Distribution of AIPM members' sales on the market of RF for the period 2007 – the first half of 2009



Distribution of cumulative AIPM members' sales for the period from 2007 to the first half of 2009 shows that 62% of the total production volume was sold through commercial channels while generics accounted for 38% of total sales (figure 4). Drug supplies within DLO/ONLS program under the reimbursement sector amounted to 26% while hospital purchases accounted for 12% (fig. 4).

Novartis occupies the leading position on the top ten list of drug manufacturers; during the last 2.5 years its share in the total sales volume of AIPM members ranged from 11.1% to 11.5% (table 1). Sanofi-Aventis holds the 2nd place (7.5%-8.6%), Bayer Healthcare – the third one (5.6% - 6.3%), Servier/Egis – the fourth place (5.3% - 6.1%), whereas F. Hoffmann-La Roche Ltd occupies the fifth position (5.3% - 4.9%), etc. On the whole the share of the top ten companies constitutes about 58% of the total sales value of AIPM members.

Table 1. Top ten AIPM members by sales volume on RF market in 2007 – first half of 2009.

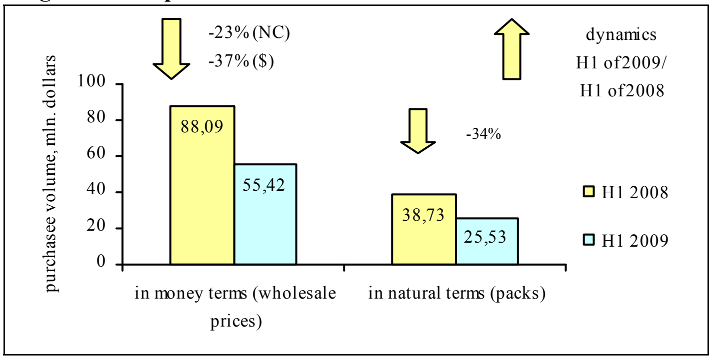
Rank 2007- H1 2009	Manufacturer	Share in total AIPM sales value, % 2007	2008	H1 2009г.
1	**Novartis (incl. Lek-Sandoz)**	11.3%	11.5%	11.1%
2	**Sanofi-Aventis**	8.6%	7.5%	8.1%
3	**Bayer Healthcare (incl. Bayer Schering Pharma AG)**	5.6%	6.3%	6.0%
4	**Servier/Egis**	6.1%	5.3%	5.5%
5	**F. Hoffmann-La Roche Ltd**	4.1%	5.3%	4.9%
6	**Janssen-Cilag AG**	3.5%	5.6%	4.8%
7	**Berlin-Chemie/ Menarini Pharma GmbH**	4.8%	4.2%	4.4%
8	**Teva**	4.1%	4.2%	4.4%
9	**Nycomed**	4.2%	4.0%	4.3%
10	**Gedeon Richter Ltd.**	4.3%	3.7%	4.1%
Total		56.6%	57.7%	57.6%

Thus, according to the analysis conducted, AIPM members represent the main nucleus of the Russian pharmaceutical market ensuring the greatest share of all the brand-name drugs sales and more than half of generic sales. Until recently the positions of AIPM members on the Russian market remained stable and continued to reinforce in the DLO sector. In spite of economic situation worsening in the country and change of state policy in the sphere of drug handling regulation aimed at internal production support it can be expected that the position of AIPM members on the Russian market will retain its strategic importance even in the long-term run especially due to the measures taken by the manufacturers in the sphere of localization of their production on the territory of the Russian Federation.

HOSPITAL MARKET IN KAZAKHSTAN: RESULTS OF H1 OF 2009.

According to Hospital Audit of Drugs in Kazakhstan™, in the first six months of 2009 the hospital market value of the country decreased by 23% and accounted for Tenge 8.1 Bln ($55.4 Bln) at wholesale prices. Hospital purchases volume in natural terms decreased by 34% and accounted for 25.5 Mln packs. Average price per drug pack purchased by hospitals in the analyzed period amounted to $2.17 while the same figure in the previous year was a bit lower ($2.27).

Diagram 1. Hospital market of Kazakhstan in H1 2008 – H1 2009



The share of domestic drugs on Kazakhstan hospital market increased compared to the first half of 2008 from 11% to 15%. More considerable purchases value was demonstrated by the drugs produced in Denmark (12%), Germany (11%) and Great Britain (8%). Drugs produced in RF occupy 4.5% of the market share. By the results of the first three months of 2009 the top 10 list of pharmaceutical manufacturers in the hospital segment revealed numerous changes (Table 1). Only newcomer Teva (-26%) managed to retain the 10th position occupied before. Domestic producer Chimpharm (+14%) was the only top ten leader on the ranking list demonstrating a positive purchase dynamics and expanding its market share. The leader of the previous year corporation Nycomed (-25%) moved down to 2nd position. GlaxoSmithKline (-26%) occupied 3rd position replacing Sanofi-Aventis (-40%) which lost one ranking position and moved to 4th place. It must be noted that the top 10 ranking was joined by Bayer Healthcare (-3%) which rose from 11th to 8th positions. Cumulative share of the leading producers increased and equaled to 48.1%.

Table 1. Top 10 manufacturers by hospital purchases value

Rank		Manufacturer*	Share in total hospital purchases value, %	
HI 2009	HI 2008		HI 2009	HI 2008
1	2	Chimpharm	10.4	6.9
2	1	**Nycomed**	10.3	10.5
3	4	**GlaxoSmithKline**	5.3	5.5
4	3	**Sanofi-Aventis**	4.7	6.0
5	6	**Janssen-Cilag AG**	4.5	4.5
6	7	**Berlin-Chemie/ Menarini Pharma GmbH**	3.2	2.8
7	5	**Novartis (incl. Sandoz-Lek)**	2.7	4.9
8	11	**Bayer Healthcare (вкл. Bayer Schering Pharma AG)**	2.5	2.0
9	8	**Gedeon Richter**	2.5	2.3
10	10	**Teva**	2.0	2.1
Total			48.1	47.6

* Members of AIPM are marked in fat type

There remains a high drug demand for Actovegin (-39%) and sodium chloride (-5%) on Kazakhstan's hospital market (Table 2). However purchases value of Actovegin dropped by almost one third and led to reduction of its share on the drug market. Four drugs demonstrated significant ranking improvement alongside with two new leading representatives cephalosporin Ceph IV (+36%) and Orungal (-3%) rising from 21st and 16th positions to 6th and 8th places, respectively. Curosurf (-0,3%) rose to 3rd position instead of 6th, Heptral (-32%) – to 9th position instead of 10th. At the same time Glucose (-41%) and Contrical (-35%) showed below-the-market growth rates of purchases value, reduced their share on the market and dropped from 3rd and 5th to 9th and 10th positions, respectively. Cumulative share of the top ten leaders remained practically unchanged and equaled to 23.1%.

Table 2. Top 10 trade names by hospital purchases value

Rank		Trade name	Share in total hospital purchases value, %	
HI 2009	HI 2008		HI 2009	HI 2008
1	1	Actovegin	5.5	6.9
2	2	Sodium chloride	3.2	2.6
3	6	Curosurf	2.5	1.9
4	4	Cefazolin	2.4	2.4
5	3	Glucose	1.9	2.4
6	21	Ceph IV	1.8	1.0
7	7	Fortum	1.8	1.9
8	16	Orungal	1.4	1.1
9	10	Heptral	1.3	1.5
10	9	Contrical	1.3	1,6
Итого			23.1	23.2

Numerous changes took place in the top 10 list of INNs and combinations (table 3). The leader of the top ten list became sodium chloride (-5%) which rose from 3rd to 1st place replacing the leader of the last year Ceftriaxone (-46%). Five more new trade names demonstrated ranking progress. Among them there is Hydroxyethyl Starch (-9%), the only new representative of the top ten list which ranked from 11th to 7th position. It must be noted that though all representatives on the ranking list demonstrated negative dynamics seven of them expanded their share on the hospital market against the background of total reduction. Cumulative share of the top ten INNs and combinations increased from 23.3% to 24%.

Table 3. Top 10 INNs and combinations by hospital purchases value

Rank		INN/ Combination	Share in total hospital purchases value, %	
HI 2009	HI 2008		HI 2009	HI 2008
1	3	Sodium chloride	3.2	2.6
2	1	Ceftriaxone	3.0	4.2
3	4	Cefazolin	2.8	2.6
4	2	Ceftazidime	2.8	2.6
5	7	Poractant alpha	2.5	1.9
6	9	Cefepime	2.3	1.8
7	11	Hydroxyethyl Starch	2.0	1.7
8	6	Dextrose	1.9	2.4
9	10	Cefuroxime	1.9	1.8
10	8	Aprotinin	1.7	1.8
Total			24.0	23.3

Six top ATC groups retained their positions (table 40). It concerns such three top leaders as J01 Antibacterial drugs for systemic use (-23%), B05 Plasma substitutes and perfusion solutions (-15%) and B06 Other hematologic drugs (-38%). B02 Haemostatics (-20%) rose from 4th to 5th position, whereas L01 Antiinflammatory drugs (-43%) moved down to 5th place. The 9th and 10th positions on the ranking list are occupied by its new representatives: R07 Other drugs used in the treatment of respiratory diseases (+0.2%) and N1 Anesthetics (-17%). Cumulative share of the top ten ATC groups remained practically unchanged and equaled to 63.8%.

Table 4. Top 10 ATC groups by hospital purchases value

Rank		ATC code	ATC group	Share in total hospital purchases value, %	
HI 2009	HI 2008			HI 2009	HI 2008
1	1	J01	Antibacterial drugs fro systemic use	21.0	20.9
2	2	B05	Plasma substitutes and perfusion solutions	11.1	9.9
3	3	B06	Other hematologic drugs	5.7	7.0
4	5	B02	Hemostatics	5.0	4.8
5	4	L01	Antiinflammatory drugs	4.7	6.3
6	6	N05	Psychotropic agents	4.3	4.7
7	7	B01	Anticoagulants	3.7	3.6
8	8	N06	Psychoanaleptics	3.6	2.5
9	14	R07	Other drugs used in treatment of respiratory diseases	2.5	1.9
10	12	N01	Anesthetics	2.3	2.1
Total				63.8	63.7

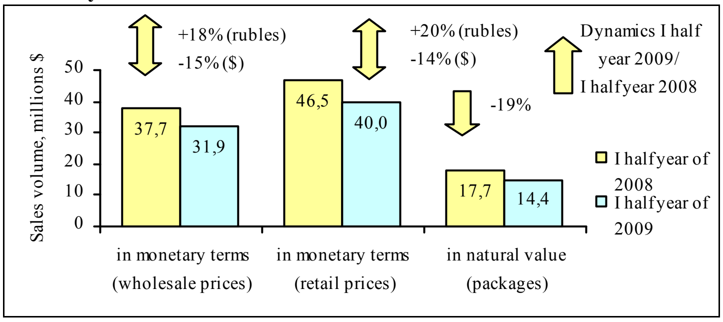
Conclusion. By the results of H1 2009 the hospital market of Kazakhstan demonstrated notable reduction (by 23% in national currency, by 37% in dollars and by 34% in natural terms) and equaled to $55.4 Mln. However, market reduction rate reduced as compared to H1 of the current year (H1: 51% in tenge and 59% in packs). According to analyzed ranking lists, the market is instable and undergoes considerable structural changes.

PHARMACEUTICAL MARKET OF KAZAN: FIRST HALF YEAR OF 2009 IN REVIEW.

According to the data of Federal Service of State Statistics, the size of Kazan population on the 1st of January 2009 was 1,13 million – that is 0,8% of total population of the RF and 3,7% of total population of Privolzhsky Federal District. Average wages in the Republic of Tatarstan in January - June of 2009 was 14540,1 rubles (434,8 dollars.), that is 19% below average level in Russia (17929 rubles).

According to data of Retail Audit of FPP in the RF™, in the first half year of 2009 volume of Kazan pharmaceutical market reduced by 19% in natural value – up to 14,4 million packages (figure 1). Sale indexes in dollar terms also reduced: in wholesale prices the market reduced by 15% and amounted to 31,9 million dollars. At the same time in ruble terms the sales grow by 18% - up to 1,1 billiard rubles. Following the results of the analyzed period the average price of medication was 2,77 dollars (in the first half of 2008 – 2,62 dollars). Average pharmaceutical mark-up amounted to 25% in comparison to 23% a year earlier.

Figure 1. Pharmaceutical Market of Kazan in the Ist half year of 2008 – Ist half year of 2009.



Fifth part of Kazan market falls at home-produced FPP. 16% falls at pharmaceutical drugs produced in Germany, 9% - in France and 7% - in the USA. 5% percent falls respectively at pharmaceutical drugs from Great Britain, India and Hungary.

Summarizing the results of the first half year of 2009 and comparing them with the similar period of 2008, we see that rating of leading manufacturers in the region demonstrated high stability: only in the bottom part there is a small change (table 1). Higher changes allowed the Teva company (+15%) to rise from the 10th to the 9th position, while less dynamic Schering-Plough (+9%) came down to the last position of Top-10. Underrun of growth rate and reduction of participation interests was observed with three more companies. Among them was the leader of rating – corporation Novartis (+14%), and the only home producer – Pharmstandard (+10%), which reserved the 5th position. Five representatives of rating, on the contrary, extended their interests, which resulted in growth of total share of the "ten" from 37,8% up to 38,2%.

Table 1. Ten leading manufactures in total pharmaceutical sales

Rating position		Manufacturer*	Share in total pharmaceutical sales, %	
I half year of 2009	I half year of 2008.		I half year of 2009	I half year of 2008.
1	1	**Novartis (incl. Sandoz-Lek)**	5,9	6,1
2	2	**Sanofi-Aventis**	5,5	5,4
3	3	**Servier/Egis**	5,2	4,8
4	4	**Bayer Healthcare (incl. Bayer Schering Pharma AG)**	4,2	4,5
5	5	Pharmstandard	4,1	4,4
6	6	**Berlin-Chemie/ Menarini Pharma GmbH**	3,7	3,4
7	7	**Gedeon Richter**	2,7	2,4
8	8	**Nycomed**	2,6	2,3
9	10	**Teva**	2,1	2,2
10	9	**Schering-Plough**	2,1	2,2
Total			38,2	37,8

* Members of AIPM are marked in fat type

Three new representatives appeared in rating of leading trade names (table 2). By virtue of outperformance, the medications Alflutop (+108%), Detralex (+36%) and Vobensim (+48%), rose from the 18th, the13th and the 21st positions to the 5th, the 9th and the10th positions correspondingly. Two more trade names improved their rating positions: Essentiale H moved from fifth to second rating position (+24%), Yarina moved from the 9th to the 7th position (+32%). Just one representative of Top-10 moved down to lover position: Geptral moved from the 2nd to the 4th position (+14%). In spite of practically unchanged sales volumes and reduction of participation interests, anti-viral medication Arbidol kept the leading position (+1%). However, total share, accumulated by ten leading trade names, increased on half a percentage point and amounted to 8,9%.

Table 2. Ten leading trade names in total pharmaceutical sales

Rating position		Trade name	Share in total pharmaceutical sales, %	
I half year of 2009	I half year of 2008.		I half year of 2009	I half year of 2008.
1	1	Arbidol	1,5	1,8
2	5	Essentiale H	1,0	0,9
3	3	Actovegin	1,0	1,0
4	2	Geptral	1,0	1,0
5	18	Alflutop	0,9	0,5
6	6	Viagra	0,9	0,8
7	9	Yarina	0,7	0,6
8	8	Preductal	0,7	0,7
9	13	Detralex	0,7	0,6
10	21	Vobensim	0,6	0,5
Total			8,9	8,4

In the rating of leading INN and Grouped names trine of leaders kept its positions, in spite of dynamic underran and reduction of participation interests (table 3). These groups are the following Multivitamine+Multimineral (+13%), Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester (+1%) and Azithromycin (+4%). Phospholipids rose from 4 to 8 position (+24%), Enalapril rose from the 7th to 5th position (+23%). Three more representatives of Top-10 improved their rating position. These are medications, which occupied three lowest positions: Xylometazoline (+25%), Sildenafil (+24%) and Trimetazidine (+26%), The latter became the only new representative of Top-10. Total share of "ten", in comparison with previous ratings reduced and amounted to 10,8%.

Table 3. Ten leading INN and Grouped names in total pharmaceutical sales

Rating position		INN/ Grouped name	Share in total pharmaceutical sales, %	
I half year of 2009	I half year of 2008.		I half year of 2009	I half year of 2008.
1	1	Multivitamine+Multimineral	1,7	1,8
2	2	Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester	1,5	1,8
3	3	Azithromycin	1,0	1,1
4	8	Phospholipids	1,0	0,9
5	7	Enalapril	1,0	0,9
6	4	Ademetionine	1,0	1,0
7	6	Pancreatine	1,0	1,0
8	9	Xylometazoline	0,9	0,9
9	10	Sildenafil	0,9	0,8
10	12	Trimetazidine	0,9	0,8
Total			10,8	11,1

One new representative appeared in the rating of leading ATC groups (table 4). It is the group A05 Medications for hepatotherapy and bile passages therapy (+45%), which rose from the 11th to the 8th position. Three more groups demonstrated rating progress: M01 anti-inflammatory and antireumatic medications (+28%) occupied the 2nd position instead of the 5th, G03 Sex hormones (+14%) – rose from the 4th to the 3rd position and C09 medications, which influence the rennin-angiotensin system (+40%), rose from the 8th to the 7th position. At the same time, three groups - N02 Analgesics, L03 Immunostimulants and R05 medications for abolition of cold and cough symptoms – moved down to lower rating positions. Group J01 Antimicrobial medications for systematic use remain the most popular at the region market, though the rates of sales growth during the period under review were not high (+6%) and its share presence reduced. Cumulative share of the "ten" amounted to 39,2%, which is little different from the previous year.

Table 4. Ten leading ATC Groups in total pharmaceutical sales

Rating position		ATC code	ATC groups	Share in total pharmaceutical sales, %	
I half year of 2009	I half year of 2008.			I half year of 2009	I half year of 2008.
1	1	J01	Antimicrobial medications for systematic use	5,0	5,6
2	5	M01	Anti-inflammatory and antireumatic medications	4,4	4,1
3	4	G03	Sex hormones	4,4	4,5
4	3	N02	Analgesics	4,4	5,0
5	2	L03	Immunostimulants	4,4	5,0
6	6	A11	Vitamines	3,8	3,9
7	8	C09	Medications, which influence the rennin-angiotensin system	3,5	2,9
8	11	A05	Medications for hepatotherapy and bile passages therapy	3,2	2,6
9	9	N06	Psychoactivators	3,1	2,8
10	7	R05	Medications for abolition of cold and cough symptoms	3,0	3,0
Total				39,2	39,3

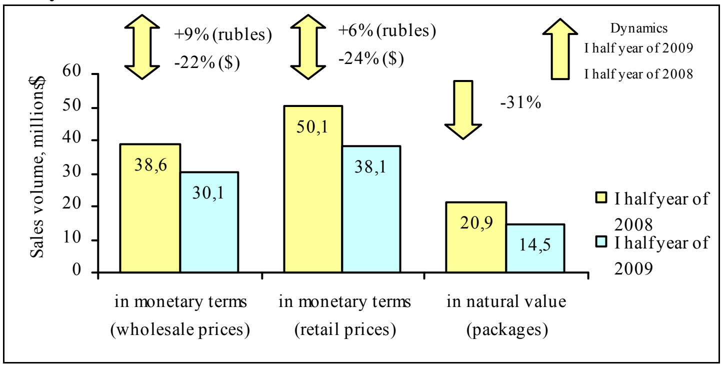
Conclusion. Summarizing the results of the first half year of 2009, the pharmaceutical market of Kazan demonstrated the well-marked reduction of natural volumes, exceeding the negative dynamics of the whole Russian market (-19% against -10%). nevertheless, the positive market dynamics in ruble terms (+20% in retail prices) turned out to be just over than in Russia at large (+19%), and negative dynamics in dollar terms turned out to be lower (-14% against -15%). The average package price of FPP (2,77 dollars) and expenses on acquisition of medications per capita (35,4 dollars) increased the similar indexes in Russia at large (2,65 dollars and 32,7 dollars), while the average retail margin was still much lower: +25% against +31%.

PHARMACEUTICAL MARKET OF UFA: FIRST HALF YEAR OF 2009 IN REVIEW.

The size of Ufa population on the 1st of January 2009 was 1,02 million people– that is 0,7% of total population of the RF and 3,4% of total population of Privolzhsky Federal District. According to the data of Federal Service of State Statistics, the average wages in the Republic of Bashkortostan in January - June of 2009 was 14323,5 rubles (428,3 dollars.), that is 20% below average level in Russia.

According to data of Retail Audit of FPP in the RF™, in the first half year of 2009 volume of Ufa pharmaceutical market increased by 9% in ruble terms (in dollar terms reduced by 22%) and amounted to 1.0 billiard rubles (30,1 million dollars) in wholesale prices (exclusively of Additional Pharmaceutical support). The city share in total volume of Russian pharmaceutical market amounts to 0,8%. The In natural volume the region market reduced by 31%, up to 14,5% million packages. The average price of a package was 3,82 dollars (in the first half of 2008 – 3,86 dollars). Average pharmaceutical mark-up changes slightly and amounted to 24,9 (in 2008 -25,4%).

Figure 1. Pharmaceutical Market of Ufa in the Ist half year of 2008 – Ist half year of 2009.



The most considerable part of medications, sold in Ufa drug-stores (23%) falls at pharmaceutical drugs produced in Russia. Sixteen percent fall at medications produced in Germany, and 7% of FPP fall respectively at pharmaceutical drugs from France and USA. Medications from Slovenia and Great Britain account by 6% of the regional market, 5% fall at Indian and Hungarian medications.

Summarizing the results of the first half year of 2009 the companies Novartis (+9%), Pharmstandard (+18%) and Sanofi-Aventis (+13%) (table 1) reserved their leading positions. The latter two companies increased their shares and reinforced their positions. Another four representatives of the rating extended their participation interests, three of them Servier/Egis (+15%), Bayer Healthcare (+20%) and Nycomed (+22%) occupied higher positions. Let us note the fact that cumulative percentage of the top-companies also extended from 39,1% up to 40,1%.

Table 1. Ten leading manufactures in total pharmaceutical sales

Rating position		Manufacturer*	Share in total pharmaceutical sales, %	
I half year of 2009	I half year of 2008.		I half year of 2009	I half year of 2008.
1	1	**Novartis (incl. Lek-Sandoz)**	7,1	7,1
2	2	Pharmstandard	5,4	5,0
3	3	**Sanofi-Aventis**	4,7	4,5
4	5	**Servier/Egis**	3,9	3,7
5	7	**Bayer Healthcare (incl. Bayer Schering Pharma AG)**	3,8	3,4
6	4	**Berlin-Chemie/ Menarini Pharma GmbH**	3,7	3,8
7	6	**Gedeon Richter**	3,7	3,6
8	10	**Nycomed**	2,9	2,5
9	8	**Solvay Pharmaceuticals**	2,6	2,7
10	9	KRKA D.D.	2,3	2,6
Total			40,1	39,1

* Members of AIPM are marked in fat type

Just two representatives of rating reserved the positions, occupied earlier (table 2). They are antiviral Arbidol (+30%) and Actovegin, which occupies the 6th position (+11%). The rest representatives of Top-10 changed their rating positions, just two medications worsened their positions, they are: Viagra (-20%) and Mildronat (-21%), which showed negative sale dynamics. The rest FPP moved to higher positions. The most significant rating progress showed the trade names, which got to Top-10 for the first time. These medications are Diroton (+11%) and Amoxiclav (+17%), which occupied the 7th and the 11th positions instead of the 10th and the 17th respectively. Total share of the "ten" amounted to 9,5% instead of 9,2% last year.

Table 2. Ten leading trade names in total pharmaceutical sales

Rating position		Trade name	Share in total pharmaceutical sales, %	
I half year of 2009	I half year of 2008.		I half year of 2009	I half year of 2008.
1	1	Arbidol	1,5	1,3
2	3	Geptral	1,4	1,1
3	4	Essentiale H	1,2	1,0
4	2	Viagra	0,9	1,2
5	7	Ketonal	0,9	0,8
6	6	Actovegin	0,9	0,8
7	11	Diroton	0,7	0,7
8	9	Mezym forte	0,7	0,7
9	5	Mildronat	0,7	0,9
10	17	Amoksiclav	0,6	0,6
Total			9,5	9,2

In the list of leading INN and Grouped names three leading positions remained unchanged (table 3). Combination Multivitamine+Multimineral (+11%), as well as Pancreatine(+13%)and Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester (+30%) still occupy positions 1-3. Thanks to sales outperformance five trade names extended their shares and improved their rating positions, among them are the new representatives of Top-10. They are Xylometazoline (+35%), Azithromicin (+21%) and Amoxycillin + Clavulanic acid (+23%), these medications occupied the 7th, the 9th and the 10th positions respectively. Total share of leaders increased by 1% and amounted to 13,2%.

Table 3. Ten leading INN and Grouped names in total pharmaceutical sales

Rating position		INN/ Grouped name	Share in total pharmaceutical sales, %	
I half year of 2009	I half year of 2008.		I half year of 2009	I half year of 2008.
1	1	Multivitamine+Multimineral	2,3	2,3
2	2	Pancreatine	1,7	1,7
3	3	Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester	1,5	1,3
4	6	Ademetionine	1,4	1,1
5	7	Phospholipids	1,2	1,0
6	5	Ketoprofen	1,2	1,1
7	11	Xylometazoline	1,1	0,9
8	4	Sildenafil	0,9	1,2
9	14	Azithromicin	0,9	0,8
10	17	Amoxycillin + Clavulanic acid	0,8	0,7
Total			13,2	12,2

The most demanded group at the region market remains the J01 group Antimicrobial medications for systematic use (+4%) (table 4). Groups N02 Analgesics, A11 Vitamines, N06 Psychoactivators and C09 Medications, which influence the rennin-angiotensin system (the 2nd, the 3rd, the 8th and the 10th positions respectively) kept their positions. Three of the rest representatives of Top-10 demonstrated the rating progress. Among them is a new representative of Top-10 - A05 Medications for hepatotherapy and bile passages therapy (+24%). Consolidated share of ten leading groups increased from 41,0% up to 41,4%.

Table 4. Ten leading ATC Groups in total pharmaceutical sales

Rating position		ATC code	ATC groups	Share in total pharmaceutical sales, %	
I half year of 2009	I half year of 2008.			I half year of 2009	I half year of 2008.
1	1	J01	Antimicrobial medications for systematic use	6,1	6,3
2	2	N02	Analgesics	5,3	5,6
3	3	A11	Vitamines	4,7	4,3
4	5	M01	Anti-inflammatory and antireumatic medications	4,2	4,1
5	4	L03	Immunostimulants	4,0	4,2
6	7	G03	Sex hormones	3,9	3,6
7	6	R05	Medications for abolition of cold and cough symptoms	3,7	4,0
8	8	N06	Psychoactivators	3,3	3,3
9	13	A05	Medications for hepatotherapy and bile passages therapy	3,1	2,7
10	10	C09	Medications, which influence the rennin-angiotensin system	3,1	3,0
Total				41,4	41,0

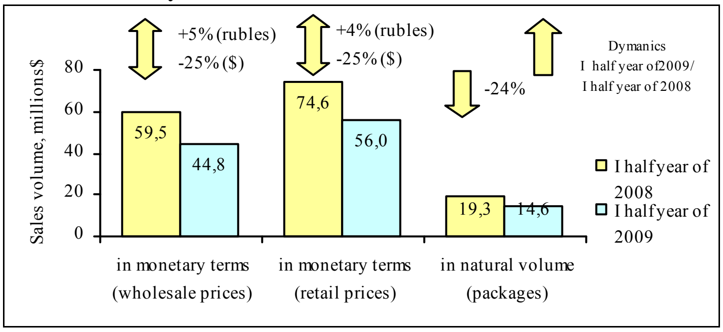
Conclusion. Summarizing the results of the first half year of 2009, the pharmaceutical market of Ufa reduced to one third in natural volume. Low dynamics of monetary volume, essentially yielding to rate of growth of total Russian market, is also specific for Ufa market (in retail ruble prices+ 6% against +19%). The average package price (3,82 dollars) and average sum, expended on purchase of FPP by region inhabitants (37,2 dollars), is higher than indexes in Russia at large (2,65 dollars and 32,7 dollars). The average retail margin (25%) is lower than average in Russia (31%).

PHARMACEUTICAL MARKET OF EKATERINBURG FIRST HALF YEAR OF 2009 IN REVIEW

According to the data of Federal Service of State Statistics, the size of Ekaterinburg population on the 1st of January 2009 was 1,33 million people – that is 0,9% of total population of the RF and 10,9% of total population of Ural Federal District. According to the data of Federal Service of State Statistics average wages in Sverdlovsk region in January - June of 2009 was 17037,52 rubles (509,5 dollars.), that is 5% below average level in Russia during the same period.

According to data of Retail Audit of FPP in the RF™, in the first half year of 2009 volume of Ekaterinburg pharmaceutical market increased just by 5% in ruble equivalent in comparison with the same period of the previous year and amounted to 1,5 billion rubles (44,8 million dollars) in wholesale prices (exclusively of Additional Pharmaceutical support). In dollar terms the city market reduced by 25%, in natural volumes – by 24 %. The city share in total volume of Russian pharmaceutical market amounts to 1,2%. The average price of a package was 1,91 dollars (in the same period of 2008 – 2,37 dollars). Average pharmaceutical mark-up declined from 32% in 2008 to 27% in the present year.

Figure 1. Pharmaceutical Market of Ekaterinburg in the Ist half year of 2008 – Isthalf year of 2009.



The most demanded medications at the Ekaterinburg pharmaceutical market are medications from Germany: their portion is 18. Somewhat less (17%) falls at FPP produced in Russia. American drugs accumulate 8% of regional market, French drugs – 7%. 5% fall at medications produced in Great Britain, Switzerland and Hungary.

In the first half year of 2009 in rating of ten leading manufactures of total pharmaceutical sales in the region only one new company appeared – it is Teva company from Israel (+33%), which rose from the 11th to the 8th position (table 1). The company Solvay Pharmaceuticals (-10%), which occupied the before mentioned position earlier was left behind Top-10. The corporation Novartis (+13%) became the rating leader, while the previous year leader Sanofi-Aventis (+2%) occupied the second position because of low dynamics. One more company Servier/Egis (-7%) gave its position, reduced the sales and occupied 7th position instead of the 6th, letting ahead Berlin-Chemie (-2%). Five representatives of Top-10 kept their positions, at the same time three companies strengthened their position at the region market thanks to outperformance and share extension. The cumulative percentage of ten leading manufactures also increased by 1% and amounted to 40,3%.

Table 1. Ten leading manufactures in total pharmaceutical sales

Rating position		Manufacturer*	Share in total pharmaceutical sales, %	
I half year of 2009	I half year of 2008.		I half year of 2009	I half year of 2008.
1	2	**Novartis (incl. Lek-Sandoz)**	6,5	6,0
2	1	**Sanofi-Aventis**	6,0	6,1
3	3	Pharmstandard	5,0	4,4
4	4	**Bayer Healthcare (incl. Bayer Schering Pharma AG)**	4,9	4,2
5	5	**Gedeon Richter**	3,5	3,7
6	7	**Berlin-Chemie/ Menarini Pharma GmbH**	3,2	3,4
7	6	**Servier/Egis**	3,2	3,6
8	11	**Teva**	2,8	2,2
9	9	**Schering-Plough**	2,7	2,8
10	10	**Nycomed**	2,7	2,6
Total			40,3	39,0

* Members of AIPM are marked in fat type

In rating of ten leading trade names in total pharmaceutical sales< the group of top FPP preserved its positions (table 2). They are Arbidol (+41%), Essentiale H (-11%), Geptral (-14%) and Linex (+1%). Viagra(+12) rose from the 5th to the 6th position of rating. Positions from 6 th to the 8th inclusive were occupied by new for this rating trade names: Mezym forte (+22%), Magne B6 (+12%) and Cialis (+63%), which previously occupied the 15th, the 14th and the 33rd positions respectively. New representatives pressed the medications Movalis and Actovegin (-10% both) to the last to rating positions. Total share changed slightly and amounted to 7,4%.

Table 2. Ten leading trade names in total pharmaceutical sales

Rating position		Trade name	Share in total pharmaceutical sales, %	
I half year of 2009	I half year of 2008.		I half year of 2009	I half year of 2008.
1	1	Arbidol		
2	2	Essentiale H		
3	3	Geptral		
4	4	Linex		
5	6	Viagra		
6	15	Mezym forte		
7	14	Magne B6		
8	33	Cialis		
9	8	Movalis		
10	9	Actovegin		
Total				

In the rating of leading INN and Grouped names appeared two new representatives (table 3). Combination Ethinylestradiol+Desogestrel (+13%) and antibiotic Azithromycin (+26%) rose from the 11th to the 9th and from the 16th to the 10th positions respectively. Besides them three more names occupied higher positions. The most dynamic representatives of the rating - Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester(+41%) and Xylometazoline (+40%) improved their positions to one point and occupied the 2nd and the 3rd positions. In spite of sales and share reduction, Fluconazole rose from the 7th to the 5th line. However we must mention that six representatives of Top-10 extended their shares, thereby the total share of "ten" increased by 1% and amounted to 12%.

Table 3. Ten leading INN and Grouped names in total pharmaceutical sales

Rating position		INN/ Grouped name	Share in total pharmaceutical sales, %	
I half year of 2009	I half year of 2008.		I half year of 2009	I half year of 2008.
1	1	Multivitamine+Multimineral	2,7	2,2
2	3	Methylphenylthiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester	1,5	1,1
3	4	Xylometazoline	1,5	1,1
4	2	Pancreatine	1,3	1,2
5	7	Fluconazole	0,9	1,0
6	6	Phospholipids	0,9	1,0
7	5	Ademetionine	0,9	1,0
8	8	Enalapril	0,8	0,9
9	11	Ethinylestradiol+Desogestrel	0,8	0,7
10	16	Azithromycin	0,8	0,7
Total			12,0	11,1

Group J01 Antimicrobial medications for systematic use (+1%), which was on the top of leading ATS groups rating in the first half year of 2008 practically didn't change the sales volumes and came down to the 3rd position (table 4). The leading positions were occupied by two more dynamic groups: A11 Vitamines (+22%) and N02 Analgesics (+15%). Three more representatives of Top-10 demonstrated the rating progress, Рейтинговый прогресс продемонстрировали еще три представителя Топ-10, particularly, the new representative - group R01 Nasal medications (+25%), rose from the 11th to the 9th position. As in previous rating, the trend to shares extension was kept among the leading ATC groups: it was demonstrated by six out of ten groups. Cumulative share of the "ten" extended more than by 1,5%.

Table 4. Ten leading ATC Groups in total pharmaceutical sales

Rating position		ATC code	ATC groups	Share in total pharmaceutical sales, %	
I half year of 2009	I half year of 2008.			I half year of 2009	I half year of 2008.
1	2	A11	Vitamines	5,4	4,7
2	3	N02	Analgesics	4,9	4,5
3	1	J01	Antimicrobial medications for systematic use	4,7	4,9
4	4	G03	Sex hormones	4,5	4,3
5	6	L03	Immunostimulants	4,1	4,0
6	5	M01	Anti-inflammatory and antireumatic medications	3,9	4,1
7	9	R05	Medications for abolition of cold and cough symptoms	3,7	3,5
8	7	C09	Medications, which influence the rennin-angiotensin system	3,6	3,6
9	11	R01	Nasal medications	3,4	2,8
10	10	A05	Medications for hepatotherapy and bile passages therapy	3,0	3,3
Total				41,2	39,6

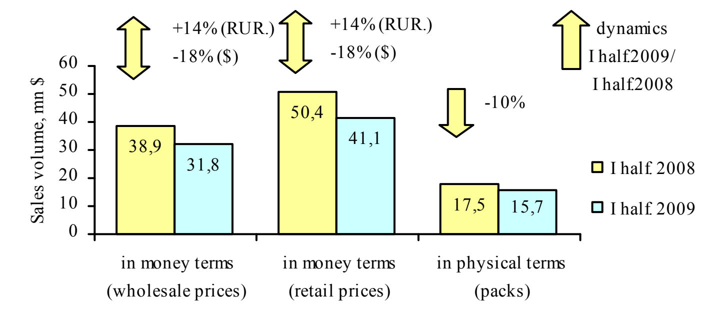
Conclusion. Summarizing the results of the first half year of 2009, the pharmaceutical market of Ekaterinburg reduced nearly to one forth in natural volume (-24%), while the whole Russian market reduced by 10%. The regional market suffered the same reduction in dollar terms (-25%). Average package price of FPP (1,91 dollars) and retail margin (27%) are lower than average figures in Russia at large (2,65 dollars and 31%). At the same time, expenses of population on acquisition of FPP are higher than average level in Russia (42,0 dollars against 32,7 dollars).

PERM PHARMACEUTICAL MARKET: 2009 FIRST HALF-YEAR RESULTS

As of January 1, 2009, Perm's estimated population was 985800 – which makes 0.7% of the total Russian Federation population and 3.3% of Privolzhsky Federal District (PFD). According to Federal State Statistics Service, in January-February 2009 the average salary in the Perm Region was 14,835.83 RUR (443.7 USD), which is by 17% lower than the average salary in Russia.

According to the results of the Retail Audit of Finished Pharma Product (FPP) in Russian Federation™, for the first half-year of 2009 the volume of city pharmaceutical market in terms of roubles increased by 14% and totalled to 1.1 billion roubles (31.8 million USD) in wholesale prices (exclusive of Additional Pharmacological Support). The city share in the total volume of Russia pharmaceutical market amounts 0.9%. The city market in physical terms showed negative dynamics (-10%) and reduced to 15.7 million of packs. The average cost of a pack in the analyzed period is 2.63 USD (in 2008 - 2.4 USD). The average pharmacy retail margin has eased from 30% to 27%.

Picture 1. Perm pharmaceutical market in the first half-year 2008 – first half-year 2009



The share of FPP made in Russia (22%) and Germany (15%) is the highest in the city pharmaceutical market. The share of products made in USA is 8%, and those made in France - 6% of the market. The share of products made in India, Hungary and UK is 5% of the market each.

In the first half-year 2009, the rating of the ten top manufacturers ranked by the sales volume of pharmaceutical products hasn't changed in composition, but in order (table 1). However, the two leading companies haven't changed in the region market. They are Novartis (+3%) and Pharmstandard (+13%), though both of them reduced their shares in the market. The most dynamical representative of Top-10 - Sanofi-Aventis (+26%) moved up from the 3rd to the 4th position, moving Bayer Healthcare (+16%) down the row. Due to outperformance, Servier/Egis (+18%) improved its position in the rating by one point and moved up to the 5th position, whereas the less dynamical Berlin-Chemie (+14%) moved down to the 6th position. The bottom part of Top-10 remained unchanged. The first top companies in the six months to end June 2009 accumulated 38.8% of the retail business volume, which is a bit less than in the previous year.

Table 1. The top ten manufacturers by drugs sales volume

Rating position		Manufacturer*	Drug sale share, %	
I half year 2009	I half year 2008		I half year 2009	I half year 2008
1	1	**Novartis (вкл. Lek-Sandoz)**	6.7	7,3
2	2	Pharmstandard	5.8	5,9
3	4	**Sanofi-Aventis**	4,4	4,0
4	3	**Bayer Healthcare (вкл. Bayer Schering Pharma AG)**	4,1	4,0
5	6	**Servier/Egis**	3,5	3,4
6	5	**Berlin-Chemie/ Menarini Pharma GmbH**	3,5	3,5
7	7	**Nycomed**	3,3	3,1
8	8	**Gedeon Richter**	2,9	3,0
9	9	**Schering-Plough**	2,3	2,3
10	10	**Solvay Pharmaceuticals**	2,3	2,3
Total			38,8	38,9

* AIPM members are in bold

The more significant changes have taken place in the rating of the ten top pharmaceutical products in the region (table 2). Only the leaders for Top-10 Arbidol (+4%) and Capsicum extract (+7) as well as Viferon (-1%) taking the 5th position kept their original positions. Five trade names including new Top-10 drugs – Geptral (+36%), Co-renitec (+23%) and Mezym forte (+12%) that took the 7th, 8th and 10th positions respectively showed a rating progress. Viagra (-3%) and Linex (-1%) reduced their sales in the region, and moved down to the 4th and 9th positions in the rating. It should be noted that six drugs of Top-10 showed reduction of their shares in the market which resulted in the reduction of Top-ten concentration ratio from 11.1% to 10.4%.

Table 2. The top ten pharmaceutical products by drugs sales volume

Rating position		Trade name	Drug sale share, %	
I half year 2009	I half year 2008		I half year 2009	I half year 2008
1	1	Arbidol	2,4	2,7
2	2	Capsicum extract	2,0	2,2
3	4	Actovegin	1,0	1,0
4	3	Viagra	0,9	1,1
5	5	Viferon	0,8	0,9
6	7	TeraFlu against cold and flu	0,7	0,8
7	14	Geptral	0,7	0,6
8	12	Co-renitec	0,7	0,6
9	8	Linex	0,6	0,7
10	11	Mezym forte	0,6	0,6
Total			10,4	11,1

The upper part of the top INN and generic names rating remained unchanged (table 3). The trade names on the first four positions (Methylpheniltiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester, Polyvitamin+Multimineral, Capsicum extract and Xylometazoline) kept their original positions, though three of them reduced their market shares. Two more drugs have reduced their market shares: Interferon alfa-2b (+6%) and Sildenafil (-3%). Only two tradenames which entered the rating for the first time – Enalapril+Hydrochlorotiazide (+25%) and Nimesulide (+39%), on the contrary, have expanded their market shares. However, their aggregate share reduced to 13.5%.

Table 3. The top ten INN and generic names by drugs sales volume

Rating position		INN/Generic names	Drug sale share, %	
I half year 2009	I half year 2008		I half year 2009	I half year 2008
1	1	Methylpheniltiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester	2,4	2,7
2	2	Polyvitamin+Multimineral	2,3	2,5
3	3	Capsicum extract	2,0	2,2
4	4	Xylometazoline	1,3	1,3
5	6	Panreatin	1,0	1,0
6	8	Enalapril	1,0	1,0
7	7	Interferon alfa-2b	0,9	1,0
8	5	Sildenafil	0,9	1,1
9	15	Enalapril + Hydrochlorotiazide	0,8	0,7
10	22	Nimesulide	0,8	0,6
Total			13,5	14,0

Despite of the apparent reduction of the market share, L03 Immunostimulants group (+2%) continues to remain the leader of the top ATS groups rating (table 4). One of the most dynamical groups - A11 Vitamines (+20%) moved up to the second line from the 4th position, moving down N02 Analgesics (0%) and J01 Antimicrobial drugs for systemic administration (+10%) to the 3rd and 4th positions respectively. The higher positions are taken by other three drugs of Top-10 – C09 Drugs affecting the rennin-angiotenzin system (+29%), G03 Sex Hormones and R01 Nasal drugs (+14% each). However, the total share of the top ten has reduced by more than 1% and amounted to 42.3%.

Table 4. The top ten ATC groups by drugs sales volume

Rating position		ATC code	ATC group	Drug sale share, %	
I half year 2009	I half year 2008			I half year 2009	I half year 2008
1	1	L03	Immunostimulants	5,8	6,5
2	4	A11	Vitamines	5,0	4,8
3	2	N02	Analgesics	4,8	5,6
4	3	J01	Antimicrobial drugs for systemic administration	4,7	4,9
5	5	M01	Anti-inflammatory and antirheumatic drugs	4,3	4,1
6	10	C09	Drugs affecting the rennin-angiotenzin system	3,8	3,4
7	8	G03	Sex hormones	3,6	3,6
8	9	R01	Nasal drugs	3,4	3,5
9	7	R05	Drugs to treat common cold symptoms and cough	3,4	3,6
10	6	M02	Drugs to treat locally diseases of the musculoskeletal system	3,4	3,7
Total				42,3	43,6

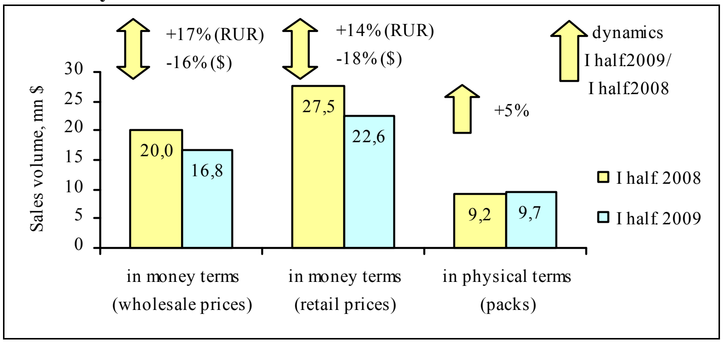
Conclusion. The physical volumes of Perm pharmaceutical market in the six months to end June 2009 have reduced the same as in the entire Russian market (-10%). In terms of retail rouble prices the market has increased by 14%, in terms of USD – reduced by 18%, having reached 41.1 million dollars. The region market development was followed by drop in sales. The average cost of a FPP pack (2.63USD) and the average retail margin (27%) in Perm is lower than the average costs in Russia, whereas the consumption level per capita is notably higher (41.7 USD vs. 32.7 USD).

TULA PHARMACEUTICAL MARKET: 2009 FIRST HALF-YEAR RESULTS

As of January 1, 2009, Tula's estimated population was 496000, which makes 0.3% of the total Russian Federation population and 1.3% of the Central Federal District (CFD). According to Federal State Statistics Service, in January-February 2009 the average salary in the Tula Region was 13,806.45 RUR. (412.9 USD), that is by 23% lower than the average salary in Russia.

According to the results of the Retail Audit of Finished Pharma Product (FPP) in Russian Federation™, for the first half-year of 2009 the volume of city pharmaceutical market in physical terms increased by 5% in comparison with the same period in 2008. In money terms the market increased by 17% in rouble equivalent (in dollars it reduced by 16%) and amounted to 560.5 million roubles (16.8 million USD) in wholesale prices (exclusive of Additional pharmacological support). The city share in the total volume of Russia pharmaceutical market amounted to 0.5% The average cost of a FPP pack in Tula pharmacies was 2.62 USD and the average retail margin was 29% (last year the same indicators were 2.87 USD and 30% respectively).

Picture 1. Tula pharmaceutical market in the first half-year 2008 – first half-year 2009



The share of FPP made in Germany (18%) is the highest in the Tula pharmaceutical market. Domestic pharmaceutical products (16%) are ranked number two in terms of sales volumes. The share of FPP from France (7%) and USA (6%) is high in the market. The share of products made in India, Slovenia, Switzerland and Hungary is 5% of the market each.

In the first half-year 2009 the rating of the ten top manufacturers ranked by the sales volume of pharmaceutical products hasn't changed much in comparison with the same period of 2008 (table 1). Six companies including the leader - Novartis Corporation (+6%) retained their positions. The remaining four companies of Top 10 swapped places. The higher sales gain made it possible for Berlin-Chemie (+47%) to move up from the 4th to 2nd position, whereas Servier/Egis (+12%), on the contrary, moved down from the 4th to the 2nd position. In the bottom part of the rating Solvay Pharmaceuticals (+16%) and KRKA (+2%) swapped places – the higher outperformance allowed the former to move up to the 8th position from the 9th one. The total share of the top manufacturers amounted to 42.4% instead of 42.1% in the previous year.

Table 1. The top ten manufacturers by drugs sales volume

Rating position		Manufacturer*	Drug sale share, %	
I half year 2009	I half year 2008		I half year 2009	I half year 2008
1	1	**Novartis (inc. Lek-Sandoz)**	7,1	7,9
2	4	**Berlin-Chemie/ Menarini Pharma GmbH**	5,9	4,7
3	3	**Sanofi-Aventis**	5,5	5,1
4	2	**Servier/Egis**	4,9	5,1
5	5	Pharmstandard	4,1	4,3
6	6	**Bayer Healthcare (inc. Bayer Schering Pharma AG)**	3,9	4,0
7	7	**Gedeon Richter**	3,2	3,0
8	9	**Solvay Pharmaceuticals**	2,8	2,8
9	8	KRKA D.D.	2,6	3,0
10	10	**Nycomed**	2,5	2,3
Total			42,4	42,1

* AIPM members are in bold

Four new drugs have come up in the rating of top pharmaceutical products (table 2). They are ACE inhibitors Diroton (+55%) and Prestarium A, NSAIDs Nimesil (+100%) and beta-blocking agent Concor (+50%), which took the 4th and 8th – 10th positions. It should be noted that the other three FPP moved up to the higher positions due to their high sales gains – Viagra (+30%) to the 2nd place and Essentiale N (+32%) to the 3rd place and Geptral (+20%) to the 7th position. The leader of Top 10 – antiviral Arbidol (-8%), though it reduced its sales and market share, retained the first place in the rating. The total share aggregated by the ten top pharmaceutical products has increased from 7.1% to 7.8%.

Table 2. The top ten pharmaceutical products by drugs sales volume

Rating position		Trade name	Drug sale share, %	
I half year 2009	I half year 2008		I half year 2009	I half year 2008
1	1	Arbidol	1,1	1,4
2	4	Viagra	1,0	0,9
3	5	Essentiale N	1,0	0,8
4	11	Diroton	0,8	0,6
5	2	Linex	0,8	1,1
6	6	Mezym forte	0,7	0,7
7	9	Geptral	0,7	0,6
8	2335	Prestarium A	0,6	
9	37	Nimecil	0,6	0,4
10	24	Concor	0,6	0,5
Total			7,8	7,1

The top INN and generic names rating leader managed to hold its first position (table 3). It is Polyvitamin + Multimineral (+6%), despite of its insignificant gain in sales. One of the most dynamical trade names Enalapril (+59%) moved up from the 4th to the 2nd position. The more dynamical new representative Nimesulid (+66%) took the 5th position instead of the 13th. Apart from it, another 2 trade names with considerably increased sales and expanded market shares entered the Top 10 for the first time: Indapamid (+33%) and Bisoprolol (+55%) which moved up from 11th to 8th and from 19th to 10th positions. The total share of the Top 10 has increased as well - from 11.1% to 11.9%.

Table 3. The top ten INN and generic names by drugs sales volume

Rating position		INN/Generic names	Drug sale share, %	
I half year 2009	I half year 2008		I half year 2009	I half year 2008
1	1	Polyvitamin+Multimineral	1,7	1,9
2	4	Enalapril	1,6	1,2
3	2	Xylometazoline	1,4	1,4
4	5	Panreatin	1,2	1,2
5	13	Nimesulid	1,1	0,8
6	3	Methylpheniltiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester	1,1	1,4
7	9	Sildenafil	1,0	0,9
8	11	Indapamid	1,0	0,8
9	10	Phospholipids	1,0	0,8
10	19	Bisoprolol	0,9	0,7
Total			11,9	11,1

Due to the highest sales dynamics, C09 Drugs affecting the rennin-angiotenzin system (+44%) have become the leader of the Top ATC groups rating. J01 Antimicrobial drugs for systemic administration (+7%) and N02 Analgesics (+10%) reduced their shares due to not high sales growth and moved down to the 2nd and 3rd positions. Reduction of sales by 14% resulted in the fact that L03 Immunostimulants moved down 5 rows and took the 9th position. The groups taking the 5th through the 9th positions improved their rating positions by 1 point. The last position in the rating is taken by a new drug in the top ten – G04 Drugs to treat urologic diseases (+22%). The total share of the Top 10 reduced by 0.5% and amounted to 40.3%.

Table 4. The top ten ATC groups by drugs sales volume

Rating position		ATC code	ATC group	Drug sale share, %	
I half year 2009	I half year 2008			I half year 2009	I half year 2008
1	3	C09	Drugs affecting the rennin-angiotenzin system	5,3	4,3
2	1	J01	Antimicrobial drugs for systemic administration	5,3	5,8
3	2	N02	Analgesics	5,2	5,5
4	5	M01	Anti-inflammatory and antirheumatic drugs	4,7	4,1
5	6	A11	Vitamines	3,9	3,9
6	7	R05	Drugs to treat common cold symptoms and cough	3,5	3,7
7	8	R01	Nasal drugs	3,3	3,3
8	9	G03	Sex hormones	3,1	3,0
9	4	L03	Immunostimulants	3,1	4,2
10	12	G04	Drugs to treat urologic diseases	3,0	2,9
Total				40,3	40,8

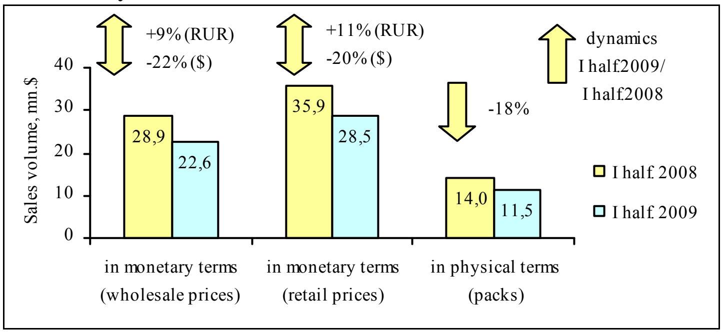
Conclusion. The Tula pharmaceutical market in the six months to end June 2009 showed positive dynamics (+5%) unlike most of the other regions and the entire Russian market. Growth rates in monetary terms, on the contrary, turned out to be lower than in the Russia market on average (+14% vs. +19% in roubles: - 18% vs. -15% in dollars). The average cost of FPP pack in the region (2.62 USD) was virtually the same as in Russia on average (2.65USD), at the same time the medicine expenses for capita in the city exceeded the average Russian indicator 45.5 UDS vs. 32.7 USD.

VORONEZH PHARMACEUTICAL MARKET: 2009 FIRST HALF-YEAR RESULTS

According to Federal State Statistics Service, Voronezh's estimated population as of January 1, 2009 was 843500 – which makes 0.6% of the total Russian Federation population and 2.3% of Central Federal District (CFD). According to Federal State Statistics Service, in the first half of 2009 the average salary in the Voronezh Region was 12,521.82 RUR. (374.5 USD), that is by 30% lower than the average salary in Russia.

According to the results of the Retail Audit of Finished Pharma Product (FPP) in Russian Federation™, for the first half-year of 2009 the volume of city pharmaceutical market in physical terms reduced by 18% and made up 11.5 million packs. The sales volume in terms of roubles increased by 9% (in USD - reduced by 22%) in comparison with the same period of the previous year and made up 751.8 million roubles (22.6 million dollars) in wholesale prices (exclusive of Additional Pharmacological Support). Therefore, the Voronezh share amounts to 0.6% of the Russian pharmaceutical market. The average cost of the FPP pack slightly reduced, and amounted to 2.49 USD vs. 2.56 USD in the previous year. The average pharmacy margin has increased as compared with the previous year and escalated to 26%.

Picture 1. Voronezh pharmaceutical market in the first half-year 2008 – first half-year 2009



The domestic pharmaceutical products share in Voronezh is 22% of the market, which is a bit less than in 2008 (23%). The share of FPP made in Germany is 16% of the region market. The share of products made in USA and France is 7%, and the ones made in India - 6%. Products made in Hungary and Slovenia accumulated 5% of sales each.

In the first half-year of 2009 the rating of the ten top manufacturers ranked by the pharmaceutical sales volume in Voronezh demonstrated high stability (table 1) No new drugs entered the rating and all companies but two retained their positions. The only move took place in the middle of Top 10. The most dynamical company of the rating - Bayer Healthcare (+35%) moved from the 6th position to the 5th one, moving Berlin-Chemie (+11%) down the row. Novartis (+5%) Corporation is the leader of the regional market by sales volume, though its market share has been slightly reduced in the analyzed period. At the same time the total share of the Top ten escalated to 40.4%.

Table 1. The top ten manufacturers by drugs sales volume

Rating position		Manufacturer*	Drug sale share, %	
I half year 2009	I half year 2008		I half year 2009	I half year 2008
1	1	**Novartis (inc. Lek-Sandoz)**	5,8	6,0
2	2	Pharmstandard	5,4	5,4
3	3	**Servier/Egis**	5,2	5,2
4	4	**Sanofi-Aventis**	4,7	4,8
5	6	**Bayer Healthcare (inc. Bayer Schering Pharma AG)**	4,0	3,2
6	5	**Berlin-Chemie/ Menarini Pharma GmbH**	3,8	3,8
7	7	**Nycomed**	3,3	3,0
8	8	KRKA D.D.	2,9	2,8
9	9	**Gedeon Richter**	2,8	2,7
10	10	**Solvay Pharmaceuticals**	2,5	2,7
Total			40,4	39,7

* AIPM members are in bold

The biggest-selling drug in the region is Arbidol (-16%), though its sales and market share have reduced (table 2). The other four FPP also showed negative dynamics: Essentiale N (-12%), Preductal (-18%), Mexidol (-39%) and Mildronat (-26%). The first drug improved its rating position, the second one retained it, and the last but one and the last moved down to the 6th and 10th positions. Yarina contraceptive agent (+66%) has become a new drug that move up to the 7th position from the 17th one. The total share decreased from 10.9% to 9.3%.

Table 2. The top ten pharmaceutical products by drugs sales volume

Rating position		Trade name	Drug sale share, %	
I half year 2009	I half year 2008		I half year 2009	I half year 2008
1	1	Arbidol	1,6	2,0
2	3	Actovegin	1,3	1,4
3	4	Essentiale N	1,0	1,3
4	7	Viagra	1,0	0,9
5	5	Preductal	0,8	1,1
6	2	Mexidol	0,8	1,4
7	17	Yarina	0,8	0,5
8	8	Linex	0,7	0,6
9	9	Mezym forte	0,7	0,6
10	6	Midronat	0,6	1,0
Total			9,3	10,9

A new trade name entered the Top ten INN and generic names rating (table 3). Due to one of the highest dynamics (+17%) in Top-10, Sildenafil moved up from the 11th to 9th position. It is only Polyvitamin + Multimineral market (+30%) that developed more intensely. It made it possible to take the first position, whereas the leader of the previous year Methylpheniltiomethyl- dimethylaminomethyl- hydroxy-bromindol carbonic acid ethyl ester (-16%) reduced its sales and moved down the row. Trimetazidine (-16%) and Ethylmetylhydroxypyridine succinate (-34%) showed considerable reduction of market shares, which resulted in rating downgrade (the drugs moved down to the 8th and 10th positions respectively). By means of it, not only INN with the outperforming dynamics (Xylometazoline (+16%), but also Pancreatin (+11%), Azintromicin (+7%) and Fluconazol (+1%) with the growth rates at or even lower than average market indicators moved up to the higher positions of the rating. The aggregate share of Top-10 reduced from 13.4% to 12.2%.

Table 3. The top ten INN and generic names by drugs sales volume

Rating position		INN/Generic names	Drug sale share, %	
I half year 2009	I half year 2008		I half year 2009	I half year 2008
1	2	Polyvitamine + Multimineral	1,9	1,6
2	1	Methylpheniltiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester	1,6	2,0
3	4	Pancreatin	1,4	1,4
4	7	Xylometazoline	1,3	1,2
5	9	Azitromicin	1,0	1,1
6	5	Phospholipids	1,0	1,3
7	8	Fluconazol	1,0	1,1
8	6	Trimetazidin	1,0	1,3
9	11	Sildenafil	1,0	0,9
10	3	Ethylmetylhydroxypyridine succinate	0,9	1,5
Total			12,2	13,4

Numerous swaps took place in Top-10 ATC groups (table4). The leader changed as well: N02 Analgesics (+12%) took the first position, whereas the less dynamical J01 Antimicrobial drugs for systemic administration (+6%) moved down the row. The other two groups moved down to the lower positions, whereas the four groups demonstrated the rating progress. Among them there is a new product that entered the Top-10 – R01 Nasal drugs (+13%) moved up to the 8th position from the 11th one. The total share of the first ten drugs escalated to 39,2%.

Table 4. The top ten ATC groups by drugs sales volume

Rating position		ATC code	ATC group	Drug sale share, %	
I half year 2009	I half year 2008			I half year 2009	I half year 2008
1	2	N02	Analgesics	5,3	5,1
2	1	J01	Antimicrobial drugs for systemic administration	5,2	5,3
3	4	M01	Anti-inflammatory and antirheumatic drugs	4,3	4,2
4	6	A11	Vitamines	4,1	3,7
5	3	L03	Immunostimulants	4,0	4,8
6	9	G03	Sex hormones	3,9	3,1
7	7	C09	Drugs affecting the rennin-angiotenzin system	3,5	3,5
8	11	R01	Nasal drugs	3,1	2,9
9	8	N06	Psychoanaleptical drugs	3,0	3,4
10	10	A05	Drugs to treat cholepathia and liver diseases	3,0	3,0
Total				39,2	39,0

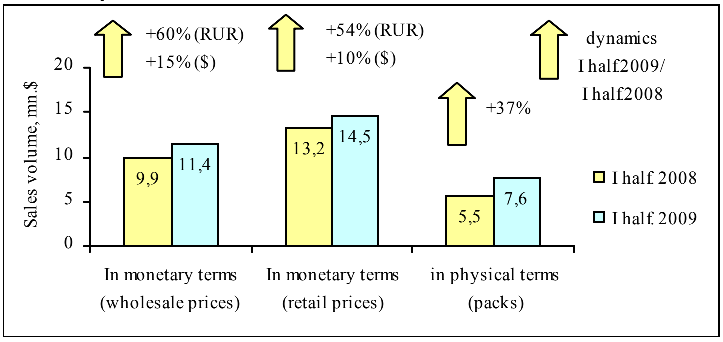
Conclusion. The Voronezh pharmaceutical market in the six months to end June 2009 was worth 28.5 million dollars in final consumption prices, and its dynamics was lower than in Russia in general (in terms of roubles 11% vs. 19%, in dollars - -20% vs. -15%). The regional market decreases in physical terms were even greater (-18% vs. -10%). The average cost of a FPP pack in the region was lower than the average cost of it in Russia (2.49USD vs. 2.65 USD) at the lower margin (+26% vs.31%). The medicine expenses in the region slightly exceeded the average expenses in Russia (33,8USD vs. 32.7 USD).

KURSK PHARMACEUTICAL MARKET: 2009 FIRST HALF-YEAR RESULTS

According to Federal State Statistics Service, Kursk's estimated population as of January 1, 2009 was 410800 – which makes 0.3% of the total Russian Federation population and 1.1% of Central Federal District (CFD). According to Federal State Statistics Service, in the first half of 2009 the average salary in the Kursk Region was 11,703.20 RUR (349.9 USD), that is by 35% lower than the average salary in Russia.

According to the results of the Retail Audit of Finished Pharma Product (FPP) in Russian Federation™, for the first half-year of 2009 the city pharmaceutical market volume in physical terms increased by 37% and made up 7.6 million packs. The sales volume in terms of roubles increased by 60% (in USD - by 15%) in comparison with the same period of the previous year and made up 379.0 million roubles (11.4 million dollars) in wholesale prices (exclusive of Additional Pharmacological Support). Thus, the Kursk share amounts to 0.3% of the Russian pharmaceutical market. The average pharmacy margin has reduced as compared with the previous year and amounted to 34% (in 2008 - 38%). The average cost of the FPP pack also reduced from 2.98 USD to 2.33 USD.

Picture 1. Kursk pharmaceutical market in the first half-year 2008 – first half-year 2009



The domestic pharmaceutical products share in the region amounts to 23% of the Russian pharmaceutical market. The share of FPP made in Germany is 14% of the region market. The share of FPP made in France is 7%, made in USA and India - 6% each. The share of FPP made in India, Hungary and Denmark is 5 % of the market each.

In the first half-year of 2009 in the rating of the ten top manufacturers ranked by the pharmaceutical sales volume only two companies retained their positions (table 1). They are domestic Pharmstandard (+80%) on the 2nd position and Israel Teva (+78%) on the last position. As to the rest companies in the rating, the most of them (five from eight) moved down to the lower positions, and only three of them improved their positions. Among them there is Servier/Egis Corporation which due to sales growth moved up to the 1st from the 5th position. The total share of the top ten has increased by more than 2% and amounted to 42%.

Table 1. The top ten manufacturers by drug sales volume

Rating position		Manufacturer*	Drug sale share, %	
I half year 2009	I half year 2008		I half year 2009	I half year 2008
1	5	**Servier/Egis**	5,8	4,2
2	2	Pharmstandard	5,8	5,1
3	1	**Novartis (inc. Lek-Sandoz)**	5,3	6,5
4	3	**Sanofi-Aventis**	4,9	4,7
5	4	**Berlin-Chemie/ Menarini Pharma GmbH**	4,0	4,6
6	8	**Nycomed**	3,6	3,1
7	9	**KRKA D.D.**	3,6	2,6
8	6	**Bayer Healthcare (inc. Bayer Schering Pharma AG)**	3,6	3,7
9	7	**Gedeon Richter**	3,2	3,2
10	10	**Teva**	2,2	2,0
Total			42,0	39,7

* AIPM members are in bold

Five new drugs have come up in the rating of top pharmaceutical products (table 2). They are Concor, Pentalgin-N, Prestarium A, Enap and Mezym Forte, that considerably increased sales and took the 2nd, 4th, 5th, 6th and 8th positions respectively. The biggest-selling drug in the region is Arbidol (+27%), though its sales and market share have reduced. Not high and negative dynamics caused reduction of the market share and rating downgrade of Actovegin (-5%), Movalis (+59%) and Viagra (+42%) which moved down to the bottom of the Top-10. However, new drugs coming up in the rating resulted in the growth of total top ten share by 1% - from 7% to 8%.

Table 2. The top ten pharmaceutical products by drugs sales volume

Rating position		Trade name	Drug sale share, %	
I half year 2009	I half year 2008		I half year 2009	I half year 2008
1	1	Arbidol	1,2	1,6
2	21	Concor	1,1	0,4
3	5	Essentiale N	0,8	1,0
4	20	Pentalgin N	0,8	0,4
5	2011	Prestarium A	0,7	0,0
6	52	Enap	0,7	0,3
7	2	Actovegin	0,7	1,2
8	12	Mezym Forte	0,7	0,6
9	8	Movalis	0,7	0,7
10	6	Viagra	0,7	0,7
Total			8,0	7,0

Numerous changes took place in Top-10 INN and generic names rating (table 3). Three new drugs have come up in the rating. Bisoprolol (sales increased 4 times), Indapamid (2 times) and Metoprolol (5 times) took the 3rd, 7th and 9th positions respectively. The leader of the rating has changed as well: due to sales growth by 2.4 times, Enalapril took the first position. Polyvitamine + Multimineral that used to head the Top 10 moved to the 2nd position because of the underrun dynamics. The other three INN reduced their share in the market and moved down to the lower positions. However, the total share of the Top 10 has increased from 10.3% to 11.9%.

Table 3. The top ten INN and generic names by drugs sales volume

Rating position		INN/Generic names	Drug sale share, %	
I half year 2009	I half year 2008		I half year 2009	I half year 2008
1	6	Enalapril	1,7	1,1
2	1	Polyvitamin + Multimineral	1,6	2,0
3	22	Bisoprolol	1,6	0,6
4	2	Methylpheniltiomethyl-dimethylaminomethyl-hydroxy-bromindol carbonic acid ethyl ester	1,2	1,6
5	8	Pancreatin	1,1	1,0
6	5	Xylometazoline	1,0	1,1
7	19	Indapamid	1,0	0,7
8	4	Diclophenac	0,9	1,1
9	88	Metaprolol	0,9	0,3
10	10	Nimesulid	0,9	0,9
Total			11,9	10,3

Three new drug groups have entered the Top ten ATC groups rating (table 4). N06 Psychoanaleptic drugs (+98%), C07 Beta-blocking agents (sales increased 3,6 times) and N05 Psychoactive drugs (2 times) entered the top 10 for the first time and took the 7th, 9th and 10th positions. N02 Analgesics have increased sales nearly 2 times and took the 1st place. A yet more dynamical C09 Drugs affecting the rennin-angiotenzin system moved up to the 2nd place from the 7th one (sales increased 2.7 times). Relatively low sales dynamics of J01 Antimicrobial drugs for systemic administration (+14%) resulted in the reduction of the market share and loss of rating positions – they moved down from the 1st place to the 4th one. Two more drugs groups reduced the market shares, whereas six groups increased it. That resulted in the growth of the total top ten share by over 3% - up to 40.2%.

Table 4. The top ten ATC groups by drug sales volume

Rating position		ATC code	ATC group	Drug sales share, %	
I half year 2009	I half year 2008			I half year 2009	I half year 2008
1	2	N02	Analgesics	6,0	5,9
2	7	C09	Drugs affecting the rennin-angiotenzin system	5,6	3,3
3	3	M01	Anti-inflammatory and antirheumatic drugs	4,9	5,1
4	1	J01	Antimicrobial drugs for systemic administration	4,6	6,4
5	6	R05	Drugs to treat common cold symptoms and cough	3,7	3,4
6	5	A11	Vitamines	3,7	4,0
7	12	N06	Psychoanaleptical drugs	3,2	2,6
8	9	R01	Nasal drugs	2,9	2,9
9	25	C07	Beta-adrenoblocking agents	2,9	1,3
10	17	N05	Psychoactive drugs	2,8	2,2
Total				40,2	37,1

Conclusion. The Kursk pharmaceutical market in the six months to end June 2009 was worth 14.5 million dollars in final consumption prices. The retail market dynamics was considerably higher than in Russian in general and was positive not only in terms of roubles, but in terms of dollars as well (+54% and +10%). High cost dynamic indicators were determined by the threefold market increase in physical terms (+37%). The average cost of a FPP pack in the region was lower than in Russia (2.33USD vs. 2.65 USD) at the higher pharmacy margin (+34% vs.31%). Each resident of Kursk spent a little bit more on the purchase of drugs (35.3 USD vs. 32.7).

REGIONAL DIGEST

Additional Pharmacological Support/Procurement of Necessary Drugs, Government Control

October 5, 2009, RBKdaily

FAS to suspect Akrihin, ZAO R-pharm, State Unitary Enterprise Stolichnye apteki of collusive bidding

The Federal Antimonopoly Service instituted proceedings against pharmaceutical manufacturer Akrihin, pharmaceutical distributor R-pharm and pharmacy chain Stolichnye apteki on the grounds that they are suspected of collusive bidding when submitting tenders for state contracts for purchase of medicine. The Federal Services believes that the participants in tender pre-distributed lots and prices among themselves. According to FAS, the other companies participated in the tender lodged complaints which served as a ground for institution of the proceedings. The FAS didn't specify the tender's name.

Kommersant, October 8, 2009

Ministry of Public Health to create the government drug price control infrastructure

The Ministry of Public Health agreed upon the draft interagency order with Ministry of Industry and Trade and Federal Customs Service with assistance of which it shall monitor the range and prices of Essential Drugs (Essential Drug List) imported to Russia and exported over the sea. Pursuant to the document, Ministry of Industry and Trade and FCS shall deliver information to Federal Service for the Supervision of Public Health and Social Development which will create the database based on the results of monitoring the range and prices of drugs on a monthly basis.

Alexander Kuzin, General Director of DSM Group, believes that maintenance of the interagency database is the preparatory measure to the coming government drug price control. "We need information to impose sanctions. Ministry of Public Health paved the way for government control. I think that price formation according to the new methods of FCS will shake up the market", he believes.

October 14, 2009, Vremya novostey

Pharmaceutical Society representatives don't like the last version of the draft law On Circulation of Drugs

The final version of this document absolutely disappointed the businessmen by virtually complete similarity to the previous version. According to the Pharmaceutical Society representatives, the two-month completion of the document in the Ministry resulted in the fewest amendments and the artful rewording of old provisions. Businessmen also claim that no industry representatives have been invited to the Ministry of Public Health and Social Development to discuss the final version of the draft law.

All the main points of significant contention in the document remained unchanged. First of all, industry representatives are totally against the sharing of state powers by drug registration and issuance of permits to conduct clinical trials. The second point which incurred great displeasure of drug manufacturers was introduction of new restrictions connected with clinical drug researches in the territory of Russia.

October 15, 2009, Vedomosty

Prime Minister Vladimir Putin proposed to impose a ban on activities of pharmaceutical manufacturers

According to Vladimir Putin, in recent decades explicitly abnormal relations have developed in Russia between drugs manufactures, primarily the foreign ones, and a part of Practitioners Society. "We must get rid of so-called pharmaceutical representatives working at medical institutions", - said Putin at the meeting devoted to the development of pharmaceutical industry.

If a ban is imposed on visits of medical representatives and arrangement of conferences by pharmaceutical companies, what ways should be used to launch new drugs on the market The pharmaceutical companies state that medical representatives don't do anything unethical or illegal. "Promotion of prescribed medicines is required to provide medical workers with knowledge in new methods of treatment, and constantly updated information concerning diseases, treatment and drugs", said Fabio Landasabal, General Director of GlaxoSmithKline in Russia. Apart from that, medical representatives provide manufacturers with practitioners' feedback.

October 26, 2009, Vremya novostey

2010 Budget to incorporate increased provisions for treatment of socially significant diseases

Next year the government intends to increase funding for procurement of Russia's citizens who suffer from rare congenital defects and socially dangerous virulent diseases with drugs. Expenses for treatment of hepatitis B and C in 2010 shall be increased 1.5 times and amount from 8.9 billion roubles to 13.5 roubles, for treatment of tuberculosis by 45% from 2.8 billion roubles to 4.1 billion roubles. Also, the budget of the expensive drugs procurement program "Seven Nosologies" will be increased by 9 % and will amount to 45 billion roubles. It is also planned to increase expenses for provision of regional social security beneficiaries with drugs up to 12.9 billion roubles.

October 27, 2009, AMI-TACC

Ministry of Industry and Trade of Russia approved a draft Drug Industry Development Strategy up to 2020

Ministry of Industry and Trade of RF completed the scenario of the long term Russian drug industry development. Pursuant to the document, it is planned to increase the share of domestic drugs in the market up to 50% not within the near two-three years, as it was announced earlier, but by 2020. By the same year the Ministry of Industry and Trade plans to observe "the increase in export of pharmaceutical products 8 times as compared with 2008". The Strategy implies to change not only quantitative, but also qualitative characteristics of drugs: the authorities plan to achieve "shifts in product mix" particularly due to "increase in innovative drugs share in portfolios of local manufacturers up to 60% in monetary terms". Also, it is planned to encourage production of pharmaceutical substances on the territory of Russian Federation in the amount required for output of 50% of finished pharmaceutical products in monetary terms, including not less than 85% of drugs from the Strategic Drugs List.

October 29, 2009, Pharmvestnik.ru

FAS advocates the rigorous regulation of relations between chemistry workers, practitioners and pharmaceutical companies

The FAS proposes to impose a number of essential restrictions on the activities run by practitioners and pharmaceutical companies. The FAS proposes to forbid practitioners to receive from pharmaceutical companies and pharmaceutical companies to pay practitioners fees in any form (moneys, gifts, loans, services, payment of entertainments, leisure, transport expenses), if the total amount exceeds the permissible cost of gifts established by the Civil Code (3 thousand roubles).

Apart from that, pursuant to legislative initiations of FAS, practitioners and pharmaceutical companies are forbidden to conclude agreements for distribution of drugs, contracts for donations in the form of provision of drugs samples. Pharmaceutical companies are forbidden to provide practitioners with untrustworthy information regarding drugs, and practitioners to provide patients with incomplete information regarding quantity, types and trade names of drugs that possess the similar therapeutic effect. Pharmaceutical companies are forbidden to arrange scientific events of any kind which impose on practitioners return obligations and the practitioners are forbidden to participate therein. And finally, the most important restriction that have already come in force in some regions – the complete ban on visits of medical representatives to medical workers to their workplaces and during working hours.

NEWS FROM COMPANIES

October 1, 2009, Gazette

According to AIPM researches, due to non-provision of drugs, each Russia's citizen loses five years of life on average

International experience of states that resolved the drug procurement problem is based on the principal of equal procurement of all population, and not procurement of socially secured beneficiaries, explained Shipkov, Executive Director of AIPM. To this effect, the drug market must be developed and the medicinal insurance system must be put into operation. "The budget funding of medicinal programs must be increased by 2020 4 times, i.e. escalate to 37-40 billion USD", said Shipkov. Given that for this period many brands lose their patent defence, expenses may be optimized. These resources will be added with funds which the state currently spends on Additional Pharmacological Support and "7 Nosologies" programs. This being said, at least 26.5 USD should be allocated for the prescription drugs.

October 26, 2009, Vedomosty

Sanofi-Aventis purchased 74% of Russian insulin manufacturer Bioton

International pharmaceutical company Sanofi-Aventis purchased the majority share of insulin manufacturer Bioton Vostok located in the Orlov Region. Sanofi bought out the shares of Polish Bioton SA (38%) and Russia's citizen Sergey Dokuchaev (36%) who owned the plant.

October 29, /2009, Vedomosty

By the end of the year, State Unitary Enterprise Mosoblpharmatseya joining over 500 chemistries may be reincorporate as a joint-stock company and sold

Aleksey Bodunkov, Minister of Property Relations of the Moscow Region, stated that the chemistry chain may change an owner in 2009-2010. According to him, the company is worth 6 billion roubles.

The Minister's statement was a surprise to the management of the enterprise. Irina Bulygina, General Director of Mosoblpharmatseya, said to Vedomosty that she knew nothing of the opportunity to sell the company by the end of the year. "In April SUE was entered into the Forecast Plan of Privatization, by December 2009 we must change the form of ownership to Open Joint Stock Company Registration", she clarified.

"If the chain is put for sale, we would be potentially interested to participate in the tender", said Andrei Gusev, General Director of Rigly. He explained that the chain had been operating in the market for a long time, its chemistries were well located and had good going. "Everything will depend on the tender conditions", concluded Gusev.

Source of information – IMS Health
If you have questions or comments, please contact:
Vladimir Grigorievich Shipkov, Executive Director of AIPM
Tel: 933 70 40
Information of AIPM in Internet: http://www.aipm.org
Ekaterina Korduban, Director for PR and Remedium Group Development
Tel: 780 34 25, fax: 780 34 26
Information of Remedium Group in Internet:: http://www.remedium.ru