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

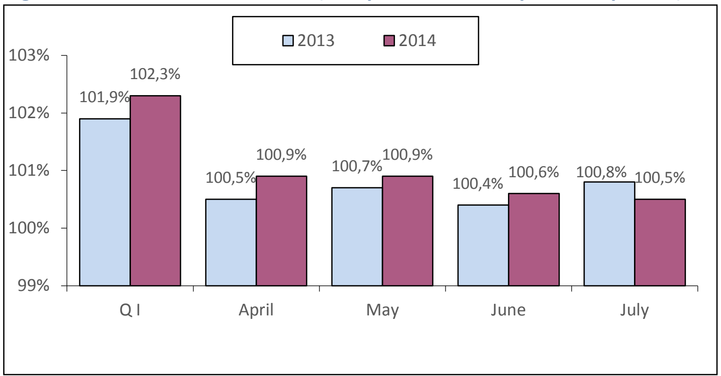
MACROECONOMIC INDICES

Inflation

According to Federal State Statistics Service's data, in July 2014, the Consumer Price Index was estimated as 100.5%, compared to the previous month, in July 2013 it was 100.8%.

In July this year, Industrial Producer Price Index was 101.6%, whereas in the month-earlier period it had amounted to 100.8%.

Figure 1. Consumer Price Index (compared with the previous period)



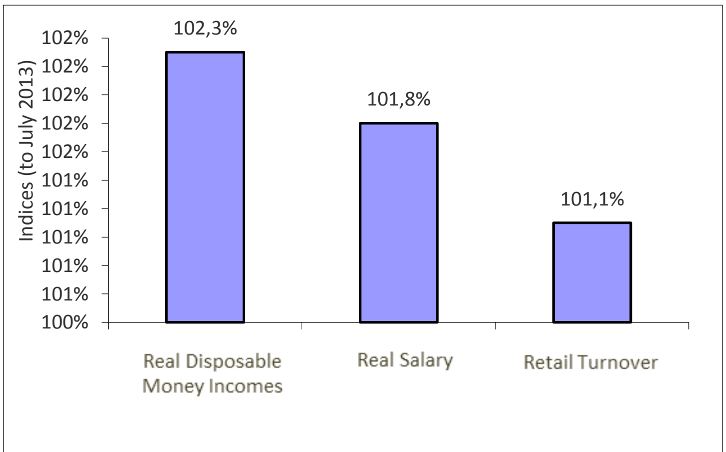
Living standard

According to preliminary Federal State Statistics Service's data, in July 2014 the gross monthly average wages per worker reached RUB 32,715 (USD 944.43) which accounted for 97.0% compared to the previous month and 109.4% compared to July 2013. The real wages in July 2014 accounted for 101.8% as compared with the same period in 2013. In July 2014, the real value of disposable cash incomes accounted for 102.3% as compared with the same period of 2013 (Fig. 2).

Retail turnover

In July 2014, the retail turnover was equal to RUB 2,163.6 bln, which in comparable prices accounted for 101.1% compared to the same period a year ago, in January-July 2014 - RUB 14,096.6 bln and 102.4% (Fig. 2).

Figure 2. Real values of cash incomes, wages and retail turnover in July 2014



Manufacture of Industrial Products

According to Federal State Statistics Service's data, in July 2014 Industrial Production Index accounted for 101.5% compared to the same period in 2013, and in January - July of 2014 - 101,5%.

Domestic production

The top 10 domestic manufacturers by production volume at July-end 2014 are shown in Table 1. The total production volume of top ten manufacturers was estimated at USD 124.5 mln.

Table 1. Top ten chemical and pharmaceutical manufacturers by production volume in July 2014.

Rank	Manufacturer	Production volume, $mln
1	Otcpharm	22.21
2	Pharmstandart	17.10
3	Stada	16.34
4	Valenta	11.97
5	Microgen	10.65
6	Veropharm	10.27
7	OZON OOO	10.21
8	Pharm-Center	8.82
9	Akrihin	8.51
10	Biotec	8.39

Source - Remedium according to IMS Health's data

Table 2 provides pharmacy sales data from 10 regions of the Russian Federation. In June compared to May 2014, pharmacy sales slump (in terms of roubles) was observed in most analysed regions. The most pronounced slump was in Tatarstan and Krasnoyarsk Krai (-8% each). The positive performance was observed in three regions, the most prominent one in Krasnodar Krai (+12%).

Table 2. Pharmacy sales in the regions, 2014

Region	Pharmacy sales, $mn (wholesale prices)			Growth gain, % (roubles)		
	April 2014	May 2014	June 2014	April/March 2014	May/ April 2014	June/ May 2014
Moscow	204.6	164.6	159.0	-2%	-21%	-5%
St Petersburg	54.0	47.5	44.8	-3%	-14%	-7%
Krasnodar Krai	32.4	32.1	36.6	-7%	-3%	12%
Novosibirsk Oblast	25.1	22.4	21.6	-4%	-13%	-5%
Tatarstan	29.6	25.1	23.6	-9%	-17%	-8%
Krasnoyarsk Krai	20.7	19.6	18.4	-7%	-7%	-8%
Rostov Oblast	27.3	24.6	25.1	-11%	-12%	1%
Voronezh Oblast	17.8	15.2	14.4	-13%	-17%	-7%
Perm	7.5	6.5	6.3	-13%	-15%	-4%
Tyumen	7.5	6.5	6.9	-9%	-15%	5%

Advertising

The largest advertisers and pharmaceutical brand names highly publicized in mass media (TV, radio, press, outdoor advertising) are shown in Tables 3 & 4.

Table 3. Top five advertisers in mass media in July 2014

Rank	Company*	Quantity of broadcasts
1	Novartis	11,312
2	Otcpharm	5,550
3	Johnson & Johnson	5,440
4	Dr. Reddy's Laboratories	4,548
5	Bayer AG	4,413

Source - Remedium according to TNS Russia's data

Table 4. Top five brands in mass media in July, 2014

Rank	Brand*	Quantity of broadcasts
1	Evalar	3,713
2	Nurofen	2,512
3	Linex	2,071
4	Novigan	2,023
5	Candid	1,776

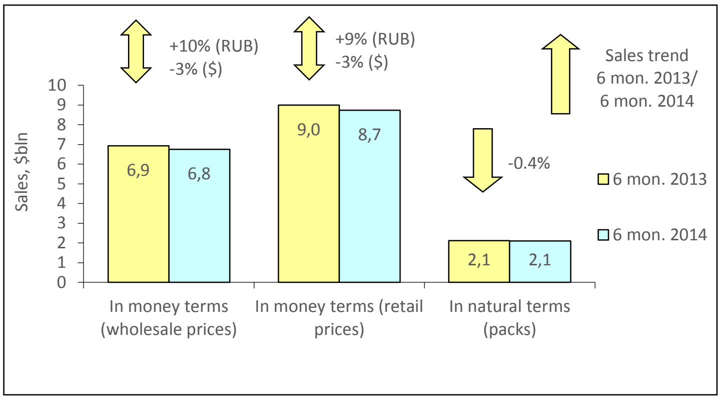
Source - Remedium according to TNS Russia's data

* Only products registered with State Register of Medicines were considered

RUSSIAN PHARMACY OTC DRUG MARKET: 2014 FIRST 6 MONTHS RESULTS

According to the results of the Retail Audit of Over-the-Counter Drugs (OTC) in Russian Federation™, at the end of the first six months of 2014 the sales of OTC drugs in natural terms in pharmacies of Russia saw a 0.4% decrease to 2.106 bln packs. In money terms, the market saw a 10% increase in roubles equivalent, whereas it showed a negative decline (-3%) in dollars equivalent due to significant drop in the exchange rate of rouble. The market reached RUB 236.229 bln (USD 6.753 bln) in wholesale prices (Fig.1). The average cost of an OTC pack reduced as compared to a year earlier period (USD 4.26) and reached USD 4.15 at retail prices. At the end of the first half of 2014, the average amount spent by residents of Russia for OTC drugs in pharmacies amounted to USD 60.80.

Figure 1. Russian pharmacy market for 6 months of 2013 – 6 months of 2014



Based on the results for the first six months of 2014, three leaders of the top ten drug manufacturers in the Russian pharmacy market held their own (Table 1). As before, the drug manufacturers SANOFI-AVENTIS (+11%[1]), BAYER (+8%) and SERVIER (+11%) maintained their first three ranks in the top ten ranking. NOVARTIS (+2%) also managed to hold its previous rank eight. Due to outperformance rates, NYCOMED/TAKEDA (+13%), TEVA (+12%) and the only newcomer of the top ten GEDEON RICHTER (+13%) moved up one rank, coming in at numbers four, six and ten. In addition, despite the lagging behind the growth rates MENARINI (+7%) moved up from rank nine to seven. In contrast, SANDOZ (+7%) with the same sales rates moved down one rank to number 5. OTCPHARM (-1%) reduced its sales and fell in the ranks more considerably, coming in at number nine from six. The total share of the top 10 drug manufacturers decreased by almost 0.5 p.p. to 35.2%.

Table 1. The top ten drug manufacturers by pharmacy sales

Rank		Manufacturer*	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	**SANOFI-AVENTIS**	5.6	5.5
2	2	**BAYER HEALTHCARE**	4.0	4.1
3	3	**SERVIER**	3.8	3.8
4	5	**NYCOMED/TAKEDA**	3.7	3.5
5	4	**SANDOZ GROUP**	3.5	3.6
6	7	**TEVA**	3.2	3.1
7	9	**MENARINI**	3.0	3.1
8	8	**NOVARTIS**	2.9	3.1
9	6	OTCPHARM	2.8	3.2
10	11	GEDEON RICHTER	2.8	2.7
Total			35.2	35.7

*AIPM members are in bold

Two newcomers broke into the ranks of the top ten brand names ranking (table 2). EXODERIL (+39%) and MEXIDOL (+23%) moved up to ranks six and nine, respectively. ESSENTIALE N (+5%) remained the leader of the top ten, and LINEX (+6%) held its previous rank five. ACTOVEGIN (+12%), KAGOCEL (-4%) and ALFLUTOP (+11%) move up to ranks two through four from the lower ranks. Apart from that, CONCOR (+13%) moved up one rank to number seven. ARBIDOL (-30%) showed significant downward trend, moving down from rank two to eight. CARDIOMAGNIL (+10%) also moved down to the lower rank, coming in at number ten. The total share of the top ten brand names reduced by almost 0.2 p.p. and accounted for 7.0%.

Table 2. The top ten brands by pharmacy sales

Rank		Brand	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	ESSENTIALE N	1.2	1.3
2	3	ACTOVEGIN	0.9	0.9
3	4	KAGOCEL	0.7	0.8
4	6	ALFLUTOP	0.7	0.6
5	5	LINEX	0.6	0.7
6	12	EXODERIL	0.6	0.5
7	8	CONCOR	0.6	0.6
8	2	ARBIDOL	0.6	0.9
9	11	MEXIDOL	0.6	0.5
10	9	CARDIOMAGNIL	0.5	0.5
Total			7.0	7.2

[1] Hereinafter, unless otherwise stated, growth gains are stated in the rouble equivalent or national currency.

INNs XYLOMETAZOLINE (+16%) and PHOSPHOLIPIDS (+4%) remained the leaders of the top ten INN and generic names ranking (table 3). Another two INNs of the top ten, BLOOD (+12%) and IBUPROFEN (+5%), held their own in the top ten. At the same time, half of the top ten INNs rose in the ranks, and only one of them PANCREATIN (+10%) fell in the ranks. INNs BISOPROLOL (+16%), AMBROXOL (-10%), KAGOCEL and AZITHROMYCIN (-4% each) moved up one rank, coming in at numbers three and 8 through 10. On top of that, the latter INN broke into the ranks of the top 10 ranking for the first time. NIMESULIDE (+19%) with more significant positive growth rates moved down from rank eight to six. The cumulative share of the top 10 under review decreased from 9.8% to 9.6%.

Table 3. The top 10 INNs and generic names by pharmacy sales

Rank		INNs/Generic Names	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	XYLOMETAZOLINE	1.5	1.4
2	2	PHOSPHOLIPIDS	1.3	1.4
3	4	BISOPROLOL	1.0	1.0
4	3	PANCREATIN	1.0	1.0
5	5	BLOOD	0.9	0.9
6	8	NIMESULIDE	0.9	0.9
7	7	IBUPROFEN	0.8	0.9
8	9	AMBROXOL	0.7	0.8
9	10	KAGOCEL	0.7	0.8
10	11	AZITHROMYCIN	0.7	0.8
Total			9.6	9.8

M01 Anti-inflammatory and antirheumatic products (+15%) remained the best-selling group in the Russian pharmacies (Table 4). The most dynamic group of the top ten ATC groups C09 Agents acting on the rennin-angiotensin system (+19%) moved up to rank two, whereas ATC group J01 Antibacterials for systemic use (-1%), which had been placed at that position, moved down one rank. Due to outstripping sales rates, R01 Nasal preparations (+13%) and G03 Sex hormones (+11%) increased their ranks by 2 points, and Group A07 Antidiarrheals, intestinal anti-inflammatory/ antiinfective agents (+14%) held its previous rank ten in the top 10 ranking. N02 Analgesics (-1%) and R05 Cough and cold preparations (-6%) reduced their sales and moved down to ranks five and six respectively. On top of that, the groups with low growth rates J05 Antivirals for systemic use (+0.1%) and A11 Vitamins (+6%) moved down one rank, to numbers 8 and 9. The total share of the analysed ranking, as well as of the above rankings, reduced in this case by more than 1 p.p. to 36.5%.

Table 4. The top ten ATC Groups by pharmacy sales

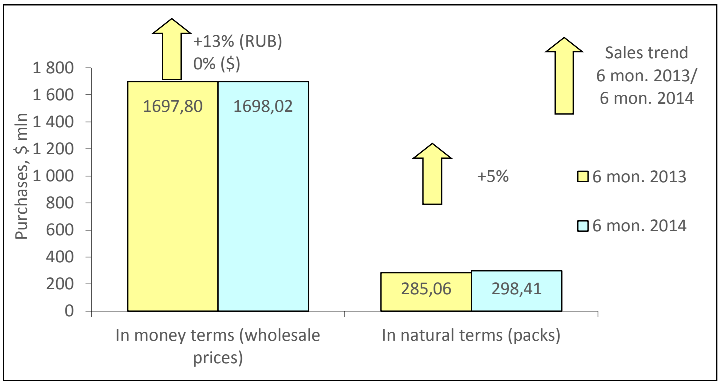
Rank		ATC code	ATC group	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013			6 mon. 2014	6 mon. 2013
1	1	M01	ANTIINFLAM & ANTIRHEUM PROD	4.9	4.7
2	5	C09	AG ACT RENIN-ANGIOTENS SYST	4.1	3.7
3	2	J01	ANTIBACTERIALS FOR SYST USE	3.9	4.3
4	6	R01	NASAL PREPARATIONS	3.7	3.6
5	4	N02	ANALGESICS	3.6	4.0
6	3	R05	COUGH AND COLD PREPARATIONS	3.5	4.1
7	9	G03	SEX HORM&MODULAT GENITAL SYS	3.3	3.3
8	7	J05	ANTIVIRALS FOR SYSTEMIC USE	3.3	3.6
9	8	A11	VITAMINS	3.3	3.4
10	10	A07	INTESTINAL ANTIINFECTIVES	3.1	3.0
Total				36.5	37.6

Conclusion. On the basis of the results for the first six months of 2014, the retail pharmacy market of Russia reached RUB 305,531 bln (USD 8.731 bln). This is 9% more in terms of roubles and 3% less in terms of dollars than during the same period a year ago. In pack terms, the market showed slightly negative growth rates (-0.4%) and brought in 2.106 bln packs. The average cost of OTC pack in the city pharmacies based on the results for the first half of 2014 was USD 4.15 which was lower than in 2013 (USD 4.26). The average expenses of Russia residents for purchase of OTC drugs in pharmacies also slightly increased (USD 60.80 vs. USD 62.83).

RUSSIAN FEDERATION HOSPITAL MARKET: 2014 FIRST 6 MONTHS RESULTS

According to the results of the Retail Audit of Hospital Purchases in Russia™, in the first half of 2014 the Russian hospital market increased in natural terms by 5% to 298.408 million packs. In money terms, the market showed positive growth rates in terms of roubles (+13%) and zero growth rates in terms of dollars and reached RUB 59.412 bln (USD 1.698 bln) in wholesale prices. Based on the results of the first six months of 2014, the average cost of OTC pack in the hospital sector was USD 5.69, whereas in the year-earlier period its cost was USD 5.96.

Figure 1. Russian hospital market for 6 months of 2013 – 6 months of 2014



Following the results of the first half of 2014, SANOFI-AVENTIS (-5%) retained its leading position in the Russian hospital market, despite the reduction in purchases and significant drop in the market share (Table 1). The other two drug manufacturers also showed the negative growth rates: ROCHE and MERCK SHARP DOHME (-7% each) moved down one rank, to numbers 3 and 4, respectively. The other drug manufacturers increased their purchases in the analysed period, on top of that four of them rose in the ranks. GLAXOSMITHKLINE (+12%) moved up to rank two from four and NYCOMED/TAKEDA (+19%) from rank seven to five. Due to 140-fold growth in purchases, the Russia-based drug manufacturer SPB NII VAC I SIVO made a big shoot forward, moving up from rank 87 to seven. One more newcomer BAYER (+7%) moved up to rank ten in the top ten ranking. ABBVIE (+9%), JOHNSON & JOHNSON (+7%) and ASTRAZENECA (+6%) held their own in the ranking. The total share accumulated by the top ten drug manufacturers reduced from 32% to 31.7%.

Table 1. The top 10 drug manufacturers by hospital purchases

Rank in the top ten		Manufacturer*	Share in total hospital purchases, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	SANOFI-AVENTIS	4.8	5.7
2	4	GLAXOSMITHKLINE	4.0	4.0
3	2	ROCHE	3.8	4.6
4	3	MERCK SHARP DOHME	3.6	4.4
5	7	NYCOMED/TAKEDA	2.9	2.8
6	6	ABBVIE	2.8	2.9
7	87	SPB NII VAC I SIVO	2.6	0.0
8	8	JOHNSON & JOHNSON	2.6	2.7
9	9	ASTRAZENECA	2.5	2.7
10	11	BAYER HEALTHCARE	2.2	2.4
Total			31.7	32.0

*AIPM members are in bold

The leader of the top ten brand names didn't change either - the traditional hospital product SODIUM CHLORIDE (-1%) continued to hold the leading position in the top ten, despite the reduction in purchases (table 2). Due to 263-fold growth in purchases, TUBERCULIN moved up to rank two from 85, displacing CLEXANE (+10%) and CUROSURF (-1%) down one rank. Another three brand names showed the positive growth rates. ULTRAVIST (+27%) and GLUCOSE (+11%) moved up two ranks, coming in at numbers 7 and 8, as well as the newcomer FRAXIPARINE (+13%). The over-the-counter drugs HERCEPTIN (+21%) and CUROSURF (+20%) held their previous ranks five and six. PREZISTA (-7%) moved down to rank ten. The cumulative share of the top ten brand names increased by almost 2 p.p. and achieved 13.8%.

Table 2. The top 10 brand names by hospital purchases

Rank in the top ten		Brand	Share in total hospital purchases, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	SODIUM CHLORIDE	2.9	3.3
2	85	TUBERCULIN	2.6	0.0
3	2	KALETRA	1.7	1.7
4	3	CLEXANE	1.4	1.5
5	5	HERCEPTIN	1.1	1.0
6	6	CUROSURF	1.0	0.9
7	9	ULTRAVIST	1.0	0.8
8	10	GLUCOSE	0.8	0.8
9	14	FRAXIPARINE	0.7	0.7
10	8	PREZISTA	0.7	0.9
Total			13.8	11.8

Only one newcomer broke into the ranks of the top ten INN and generic names ranking (table 3). TUBERCULIN TEST (8,5-fold growth in purchases) moved up to rank two from 53. At the same time, five INNs of the top 10 moved down one rank: CEFTRIAXONE (-6%), LOPINAVIR + RITONAVIR (+10%), ENOXAPARIN SODIUM (+3%), IMMUNOGLOBULIN BASE (-3%) and MEROPENEM (+19%). On top of that, INNs DOCETAXEL (+8%) and PORACTANT ALFA (+20%) moved down to ranks nine and ten of the top ten. SODIUM (-1%) held its previous rank one, and TRASTUZUMAB (-21%) retained its previous rank 8. The total share of the top 10 INNs increased by almost 1.5 p.p. and accounted for 16.4%.

Table 3. The top 10 INN and Generic Names by hospital purchases

Rank		INNs/Generic Names	Share in total hospital purchases, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	SODIUM	2.9	3.3
2	53	TUBERCULIN TEST	2.8	0.4
3	2	CEFTRIAXONE	1.9	2.2
4	3	LOPINAVIR + RITONAVIR	1.7	1.7
5	4	ENOXAPARIN SODIUM	1.5	1.6
6	5	IMMUNOGLOBULIN BASE	1.4	1.6
7	6	MEROPENEM	1.3	1.2
8	8	TRASTUZUMAB	1.1	1.0
9	7	DOCETAXEL	1.0	1.1
10	9	PORACTANT ALFA	1.0	0.9
Total			16.4	15.0

The groups J01 Antibacterials for systemic use (+2%) and L01 Antineoplastic agents (+11% each) held their leading positions among the top ten ATC groups at the hospital market of Russia (Table 4). Another three ATC Groups held their own in the ranking. B01 Antithrombotic agents and J07 Vaccines (+9% each), as well as V08 Contrast (+23%) held their previous ranks from five through seven. J05 Antivirals for systemic use (+7%) and J06 Immune sera and immunoglobulins (+6%) moved up one rank, coming in at numbers two and nine. The newcomers V04 Diagnostic agents (263-fold increase in purchases) and L04 Immunosuppressants (+17%) broke into the ranks of the top ten, coming in at ranks eight and ten. The group B05 Blood substitutes and perfusion solutions (-5%) reduced its sales and moved down one rank, to number 4. The total share of the top 10 reduced from 58.2% to 57.5%.

Table 4. The top ten ATC groups by hospital purchases

Rank		ATC code	ATC group	Share in total hospital purchases, %	
6 mon. 2014	6 mon. 2013			6 mon. 2014	6 mon. 2013
1	1	J01	ANTIBACTERIALS FOR SYST USE	11.8	13.0
2	2	L01	ANTINEOPLASTIC AGENTS	9.7	9.9
3	4	J05	ANTIVIRALS FOR SYSTEMIC USE	8.0	8.3
4	3	B05	BLOOD SUBSTITUTE & PERF SOLS	7.8	9.2
5	5	B01	ANTITHROMBOTIC AGENTS	5.8	6.0
6	6	J07	VACCINES	3.9	4.0
7	7	V08	CONTRAST MEDIA	3.2	3.0
8	80	V04	DIAGNOSTIC AGENTS	2.6	0.0
9	10	J06	IMMUNE SERA & IMMUNOGLOBULIN	2.4	2.5
10	12	L04	IMMUNOSUPPRESSANTS	2.4	2.3
Total				57.5	58.2

Conclusion. At the end of the first six months of 2014, the Russian hospital market increased by 13% in rouble terms and 0% in dollar terms, and brought in RUB 59.412 bln (USD 1.698 mln). In pack terms, the market also showed positive growth rates (+5%) and achieved 298.408 mln packs. Based on the results for six months of 2014, the average cost of OTC pack in the hospital sector of Russia was USD 5.69, whereas in the year-earlier period its cost was USD 5.96.

STATE REIMBURSEMENT PROGRAM IN THE RUSSIAN FEDERATION: 2014 FIRST 6 MONTHS RESULTS

According to DLO in RF™, on the basis of the results for the first half of 2014, the OTC drugs supplies under the Federal Program amounted to RUB 54.413 bln (USD 1.557 bln) in contractual prices[2]. The sector volume reduced 7% in terms of roubles, and 18% in terms of dollars as compared to the same period a year ago. The scope of supplies in pack terms reduced by 9% to 48.177 mln packs. The average cost of OTC pack through the program was USD 32.31 in contractual prices (a year ago was USD 35.98).

Based on the results of the first six months of 2014, ROCHE (+9%), JOHNSON & JOHNSON (+18%) and TEVA (-37%) remained the leading drug manufacturers by supplies under DLO Program, though the latter showed negative growth rates (Table 1). Apart from the leaders, another three drug manufacturers showed growth in purchases. PHARMSTANDART (+21%) moved up to rank six, and the newcomers ASTRAZENECA (+5%) and OCTAPHARMA (+22%) broke into the ranks of the top ten, coming in at ranks nine and ten. Despite the negative growth rates, another three drug manufacturers rose in the ranks. The drug manufacturers SANOFI-AVENTIS (-4%), BAXTER (-2%) and NOVO NORDISK (-9%) moved up one rank, coming in at numbers four, five and eight, respectively. Only LABORATORIO TUTEUR (-48%) moved down to rank seven. The total share of the top 10 drug manufacturers within DLO Program expanded from 65.5% to 67.3%.

Table 1. The top 10 drug manufacturers for DLO

Rank		Manufacturer*	Share in total DLO volume, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	**ROCHE**	20.2	17.3
2	2	**JOHNSON & JOHNSON**	12.2	9.7
3	3	**TEVA**	6.1	9.0
4	5	**SANOFI-AVENTIS**	5.8	5.6
5	6	**BAXTER INT**	5.6	5.3
6	8	PHARMSTANDART	4.7	3.6
7	4	LABORATORIO TUTEUR	3.9	6.9
8	9	**NOVO NORDISK**	3.3	3.3
9	11	**ASTRAZENECA**	2.9	2.5
10	13	OCTAPHARMA	2.8	2.1
Total			67.3	65.5

*AIPM members are in bold

Immunosuppressant drug MABTHERA (+17%) and antineoplastic drug VELCADE (+26%) held and reinforced their leading positions in the top ten brand names in the DLO sector (Table 2). Despite lagging behind the growth rates and reduction in its share of the market, the brand name COPAXONE-TEVA (-37%) held its previous rank three. Five drug manufacturers of the top 10 showed high growth rates. COAGIL-VII (+39%) moved up from rank 7 to 4, LANTUS SOLOSTAR (+19%) moved up from rank 10 to 6, and REMICADE (+3%) moved up from rank 9 to 8. The newcomers RECOMBINAT (+68%) and REBIF, which sales increased 323 times, broke into the ranks of the top ten brand names, coming in at numbers seven and ten. GENFAXON (-20%) with negative growth rates and HERCEPTIN (-5%) moved down one rank to numbers 5 and 9, respectively. The total share of the top ten ranking increased by almost 8 p.p. and achieved 47.2%.

Table 2. The top ten trade names for DLO.

Rank in the top ten		Brand name	Share in total DLO volume, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	MABTHERA	13.2	10.6
2	2	VELCADE	11.5	8.6
3	3	COPAXONE-TEVA	4.7	7.0
4	7	COAGIL-VII	3.6	2.4
5	4	GENFAXON	2.7	3.2
6	10	LANTUS SOLOSTAR	2.5	2.0
7	17	RECOMBINAT	2.3	1.3
8	9	REMICADE	2.2	2.0
9	8	HERCEPTIN	2.2	2.2
10	85	REBIF	2.2	0.0
Total			47.2	39.3

Only the leaders RITUXIMAB (+17%) and BORTEZOMIB (+26%) held their own in the top ten INN and generic names ranking (Table 3). INNs GLATIRAMER ACETATE (-37%) and INSULIN GLARGINE (-6%) also managed to hold their previous ranks 5 and 7, respectively, despite the negative growth rates. Due to the reduction in sales of FACTOR VIII (-26%) and TRASTUZUMAB (-5%) , their INNs lost their ranking positions and moved down to ranks 4 and 10, respectively. The other four INNs increased their sales volumes and rose in the ranks. INTERFERON BETA-1A (+47%), EPTACOG ALFA (ACTIVATED) (+41%), OCTOCOG ALFA (+9%) and the newcomer of the top ten INFLIXIMAB (+3%) moved up to ranks three, six, 8 and 9, respectively.

Table 3. The top ten INN and group names for DLO

Rank in the top ten		Brand name	Share in total DLO volume, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	RITUXIMAB	13.2	10.6
2	2	BORTEZOMIB	11.5	8.6
3	6	INTERFERON BETA-1A	6.0	3.8
4	3	FACTOR VIII	5.9	7.5
5	5	GLATIRAMER ACETATE	4.7	7.0
6	8	EPTACOG ALFA (ACTIVATED)	3.6	2.4
7	7	INSULIN GLARGINE	2.6	2.6
8	10	OCTOCOG ALFA	2.4	2.1
9	11	INFLIXIMAB	2.2	2.0
10	9	TRASTUZUMAB	2.2	2.2
Total			54.4	48.8

No newcomers entered the top ten ATC Group ranking in the DLO segment (table 4). At the same time, most of the top ten ATC groups showed negative growth rates. Only two ATC groups showed increase in purchases: R03 Drugs for obstructive airway diseases (+1%) moved up to rank 6 and R05 Cough and Cold Preparations (+11%) moved up to rank eight. The other two ATC groups showed the ranking progress: the groups B02 Antihemorrhagics and A16 Other alimentary tract and metabolism products (-5% each) moved up one rank. At the same time, L03 Immunostimulants (-6%), B03 Antianemic preparations (-21%) and L02 Endocrine therapy (-12%) moved down to the lower ranks. The group L01 Antineoplastic agents (-7%) remained the leader of the top ten ranking, and A10 Drugs Used in Diabetes (-10%) and L04 Immunosuppressants (-1%) held their previous ranks 4 and 5. The total share of the top ten was 85.9%, whereas in the year-earlier period it was 85.8%.

Table 4. The top ten ATC groups for DLO

Rank		ATC code	ATC group	Share in total DLO volume, %	
6 mon. 2014	6 mon. 2013			6 mon. 2014	6 mon. 2013
1	1	L01	ANTINEOPLASTIC AGENTS	32.2	32.5
2	3	B02	ANTIHEMORRHAGICS	13.5	13.4
3	2	L03	IMMUNOSTIMULANTS	13.4	13.4
4	4	A10	DRUGS USED IN DIABETES	9.4	9.6
5	5	L04	IMMUNOSUPPRESSANTS	5.3	5.0
6	6	R03	DRUG FOR OBSTRUCT AIRWAY DIS	4.2	3.8
7	8	A16	OTH ALIMENT TRACT&METAB PROD	2.2	2.2
8	10	R05	COUGH AND COLD PREPARATIONS	2.1	1.7
9	7	B03	ANTIANEMIC PREPARATIONS	1.9	2.2
10	9	L02	ENDOCRINE THERAPY	1.8	1.9
Total				85.9	85.8

Data on supplies to the top ten regions of Russia under State Reimbursement Program (DLO) are shown in Table 5. Despite the negative growth rates, Moscow and Moscow Region, which shares accounted for 6.5% and 6.3% of supplies, held their leading positions. Krasnodar Krai, which accounted for 3.8% moved up to rank three, and the Republic of Tatarstan - to rank four. Note that supplies under DLO Program reduced in St. Petersburg, Sverdlovsk and Rostov Region, as well as the Republic of Bashkortostan. The total share of the top ten regions accounted for 36.8% in DLO sector.

Table 5. The top ten regions by sales for DLO

Rank		Region	Share in total DLO volume, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	Moscow	6.5	11.2
2	2	Moscow Region	6.3	6.0
3	5	Krasnodar Krai	3.8	3.1
4	7	Tatarstan Republic	3.2	2.9
5	4	Saint Petersburg	3.1	3.6
6	3	Sverdlovsk Region	3.0	3.7
7	8	Rostov Region	2.9	2.8
8	6	Bashkortostan Republic	2.8	3.0
9	10	Southern FD, Rest	2.7	2.4
10	13	Tyumen Region	2.6	2.2
Total			36.8	40.7

Conclusion. On the basis of the results for six months of 2014, the DLO sector of Russia brought in RUB 54.413 bln. (USD 1.557bln) in contractual prices. This is 7% in terms of roubles and 18% in terms of dollars less than during the same period a year ago. In pack terms, the supplies reduced by 9% and brought in 48.177 mln packs. The average cost of OTC pack participating in the DLO Programme reduced as compared to the figures of the past year (USD 32.31 vs USD 35.98).

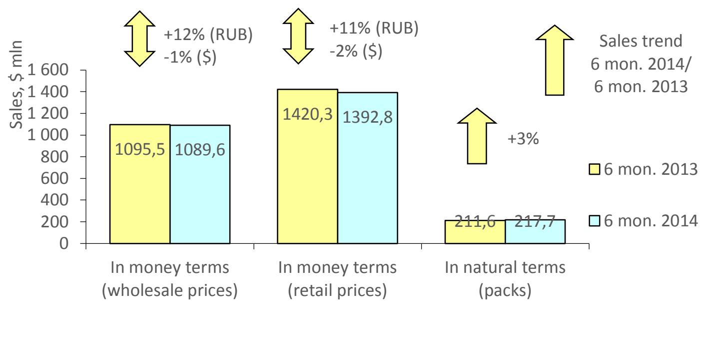
[2] From 2008 data on APS constitute information of shipments in contractual prices: prices at which the government will reimburse moneys to the distributor.

MOSCOW CITY PHARMACY MARKET: 2014 FIRST 6 MONTHS RESULTS

According to Federal State Statistics Service, as of January 1, 2014 Moscow's estimated population was 12.1 mln, which accounted for 8.4% of the total Russian Federation population and 31.2% of Central FO (CFO). According to Federal State Statistics Service's data, based on the results for 6 months of 2014 the average wages in the city was RUB 58.759 (USD 1679.79), which is 86% higher than the average salary in Russia (RUB 31,509).

According to the results of the Retail Audit of OTC drugs in Russian Federation™, in the first six months of 2014 the Moscow pharmacy market volume in natural terms increased by 3% and amounted to 217.663 million packs (Fig. 1). In wholesale prices, the market performance in terms of roubles was positive (+12%), but in terms of dollars (-1%) it was negative and reached RUB 38.117 bln (USD 1.089 bln). The region's share accounted for 15.9% of the total volume of all-Russia pharmacy market. The average cost of OTC pack in the city pharmacies based on the results for the first half of 2014 was USD 6.40 (during the same period in 2013 - USD 6.71). In the analysed period, per capita expenses of Moscow residents for purchase of medicines in pharmacies amounted to USD 115.03.

Figure 1. Moscow city pharmacy market for 6 months of 2013 – 6 months of 2014



Based on the results of the first six months of 2014, half of the top ten drug manufacturers in the Moscow market held their previous positions (Table 1). As before, SANOFI-AVENTIS (+16%) and BAYER (+14%) maintained their ranks one and two, and SANDOZ (+4%), ABBOTT (+14%) and PFIZER (+13%) retained their ranks five through seven. Three drug manufacturers improved their positions in the top ten ranking. SERVIER (+12%) moved up one rank, to number three, displacing the less dynamic NOVARTIS (+7%). MERCK SHARP DOHME (+18%) and the only newcomer of the top ten NYCOMED/TAKEDA (+16%) moved up to ranks eight and nine. At the same time, TEVA (+10%) moved down to rank ten in the ranking. The total share of the top ten INN and group names increased by 0.1 p.p. and achieved 37.9%.

Table 1. The top ten drug manufacturers by pharmacy sales

Rank		Manufacturer*	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	**SANOFI-AVENTIS**	6.2	6.0
2	2	**BAYER HEALTHCARE**	4.6	4.6
3	4	**SERVIER**	3.7	3.7
4	3	**NOVARTIS**	3.6	3.8
5	5	**SANDOZ GROUP**	3.4	3.7
6	6	**ABBOTT**	3.4	3.4
7	7	**PFIZER**	3.4	3.3
8	10	**MERCK SHARP DOHME**	3.3	3.1
9	11	**NYCOMED/TAKEDA**	3.1	3.0
10	9	**TEVA**	3.1	3.2
Total			37.9	37.8

*AIPM members are in bold

Hepatoprotector ESSENTIALE N (+10%) kept its leading position in the top ten brand names ranking (Table 2). The other brands of top 10 changed their ranks; on top of that, six of them improved them. DETRALEX (+15%) moved up from rank six to two CIALIS (+1%) and the newcomers of the ranking INGAVIRIN (+52%) and CRESTOR (+33%) moved up to ranks 4 through 6, respectively. One more newcomer EXODERIL (+29%) moved up to rank ten in the top ten ranking. Apart from that, ACTOVEGIN (+13%) moved up one rank to number 8. At the same time, LINEX (-6%), KAGOCEL (-10%) and VIAGRA (-4%) reduced their sales and moved down to the lower ranks three, seven and nine, respectively. In total, the top ten brand names accumulated 7.0% of sales, which was slightly less than in the year-earlier period (7.1%).

Table 2. The top ten brands by pharmacy sales

Rank		Brand	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	ESSENTIALE N	1.2	1.2
2	6	DETRALEX	0.8	0.7
3	2	LINEX	0.7	0.9
4	8	CIALIS	0.6	0.7
5	18	INGAVIRIN	0.6	0.5
6	12	CRESTOR	0.6	0.5
7	3	KAGOCEL	0.6	0.8
8	9	ACTOVEGIN	0.6	0.6
9	7	VIAGRA	0.6	0.7
10	14	EXODERIL	0.6	0.5
Total			7.0	7.1

Three newcomers broke into the ranks of the top 10 INN and group names ranking (Table 3). The composition DIOSMIN + HESPERIDIN (+18%) and INNs ROSUVASTATIN (+45%) and BISOPROLOL (+25%) moved up to numbers 5 through 7, respectively. Another two INNs managed to improve their positions. HYALURONIC ACID (+28%) and SILDENAFIL (+3%) moved up to ranks four and eight. INNs XYLOMETAZOLINE (+6%), PHOSPHOLIPIDS (+10%) and PANCREATIN (+13%) held the first three positions in the ranking. At the same time, INN IBUPROFEN with zero growth rates and the composition BIFIDOBACTERIUM INFANTIS + ENTEROCOCCUS FAECIUM + LACTOBACILLUS ACIDOPHILUS (-6%) with reduced sales moved down to ranks nine and ten in the top ten. The cumulative share of the top 10 didn't change and accounted for 9.2%.

Table 3. The top 10 INNs and generic names by pharmacy sales

Rank		INNs/Generic Names	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	XYLOMETAZOLINE	1.6	1.7
2	2	PHOSPHOLIPIDS	1.2	1.2
3	3	PANCREATIN	1.0	1.0
4	6	HYALURONIC ACID	0.9	0.8
5	11	DIOSMIN + HESPERIDIN	0.8	0.8
6	22	ROSUVASTATIN	0.8	0.6
7	16	BISOPROLOL	0.8	0.7
8	10	SILDENAFIL	0.7	0.8
9	7	IBUPROFEN	0.7	0.8
10	4	BIFIDOBACTERIUM INFANTIS + ENTEROCOCCUS FAECIUM + LACTOBACILLUS ACIDOPHILUS	0.7	0.9
Total			9.2	9.2

In contrast to the above rankings, the top ten ATC groups changed their leader – R01 Nasal preparations (+13%) moved up from rank three to one (table 4). J05 Antivirals for systemic use (-2%), which had been placed at that position earlier, reduced their sales and moved down to rank two. Numerous shifts took place in the bottom part of the top ten - none of the top ten ATC groups managed to retain their previous positions. On top of that, four of them apart from the leader rose in the ranks. M01 Anti-inflammatory and antirheumatic products (+17%) moved up from rank five to three, C09 Agents acting on the rennin-angiotensin system (+24%) moved up from rank nine to five, and G03 Sex hormones (+15%) moved up from rank eight to seven. The only newcomer N06 Psychoanaleptics (+13%) broke into the ranks of the top ten, coming in at number nine. The groups J01 Antibacterials for systemic use and N02 Analgesics reduced sales by 1% in the analysed period and moved down to ranks four and ten. A07 Antidiarrheals, intestinal anti-inflammatory/ antiinfective agents (+9%) and A11 Vitamins (+10%) moved down two ranks, coming in at numbers six and eight. The cumulative share of the top-ten increased by 1 p.p. and achieved 34.8%.

Table 4. The top ten ATC Groups by pharmacy sales

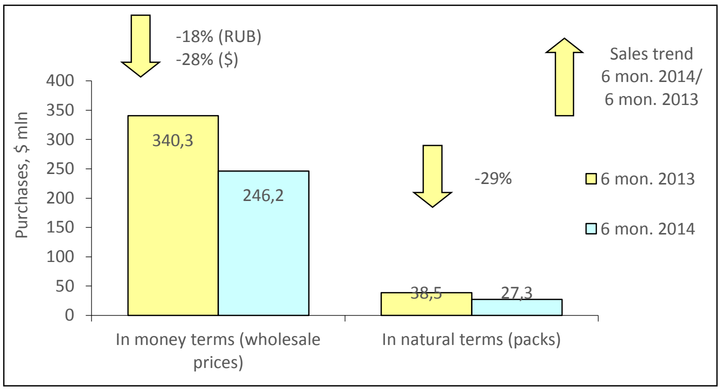
Rank		ATC code	ATC group	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013			6 mon. 2014	6 mon. 2013
1	3	R01	NASAL PREPARATIONS	4.1	4.1
2	1	J05	ANTIVIRALS FOR SYSTEMIC USE	3.8	4.4
3	5	M01	ANTIINFLAM & ANTIRHEUM PROD	3.6	3.5
4	2	J01	ANTIBACTERIALS FOR SYST USE	3.6	4.1
5	9	C09	AG ACT RENIN-ANGIOTENS SYST	3.6	3.2
6	4	A07	INTESTINAL ANTIINFECTIVES	3.5	3.6
7	8	G03	SEX HORM&MODULAT GENITAL SYS	3.4	3.3
8	6	A11	VITAMINS	3.3	3.4
9	12	N06	PSYCHOANALEPTICS	3.0	3.0
10	7	N02	ANALGESICS	2.9	3.3
Total				34.8	35.8

Conclusion. In the first half of 2014, the pharmacy market in Moscow was estimated at RUB 48.723 bln (USD 1.393 bln) in final consumer prices. At the same time, the regional market performance was positive in rouble terms (+11%), whereas in dollar terms it was negative (2%). In natural terms, the sales increased by 3% and amounted to 217.663 mln packs. The average cost of an OTC pack (USD 6.40) in the pharmacies reduced as compared to a year earlier (USD 6.71), but was higher than the average value in Russia (USD 4.15). The average expenses of Moscow residents for purchase of OTC drugs in the pharmacies also considerably exceeded the Russia average figures (USD 115.03 vs. USD 60.80).

MOSCOW CITY HOSPITAL MARKET: 2014 FIRST 6 MONTHS RESULTS

According to the results of the Retail Audit of Hospital Purchases in Russia™, in the first half of 2014 the Moscow hospital market in natural terms reduced by 29% compared to the previous year and amounted to 27.259 million packs. In money terms, the market also showed negative growth rates (-18% in terms of roubles and -28% in terms of dollars) and reached RUB 8.615 bln (USD 246.231 mln) in wholesale prices. Based on the results for the first six months of 2014, the average cost of OTC pack in the hospital sector of Moscow was USD 9.03, whereas in the year-earlier period its cost was USD 8.83. The metropolitan market share accounted for 9.1% of the Russian hospital market in natural terms and 14.5% in money terms.

Figure 1. Moscow city hospital market for 6 months of 2013 – 6 months of 2014



Due to 2.1 times increase in purchases, the drug manufacturer GLAXOSMITHKLINE moved up from rank eleven and topped the top ten drug manufacturers in the Moscow hospital market (Table 1). Another newcomer of the top ten ranking JOHNSON & JOHNSON (+48%) moved up to rank six. Note that just one more drug manufacturer of the top ten, NOVARTIS (+33%) showed positive growth rates, moving up from rank eight to four. In contrast, another drug manufacturers reduced their purchases. However, two of them managed to rise in the ranks - the drug manufacturers MERCK SHARP DOHME (-11%) and BAYER (-26%) moved up to ranks two and nine. Four drug manufacturers fell in the ranks. ROCHE (-44%), MICROGEN (-69%), NYCOMED/TAKEDA (-16%) and ASTRAZENECA (-32%) moved down to ranks five, seven, eight and ten respectively. The drug maker SANOFI-AVENTIS (-32%) held its previous rank three. The total share of the top ten drug manufacturers reduced by 0.5 p.p. and achieved 39.9%.

Table 1. The top 10 drug manufacturers by hospital purchases

Rank in the top ten		Manufacturer*	Share in total hospital purchases, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	11	**GLAXOSMITHKLINE**	6.3	2.5
2	5	**MERCK SHARP DOHME**	5.3	4.8
3	3	**SANOFI-AVENTIS**	4.6	5.5
4	8	**NOVARTIS**	4.5	2.8
5	2	**ROCHE**	4.1	6.1
6	13	**JOHNSON & JOHNSON**	3.7	2.0
7	1	MICROGEN	3.1	8.1
8	7	**NYCOMED/TAKEDA**	3.0	2.9
9	10	**BAYER HEALTHCARE**	2.6	2.6
10	6	**ASTRAZENECA**	2.6	3.1
Total			39.9	40.4

*AIPM members are in bold

Almost all top ten brand names in the hospital metropolitan market has been updated (Table 2). Only three brand names from the 2013 top ten ranking HEPATITIS B VACCINE (-75%), ALBUMINE (+15%) and SODIUM CHLORID (-50%) held their previous positions in the 2014 top ten ranking. Note that due to negative growth rates, HEPATITIS B VACCINE and SODIUM CHLORID fell in the ranks, coming in at numbers 4 and 7 respectively, whereas ALBUMINE, in contrast, increased the purchases and moved up one rank, to number 5. Six of seven newcomers showed high positive growth rates. The brand names RECOMBINANT (rDNA) HEPATITIS B VACCINE (878-fold growth in purchases), INFANRIX (107-fold growth in purchases) and LUCENTIS (2.2-fold growth) moved up to ranks one through three, and SYNAGIS (+56%), GARDASIL (2.5-fold growth in purchases) and ULTRAVIST (+33%) moved up to ranks six, eight and nine, respectively. Only PENTAXIM (-27%) showed negative growth rates, moving up from rank 11 to ten. Due to newcomers, the total share of the top ten brand names increased by 5.5 p.p. and achieved 17.7%.

Table 2. The top 10 brand names by hospital purchases

Rank in the top ten		Brand	Share in total hospital purchases, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	84	RECOMBINANT (rDNA) HEPATITIS B VACCINE	3.7	0.0
2	79	INFANRIX	3.1	0.0
3	18	LUCENTIS	2.0	0.7
4	1	HEPATITIS B VACCINE	1.8	5.8
5	6	ALBUMINE	1.5	1.1
6	17	SYNAGIS	1.3	0.7
7	2	SODIUM CHLORIDE	1.1	1.9
8	34	GARDASIL	1.1	0.4
9	19	ULTRAVIST	1.1	0.7
10	11	PENTAXIM	0.9	1.0
Total			17.7	12.2

Following the above ranking, the top ten INN and group names ranking was also updated significantly - five newcomers broke into the ranks of the top ten ranking (Table 3). Two of them - VACCINE, HEPATITIS B (922-fold growth in purchases) and VACCINE, ACELL.PERT.TET.& DIP. (107-fold growth) topped the ranking. The newcomers of the top ten ranking RANIBIZUMAB (+132%), PALIVIZUMAB (+56%) and PROPOFOL (+14%) moved up to ranks four, eight and nine. The other INNs of the top 10 showed negative growth rates and moved down to the lower positions. IMMUNOGLOBULIN BASE (-24%), VACCINE, HEPATITIS B + VACCINE, HEP.A INACTIV. VIRUS (-75%), ALBUMIN (-6%), MEROPENEM (-22%) and SODIUM (-50%) moved down to ranks three, 5 through 7 and ten. The total share of the analysed ranking, as well as of the above ranking, increased considerably from 15.7% to 19.9%.

Table 3. The top 10 INN and Generic Names by hospital purchases

Rank		INNs/Generic Names	Share in total hospital purchases, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	85	VACCINE, HEPATITIS B	3.7	0.0
2	82	VACCINE, ACELL.PERT.TET.& DIP.	3.1	0.0
3	2	IMMUNOGLOBULIN BASE	2.7	2.9
4	22	RANIBIZUMAB	2.0	0.7
5	1	VACCINE, HEPATITIS B + VACCINE, HEP.A INACTIV. VIRUS	1.8	5.8
6	5	ALBUMIN	1.6	1.4
7	4	MEROPENEM	1.4	1.5
8	21	PALIVIZUMAB	1.3	0.7
9	16	PROPOFOL	1.2	0.9
10	3	SODIUM	1.2	1.9
Total			19.9	15.7

The top ten ATC groups ranking changed its leader (table 4). J07 Vaccines increased purchases by 7% and moved up to rank one from two. The other newcomer of the top ten, the group J05 Antivirals for systemic use (+38%) also showed high positive growth rates, moving up to rank 6. Another ATC groups showed reduction in purchases. On top of that, the last year leader J01 Antibacterials for systemic use (-37%) moved down to rank two. L01 Antineoplastic agents (-39%) and B05 Blood substitutes and perfusion solutions (-36%) held their previous ranks three and four. V08 Contrast media (-4%) also held their own in the ranking. Despite the reduction in purchases, the groups J06 Immune sera and immunoglobulins (-13%) and L04 Immunosuppressants (-14%) moved up one rank, to numbers 5 and 9. At the same time, B01 Antithrombotic Agents (-19%) and N01 Anesthetics (-22%) moved down to the lower ranks 7 and 10, respectively. As contrasted from the previous rankings, the cumulative share of the top ten reduced from 61.8% to 60.9%.

Table 4. The top ten ATC groups by hospital purchases

Rank		ATC code	ATC group	Share in total hospital purchases, %	
6 mon. 2014	6 mon. 2013			6 mon. 2014	6 mon. 2013
1	2	J07	VACCINES	12.9	9.7
2	1	J01	ANTIBACTERIALS FOR SYST USE	9.8	12.8
3	3	L01	ANTINEOPLASTIC AGENTS	6.8	9.2
4	4	B05	BLOOD SUBSTITUTE & PERF SOLS	6.1	7.8
5	6	J06	IMMUNE SERA & IMMUNOGLOBULIN	4.9	4.6
6	12	J05	ANTIVIRALS FOR SYSTEMIC USE	4.8	2.8
7	5	B01	ANTITHROMBOTIC AGENTS	4.7	4.7
8	8	V08	CONTRAST MEDIA	4.3	3.7
9	10	L04	IMMUNOSUPPRESSANTS	3.4	3.2
10	9	N01	ANESTHETICS	3.3	3.4
Total				60.9	61.8

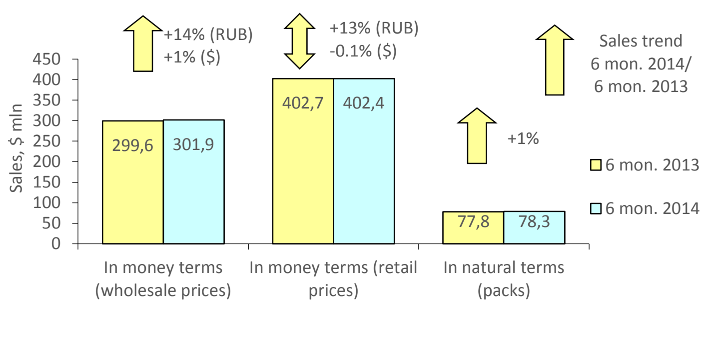
Conclusion. At the end of six months of 2014, the Moscow hospital market reduced by 18% in rouble terms and by 28% in dollar terms and brought in RUB 8.615 bln (USD 246.231 mln). In pack terms, the market reduced by 29% and amounted to 27.259 mln packs. The average cost of an OTC pack in the hospital market of Moscow significantly increased as compared to the previous year (USD 9.03 vs. USD 8.83), and was much higher than the average indicator in Russia (USD 5.69).

SAINT PETERSBURG PHARMACY MARKET: 2014 FIRST 6 MONTHS RESULTS

According to Federal State Statistics Service, as of January 1, 2014 St. Petersburg's estimated population was 5.132 mln, which accounted for 3.6% of the total Russian Federation population and 37.2% of North West FO (NWFO). According to Federal State Statistics Service's data, based on the results for 6 months of 2014 the average wages in the city was RUB 38,936 (USD 1113.09), which is 24% higher than the average salary in Russia (RUB 31,509).

According to the results of the Retail Audit of Over-the-Counter Drugs (OTC) in Russian Federation™, at the end of the first six months of 2014 the sales of OTC drugs in physical terms in pharmacies of St. Petersburg saw a 1% increase to 78.338 mln packs. In value terms, the OTC drugs market increased by 14% in rouble terms and by 1% in dollar terms and reached RUB 10.561 billion (USD 301.898 million) in wholesale prices (Fig. 1). The city share in the total volume of all-Russia pharmacy market accounted for 4.6%. The average cost of OTC pack based on the results for 6 months of 2014 accounted for USD 5.14 in retail prices, which was slightly lower, than in the year-earlier period (USD 5.17). For the first half o 2014, the average amount spent by residents of St. Petersburg for drugs amounted to USD 78.42.

Figure 1. St. Petersburg pharmacy market for 6 months of 2013 – 6 months of 2014



In the first half of 2014, the top 10 corporations in the St. Petersburg market didn't change much and most of its drug makers held their own in the ranking (table 1). The drug manufacturers SANOFI-AVENTIS (+11%), BAYER (+20%), SANDOZ (+13%), SERVIER (+7%), NOVARTIS (+8%), ABBOTT (+16%) and PFIZER (+17%) maintained their ranks from one through seven respectively. In contrast, the drug manufacturers placed at the last three ranks changed their positions. TEVA (+14%) and NYCOMED/TAKEDA (+17%) moved up one rank, coming in at numbers 8 and 10, respectively. On top of that, the latter became the only newcomer of the top 10 ranking. Due to low growth rates, the corporation OTCPHARM (+4%) moved down one rank to number 9. The total share of the top 10 drug manufacturers decreased by almost 0.5 p.p. to 37.8%.

Table 1. The top ten drug manufacturers by pharmacy sales

Rank		Manufacturer*	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	**SANOFI-AVENTIS**	6.0	6.2
2	2	**BAYER HEALTHCARE**	4.7	4.4
3	3	**SANDOZ GROUP**	4.4	4.4
4	4	**SERVIER**	3.9	4.2
5	5	**NOVARTIS**	3.5	3.7
6	6	**ABBOTT**	3.4	3.3
7	7	**PFIZER**	3.3	3.2
8	9	**TEVA**	3.1	3.1
9	8	OTCPHARM	2.9	3.1
10	11	**NYCOMED/TAKEDA**	2.7	2.7
Total			37.8	38.3

*AIPM members are in bold

ESSENTIALE N (-1%) kept its leading rank in the top ten brand names ranking (Table 2). Note that despite the negative growth rates, the drug accounted for over 1% of the regional market, whereas LINEX (+11%), which moved up to rank two, accounted for 0.8%. KAGOCEL (+3%) kept its previous rank three, and VIAGRA (+7%) held its previous rank five. Only two of the remaining brand names of the top 10: EXODERIL (+37%) and INGAVIRIN (+65%) rose in the ranks, moving up to ranks 4 and 9, respectively. In contrast, the other four brand names fell in the ranks. ARBIDOL (-24%), HEPTRAL (+5%), DETRALEX (+6%) and OSCILLOCOCCINUM (+1%) moved down to ranks 6 through 8 and ten in the top ten ranking. The total share of the top 10 brands reduced from 7.9% to 7.4%.

Table 2. The top ten brands by pharmacy sales

Rank		Brand	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	ESSENTIALE N	1.2	1.4
2	4	LINEX	0.8	0.8
3	3	KAGOCEL	0.8	0.9
4	8	EXODERIL	0.8	0.6
5	5	VIAGRA	0.7	0.8
6	2	ARBIDOL	0.7	1.0
7	6	HEPTRAL	0.6	0.7
8	7	DETRALEX	0.6	0.7
9	27	INGAVIRIN	0.6	0.4
10	9	OSCILLOCOCCINUM	0.5	0.6
Total			7.4	7.9

Only three INNs of the top-ten INN and group names held their own in the ranking (table 3). The top ten leaders XYLOMETAZOLINE (+29%) and PHOSPHOLIPIDS (-1%) kept their ranks one and two, as well as the composition AMOXICILLIN + CLAVULANIC ACID (+8%) held its rank 7. Most of the top 10 INNs improved their positions in the ranking. PANCREATIN (+17%), SILDENAFIL (+13%), IBUPROFEN (+17%) and BIFIDOBACTERIUM INFANTIS + ENTEROCOCCUS FAECIUM + LACTOBACILLUS ACIDOPHILUS (+11%) moved up to ranks three through six, and the newcomers of the top ten ATORVASTATIN (+12%) and NAFTIFINE (+37%) moved up to ranks nine and ten. Only INN KAGOCEL (+3%) moved down from rank five to eight. In contrast to the previous rankings, the cumulative share of the top ten under review increased from 9.6% to 9.7%.

Table 3. The top 10 INNs and generic names by pharmacy sales

Rank		INNs/Generic Names	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	XYLOMETAZOLINE	1.8	1.6
2	2	PHOSPHOLIPIDS	1.3	1.5
3	4	PANCREATIN	0.9	0.9
4	6	SILDENAFIL	0.9	0.9
5	10	IBUPROFEN	0.8	0.8
6	9	BIFIDOBACTERIUM INFANTIS + ENTEROCOCCUS FAECIUM + LACTOBACILLUS ACIDOPHILUS	0.8	0.8
7	7	AMOXICILLIN + CLAVULANIC ACID	0.8	0.8
8	5	KAGOCEL	0.8	0.9
9	11	ATORVASTATIN	0.8	0.8
10	21	NAFTIFINE	0.8	0.6
Total			9.7	9.6

Due to 29% increase in sales, R01 Nasal preparations moved up from rank three to one in the top ten ATC groups ranking, becoming the bestselling group in the region (Table 4). The former leaders R05 Cough and cold preparations (+4%) and J05 Antivirals for systemic use (+5%) showed low sales rates and moved down to ranks 6 and 4, respectively. One more group N02 Analgesics (+6%) fell in the ranks, moving down to rank eight. Apart from the above leader, three ATC groups of the top 10 showed signs of growth. M01 Anti-inflammatory and antirheumatic products (+17%) and J01 Antibacterials for systemic use (+10%) moved up two ranks, coming in at ranks 2 and 3, respectively. ATC group C09 Agents acting on the rennin-angiotensin system (+15%) moved up from rank eight to five. Three ATC groups from the previous top 10 managed to hold their own in the ranking. A11 Vitamins (+13%), A07 Antidiarrheals, intestinal anti-inflammatory/ antiinfective agents (+15%) and G03 Sex hormones (+19%) kept their ranks seven and the last two positions. The total share of the top 10 ATC groups increased from 37.7% to 37.4%.

Table 4. The top ten ATC Groups by pharmacy sales

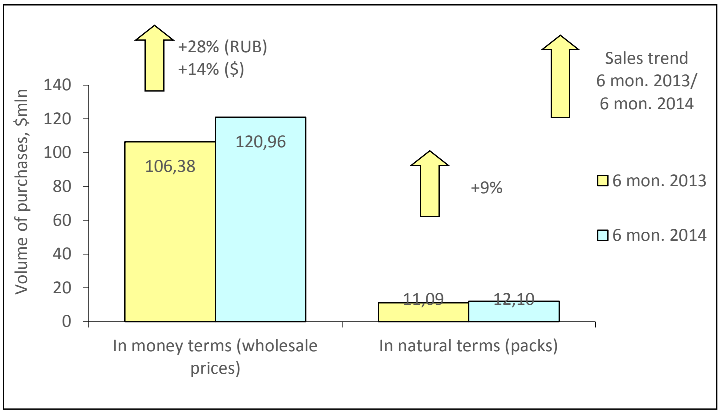
Rank		ATC code	ATC group	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013			6 mon. 2014	6 mon. 2013
1	3	R01	NASAL PREPARATIONS	4.6	4.0
2	4	M01	ANTIINFLAM & ANTIRHEUM PROD	4.1	4.0
3	5	J01	ANTIBACTERIALS FOR SYST USE	3.7	3.9
4	2	J05	ANTIVIRALS FOR SYSTEMIC USE	3.7	4.1
5	8	C09	AG ACT RENIN-ANGIOTENS SYST	3.7	3.7
6	1	R05	COUGH AND COLD PREPARATIONS	3.7	4.1
7	7	A11	VITAMINS	3.7	3.8
8	6	N02	ANALGESICS	3.5	3.8
9	9	A07	INTESTINAL ANTIINFECTIVES	3.5	3.4
10	10	G03	SEX HORM&MODULAT GENITAL SYS	3.2	3.0
Total				37.4	37.7

Conclusion. On the basis of the results for the first half of 2014, the retail pharmacy market of St Petersburg brought in RUB 14.078 bln (USD 402.432 mln). At the same time, the market increased 13% in terms of roubles and reduced 0.1% in terms of dollars. In natural terms, the market increased by 1% to 78.338 mln packs. Based on the results for six months of 2014, the average cost of an OTC pack in the city pharmacies was slightly lower than in the year-earlier period (USD 5.14 vs. USD 5.17) but exceeded the Russia average figures (USD 4.15). Per capita expenses for purchase of medicines in the St. Petersburg pharmacies amounted to USD 78.42 which is higher than on the average in the country (USD 60.80).

SAINT PETERSBURG HOSPITAL MARKET: 2014 FIRST 6 MONTHS RESULTS

According to the results of the Retail Audit of Hospital Purchases in Russia™, in the first six months of 2014 the St. Petersburg hospital market reduced by 9% in natural terms and reached 12.1 million packs. In money terms, the purchases movement was positive both in roubles (+28%) and in dollars (+14%), and the volume amounted to RUB 4.232 bln (USD 120.957 mln) in wholesale prices. In the first half of 2014, the average cost of OTC pack in the hospital sector of the city was USD 10.0, whereas in the year-earlier period its cost was USD 9.59. The regional market share accounted for 4.1% of the Russian hospital market in natural terms and 7.1% in money terms.

Figure 1. St. Petersburg hospital market for 6 months of 2013 – 6 months of 2014



At the first six month-end 2014, the drug manufacturers MERCK SHARP DOHME (+17%), GLAXOSMITHKLINE (+38%) and JOHNSON & JOHNSON (+54%) held their previous dominating positions in the hospital market of St. Petersburg (Table 1). Note that due to lagging growth rates, the leader of the top ten considerably reduced its market share, whereas GLAXOSMITHKLINE and JOHNSON & JOHNSON, in contrast, reinforced their positions due to high growth in purchases. Another three manufacturers developed their markets by outstripping rates: ABBVIE (+44%) and NOVARTIS (+55%) moved up two ranks, coming in at numbers 4 and 5, as well as the newcomer of the top ten ASTRAZENECA (+51%). At the same time, the drug manufacturers SANOFI-AVENTIS (+12%), ROCHE (+4%), BAYER (+21%) and PFIZER (+14%) moved down to lower ranks, coming in at numbers 6, 7, 9 and 10, respectively. The total share accumulated by the top ten drug manufacturers increased from 44.4% to 45.2%.

Table 1. The top 10 drug manufacturers by hospital purchases

Rank in the top ten		Manufacturer*	Share in total hospital purchases, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	**MERCK SHARP DOHME**	7.3	8.0
2	2	**GLAXOSMITHKLINE**	6.7	6.1
3	3	**JOHNSON & JOHNSON**	6.6	5.5
4	6	**ABBVIE**	4.4	3.9
5	7	**NOVARTIS**	3.9	3.2
6	5	**SANOFI-AVENTIS**	3.9	4.4
7	4	**ROCHE**	3.6	4.5
8	11	**ASTRAZENECA**	3.1	2.6
9	8	**BAYER HEALTHCARE**	3.0	3.2
10	9	**PFIZER**	2.6	2.9
Total			45.2	44.4

*AIPM members are in bold

Four newcomers broke into the ranks of the top ten brand names ranking (Table 2). TUBERCULIN (89-fold growth in purchases), REVLIMID (6-fold growth), OPTIRAY (2-fold growth) and GARDASIL (48-fold growth) moved up to ranks five, six, nine and ten, respectively. The markets of the other three brands of the top ten also developed at a fast pace. COMBIVIR increased its purchases 5 times and moved up to rank number one, and PREZISTA (+10%%) and LUCENTIS (+81%) moved up to ranks three and eight. The last year leaders of the top ten KALETRA (+44%), SODIUM CHLORIDE (+21%) and PUREGON (+20%) moved up to the lower ranks two, four and seven, respectively. Thanks largely to the newcomers, the total share of the top ten brand names considerably increased by 9.5 p.p. and achieved 20.8%.

Table 2. The top 10 brand names by hospital purchases

Rank		Brand	Share in total hospital purchases, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	9	COMBIVIR	4.5	1.1
2	1	KALETRA	3.0	2.6
3	5	PREZISTA	2.4	1.5
4	2	SODIUM CHLORIDE	2.1	2.3
5	84	TUBERCULIN	1.7	0.0
6	54	REVLIMID	1.5	0.3
7	3	PUREGON	1.5	1.6
8	10	LUCENTIS	1.5	1.0
9	23	OPTIRAY	1.3	0.8
10	81	GARDASIL	1.3	0.0
Total			20.8	11.3

Four newcomers broke into the ranks of the top 10 INN and generic names ranking (table 3). TUBERCULIN TEST (9.4-fold growth in purchases) and LENALIDOMIDE (6.4-fold growth) moved up to ranks five and six, and RANIBIZUMAB (+81%) and IOVERSOL (+113%) moved up to ranks nine and ten. Due to five-fold growth in purchases, the composition ZIDOVUDINE + LAMIVUDINE moved up to rank number one from nine, displacing the last year leader LOPINAVIR + RITONAVIR (+44%) down one rank. On top of that, INN DARUNAVIR which purchases increased 2 times moved up to rank three from five, and DOCETAXEL (+83%) moved up to rank 8 from ten. At the same time, the less dynamic SODIUM (+21%) and FOLLITROPIN BETA (+20%) moved down to ranks four and seven. The total share of Top-ten manufacturers increased by 8.8 p.p. and achieved 21.3%.

Table 3. The top 10 INN and Generic Names by hospital purchases

Rank		INNs/Generic Names	Share in total hospital purchases, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	9	ZIDOVUDINE + LAMIVUDINE	4.6	1.1
2	1	LOPINAVIR + RITONAVIR	3.0	2.6
3	5	DARUNAVIR	2.4	1.5
4	2	SODIUM	2.2	2.3
5	70	TUBERCULIN TEST	1.9	0.3
6	68	LENALIDOMIDE	1.5	0.3
7	3	FOLLITROPIN BETA	1.5	1.6
8	10	DOCETAXEL	1.5	1.1
9	11	RANIBIZUMAB	1.5	1.0
10	26	IOVERSOL	1.3	0.8
Total			21.3	12.6

The top ten ATC groups changed less than the previous rankings (Table 4). No newcomers entered the ranking, and on top of that five ATC groups managed to hold their own in the ranking. The leading ATC groups L01 Antineoplastic agents (+26%), J05 Antivirals for systemic use (+36%), J01 Antibacterials for systemic use (+30%) and B05 Blood substitutes and perfusion solutions (-9%) kept their previous ranks, and N01 Anaesthetics (+15%) maintained its rank ten. Two shifts took place in the bottom part of the top-10 ranking. V08 Contrast media (+53%) and G03 Sex hormones (+71%) showed high growth rates and moved up to ranks five and seven. At the same time, N05 Psycholeptics (+12%), L04 Immunosuppressants (+16%) and B01 Antithrombotic agents (+19%) moved down one rank, coming in at numbers 6, 8 and 9, respectively. The total share of the top ten ATC groups reduced by 1 p.p. and accounted for 66.7%.

Table 4. The top ten ATC groups by hospital purchases

Rank		ATC code	ATC group	Share in total hospital purchases, %	
6 mon. 2014	6 mon. 2013			6 mon. 2014	6 mon. 2013
1	1	L01	ANTINEOPLASTIC AGENTS	14.9	15.2
2	2	J05	ANTIVIRALS FOR SYSTEMIC USE	14.6	13.6
3	3	J01	ANTIBACTERIALS FOR SYST USE	8.3	8.3
4	4	B05	BLOOD SUBSTITUTE & PERF SOLS	5.4	7.6
5	6	V08	CONTRAST MEDIA	4.8	4.0
6	5	N05	PSYCHOLEPTICS	4.6	5.2
7	9	G03	SEX HORM&MODULAT GENITAL SYS	4.6	3.4
8	7	L04	IMMUNOSUPPRESSANTS	3.6	4.0
9	8	B01	ANTITHROMBOTIC AGENTS	3.4	3.7
10	10	N01	ANESTHETICS	2.5	2.8
Total				66.7	67.7

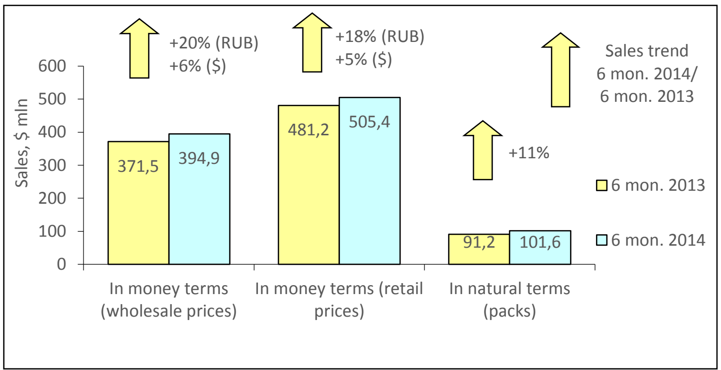
Conclusion. At the end of the first six months in 2014, the St. Petersburg hospital market grew by 28% in rouble terms and by 14% in dollar terms and brought in RUB 4.232 bln (USD 120.957 mln). In pack terms, the market also showed positive growth rates (+9%) and achieved 12.1 mln packs. In the first six months of 2014, the average cost of an OTC pack in the regional hospital sector was higher than in the year-earlier period (USD 10.0 vs. USD 9.59), and considerably exceeded the Russia average figures (USD 5.69).

MOSCOW REGION PHARMACY MARKET: 2014 FIRST 6 MONTHS RESULTS

According to Federal State Statistics Service, as of January 1, 2014 the population of Moscow region was estimated as 7.13 mln, which makes 5% of the total Russian Federation population and 18.4% of Central FO (CFO). According to Federal State Statistics Service's data, in the first half of 2014 the average salary in the city was RUB 37,602 (USD 1,074.96), which is 19% higher than the average salary in Russia (RUB 31,509).

According to the results of the Retail Audit of Over-the-Counter Drugs (OTC) in Russian Federation™, at the end of the first six months of 2014 the sales of OTC drugs in natural terms in pharmacies of Moscow Region saw a 11% increase to 101.633 mln packs. In money terms, the regional market also showed the positive growth: 20% in rouble terms and 6% in dollar terms and reached RUB 13.814 bln (USD 394.8760 mln) in wholesale prices (Fig. 1). The regional market share accounted for 5.8% of the Russian pharmacy market. The average cost of an OTC pack reduced as compared to a year earlier period (USD 5.28) and reached USD 4.97 at retail prices. For 6 months of 2014, the average amount spent by residents of the region for drugs amounted to USD 70.85.

Figure 1. Moscow region pharmacy market for 6 months of 2013 – 6 months of 2014



At the first half of 2014, the top ten drug manufacturers in the Moscow region market didn't change in composition (Table 1). The top ten also kept its leaders - as before, the drug manufacturers SANOFI-AVENTIS (+22%) and BAYER (+24%) held its first two ranks. One more manufacturer held its previous position - MENARINI (+20%) kept its rank 7. Three of the other drug manufacturers from the top ten managed to rise in the ranks, whereas four of them fell in the ranks. SERVIER (+24%), NYCOMED/TAKEDA (+28%) and ABBOTT (+25%) showing the outstripping sales rates moved up to ranks three, five and eight, respectively. At the same time, the less dynamic drug manufacturers SANDOZ (+16%), NOVARTIS (+12%), TEVA (+15%) and OTCPHARM (+2%) moved down to the lower ranks four, six, nine and ten, respectively. The cumulative share of the top ten drug manufacturers reduced from 37.3% to 37.0%.

Table 1. The top ten drug manufacturers by pharmacy sales

Rank		Manufacturer*	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	**SANOFI-AVENTIS**	6.2	6.1
2	2	**BAYER HEALTHCARE**	4.3	4.2
3	4	**SERVIER**	3.9	3.7
4	3	**SANDOZ GROUP**	3.8	3.9
5	9	**NYCOMED/TAKEDA**	3.3	3.1
6	5	**NOVARTIS**	3.3	3.5
7	7	**MENARINI**	3.2	3.2
8	10	**ABBOTT**	3.1	3.0
9	8	**TEVA**	3.0	3.1
10	6	OTCPHARM	2.9	3.4
Total			37.0	37.3

*AIPM members are in bold

Two newcomers broke into the ranks of the top ten brand names ranking: ALFLUTOP (+37%) and INGAVIRIN (+78%) which came in at ranks six and nine (Table 2). In addition, another four brand names of the analysed top ten showed growth in sales. LINEX (+11%), EXODERIL (+46%) and ACTOVEGIN (+25%) moved up to ranks two through four respectively, and MEXIDOL (+26%) moved up to rank eight. Hepatoprotector ESSENTIALE N (+23%) remained the leader of the top ten, and venoprotector DETRALEX (+26%) held its previous rank seven. The brand names KAGOCEL (-4%) and ARBIDOL (-27%) reduced their sales and moved down to the lower ranks five and ten, respectively. The total share of the top 10 brand names slightly reduced from 7.1% to 7.0%.

Table 2. The top ten brands by pharmacy sales

Rank		Brand	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	ESSENTIALE N	1.2	1.2
2	4	LINEX	0.8	0.8
3	8	EXODERIL	0.7	0.6
4	5	ACTOVEGIN	0.7	0.6
5	3	KAGOCEL	0.7	0.9
6	11	ALFLUTOP	0.6	0.6
7	7	DETRALEX	0.6	0.6
8	9	MEXIDOL	0.6	0.6
9	31	INGAVIRIN	0.6	0.4
10	2	ARBIDOL	0.5	0.9
Total			7.0	7.1

The leading four INNs from the top 10 INN and generic names held their own in the ranking (table 3). INNs XYLOMETAZOLINE (+19%), PHOSPHOLIPIDS (+22%), PANCREATIN (+21%) and IBUPROFEN (+9%) maintained their ranks from 1 through 4, respectively. The composition BIFIDOBACTERIUM INFANTIS + ENTEROCOCCUS FAECIUM + LACTOBACILLUS ACIDOPHILUS (+11%) kept its previous rank seven. The other five INNs rose in the ranks, at the same time four of them joined the top ten ranking for the first time. BISOPROLOL (+38%) moved up to rank five, and BLOOD (+23%), DIOSMIN + HESPERIDIN (+29%) and NAFTIFINE (+46%) moved up to the last three ranks in the top ten. INN NIMESULIDE (+34%) moved up from rank ten to six. The total share of the top ten increased by 0.3 p.p. and accounted for 9.7%.

Table 3. The top 10 INNs and generic names by pharmacy sales

Rank		INNs/Generic Names	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013		6 mon. 2014	6 mon. 2013
1	1	XYLOMETAZOLINE	1.8	1.8
2	2	PHOSPHOLIPIDS	1.3	1.3
3	3	PANCREATIN	1.1	1.1
4	4	IBUPROFEN	0.8	0.9
5	13	BISOPROLOL	0.8	0.7
6	10	NIMESULIDE	0.8	0.7
7	7	BIFIDOBACTERIUM INFANTIS + ENTEROCOCCUS FAECIUM + LACTOBACILLUS ACIDOPHILUS	0.8	0.8
8	11	BLOOD	0.8	0.7
9	16	DIOSMIN + HESPERIDIN	0.7	0.7
10	24	NAFTIFINE	0.7	0.6
Total			9.7	9.4

In contrast to the previous top 10s, the top ten ATC groups ranking changed its leader (table 4). Due to growth in sales by one-fourth, ATC group M01 Anti-inflammatory and antirheumatic products moved up to rank one from three. On top of that, the last year leader J01 Antibacterials for systemic use (+8%) moved down to rank three. As before, R01 Nasal preparations (+23%) held their previous rank two. The groups C09 Agents acting on the rennin-angiotensin system (+33%) and A07 Antidiarrheals, intestinal anti-inflammatory/ anti-infective agents (+18%) moved up to ranks four and five. At the same time, the less dynamic R05 Cough and cold preparations (+8%), N02 Analgesics (+3%) and J05 Antivirals for systemic use (+4%) moved down to ranks 6 through 8, respectively. The groups A11 Vitamins (+18%) and G03 Sex hormones (+23%) didn't change their positions - as before they held the last two ranks in the top ten. The consolidated share of the top 10 reduced from 37.6% to 36.3%.

Table 4. The top ten ATC Groups by pharmacy sales

Rank		ATC code	ATC group	Share in total pharmacy sales, %	
6 mon. 2014	6 mon. 2013			6 mon. 2014	6 mon. 2013
1	3	M01	ANTIINFLAM & ANTIRHEUM PROD	4.4	4.2
2	2	R01	NASAL PREPARATIONS	4.4	4.3
3	1	J01	ANTIBACTERIALS FOR SYST USE	3.9	4.3
4	8	C09	AG ACT RENIN-ANGIOTENS SYST	3.7	3.4
5	7	A07	INTESTINAL ANTIINFECTIVES	3.5	3.5
6	5	R05	COUGH AND COLD PREPARATIONS	3.4	3.9
7	4	N02	ANALGESICS	3.4	4.0
8	6	J05	ANTIVIRALS FOR SYSTEMIC USE	3.3	3.8
9	9	A11	VITAMINS	3.3	3.3
10	10	G03	SEX HORM&MODULAT GENITAL SYS	3.0	3.0
Total				36.3	37.6

Conclusion. On the basis of the results for the first six months of 2014, the retail pharmacy market of the Moscow region brought in RUB 17.682 bln (USD 505.449 mln) in retail prices. The sales increased 18% in terms of roubles and 5% in terms of dollars. In pack terms, the market also showed positive growth rates (+11%) and achieved 101.633 mln packs. The average cost of OTC pack in the regional pharmacies according to the results for the first six months of 2014 was USD 4.97 which was lower than the last year figures (USD 5.28), but higher than average figures in the country (USD 4.15). The average expenses of city residents for medicines in the pharmacies considerably exceeded the national average (USD 70.85 vs. USD 60.80).

REGIONAL DIGEST

Additional Pharmacological Support (DLO)/Essential Drug Reimbursement Program (ONLS), Government Control

August 5, 2014, RBC daily

Ministry of Economic Development proposed to enhance efficiency of FAS powers, delegating some of them to other agencies

The Ministry of Economic Development submitted an expert proposals package to the government. As one of the options, the Ministry offered to "transform" the FAS (Federal Anti-monopoly Service) by allocating «economic Rospotrebnadzor" and a "separate small-sized anti-monopoly agency accountable to the government". And another option of FAS transformation will include significant reduction of its powers by transferring them to other bodies. The rule-making is supposed to be delegated to the Ministry of Economic Development, the implementation of state policy relating to advertising of drugs and medicines to the Ministry of Health, control over advertising to the supervisory bodies responsible for protecting the consumer rights. Public procurement as it pertains to its regulations is supposed to be delegated to Rosfinnadzor (Federal Financial and Budgetary Supervisory Service). FAS is also supposed to be withdrawn from the regulators for foreign investment and trade without specifying the agencies that could do this instead of FAS. However, it should be noted that other agencies might not be ready to implement these powers and the risks associated with "regulatory vacuum".

August 6, 2014, Nezavisimaya Gazeta

According to the Ministry of Health, about 60% of substandard medicines identified in the last two years in the Russian market were domestic products

According to the draft law adopted by the State Duma in the first reading , the Criminal Code will be supplemented with special articles under which anyone who will be involved in the distribution of fake, substandard and unregistered medicines can be sentenced to imprisonment for a term up to 12 years. But Rostov counterfeiters have been convicted of and imprisoned prior to the adoption of amendments to the Code, and one of them just for 12 years. It appears that the Criminal Code has enough articles, where there is a will there is a way. The main problem of our pharmaceutical market is perhaps not the counterfeit but substandard medicines. According to Roszdrav (Federal Service on Surveillance in Healthcare), the number of defective products has grown dramatically for the last year. 50% of medical products examined by Roszdrav were of poor quality. The number of defective medicines containing the wrong amount of the active ingredient has increased one and a half times, and those of poor microbiological purity - twice as much. And these are the two most important indicators.

August 8, 2014, Vedomosti.ru

The government allocated nearly RUB 6 bln for modernization of Crimea's public health system in 2014-2015

Prime Minister Dmitry Medvedev signed a decree approving the rules for granting subsidies to such regional programs. According to such rules, the government will carry out "activities that improve the material and technical base of the state and municipal health institutions, repair and overhaul the health care facilities, purchase and install medical equipment, including ambulances, as well as introduce modern information systems." In 2014, the government allocated RUB 1 ,931.7 to support programs on modernization of public health system in the Crimea and Sevastopol. The Ministry of Health and the Ministry of Finance are instructed to allocate for this purpose RUB 3,863.3 mln in forming the 2015 draft budget.

August 11, 2014, Vedomosti

Russia has banned the supply of some imported dietary supplements

As it follows from the government decree published on the website of legal information, sports nutrition supplements were included in the list of products covered by a ban on supplies from the EU, the USA, Australia, Canada and Norway. According to DSM Group, in 2013 the pharmacies sold 311 million packs of dietary supplements to the amount of RUB 36.2 bln. It is 6% higher in pack terms and 20% in money terms than in the year-earlier period. The share of imports accounted for 18% in packs and 38% in cash. The leading foreign manufacturers are drug makers from Germany (Queisser Pharma, Doppelherz®) and the USA (Solgar). All Amway 's food products with the exception of green tea fall into this category.

August 12, 2014, IA Rosbalt

Ministry of Economic Development is going to limit the access of foreign manufacturers to public procurement opportunities

The Ministry of Economic Development of Russia came forward with the initiative to restrict the access of foreign manufacturers to the procurement for state and municipal needs. A new procedure to support Russian manufacturers shall be as follows: if two or more applications for the supply of domestic goods are filed to the competition or auction from different manufacturers, all applications for products of foreign origin will be rejected. If only one application for the supply of domestic goods is filed to the competition or auction, and other bidders offer imported goods, such applications shall not be rejected and take part in the auction. Access of some imported medical products shall be restricted to the Russian market. Such restrictions shall not be applied to the manufacturers from the Customs Union countries.

August 15, 2014, The Kommersant

Ministry of Health is ready to raise medical contributions

The Ministry of Health has started developing a law that provides for the abolition of the cut-off threshold of wages above which medical contributions to Federal Compulsory Medical Insurance Fund (FFOMS) are not charged. The Ministry suggests that the introduction of additional contributions will allow it to balance its budget. The initiative was first proposed by the Ministry of Finance. The Finance Minister Anton Siluanov said that the imbalance of the Compulsory Health Insurance system could reach RUB 400 bln by 2017, while the abolition of the cut-off threshold of wages beyond which contributions are not charged will allow it to rise about RUB 200 bln and cover the needs of the fund both in 2016 and in 2017.

August 20, 2014, PRIME

The government has excluded supplements and vitamins from the sanctions list

The Russian government has excluded dietary supplements and vitamins from the "sanctions" list. As it follows from the updated list of products prohibited to be imported into Russia from the EU, USA, Canada, Australia, Norway, food supplements, vitamins and minerals, flavour additives, protein concentrates (of animal and plant origin) and their mixtures, dietary fibres and food (mixed) additives have been excluded from the Russian sanctions list. A few days earlier, the Health Ministry sent a list of vitamins registered as medical drugs to the Russian government with a request to exclude them from a list of foods and food products banned from imports into Russia as part of the sanctions regime. The amendments to the Decree have been adopted, as according to the Eurasian Economic Commission / ECE regulation N119 On the classification of vitamin and mineral complex in accordance with the FEACN of 18 July, all of the vitamins including those registered as drugs are classified in subheading 2106909200.

NEWS FROM COMPANIES

August 20, 2014, Vedomosti

Rusnano's investment start-up may be suspended due to a lack of funding

American biotech start-up Panacela Labs, which got a significant funding boost from Rusnano, warned it could stop operations. The company needs more investment. In 2011, Rusnano and the American biotechnology company Cleveland BioLabs set up Panacela Labs biotech start-up to develop anti-cancer drugs. They signed the agreement that stated that Rusnano shall invest up to USD 26 mln to a joint venture by four tranches for four years. Yesterday Panacela said in its quarterly report: if the company didn't receive any additional financing in the near future, it would not be able to fulfil its obligations and, therefore, to continue operations.

August 28, 2014, Vedomosti

A5 pharmacy chain plans to expand the network twice through X5 Retail Group in the next two years

A5 pharmacy chain plans to open 1,000 pharmacies in stores of X5 Retail Group, the Russian food retailer ranked second in terms of revenue, within two years, said Andrey Gusev, the General Director of the pharmacy chain. According to him, the agreement has already been achieved, now the parties are discussing the details, the instruments are intended to be signed in September. Spokesman for X5 Retail Group Vladimir Rusanov said that no documents had been signed yet, the parties conducted negotiations and discussed conditions. "We are talking only about the Pyaterochka stores", said Dmitry Bergelson, Property Management Director, Pyaterochka retail chain.

August 29, 2014, Vedomosti

Pharmastandard paid USD 100 mln for 20% stake in Biocad, a company specialized in developing and manufacturing innovative drugs

Pharmstandard paid USD 100 mln for 20% stake in Biocad, the company stated in its unaudited financial results for the six months ended June 30, 2014. In May, Pharmstandard announced that it was buying a 20% stake in Biocad Holding Ltd, the owner of Biocad, but didn't disclose the amount of the purchase.

Source of information – IMS Health
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