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AIPM
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Ассоциация международных фармацевтических производителей

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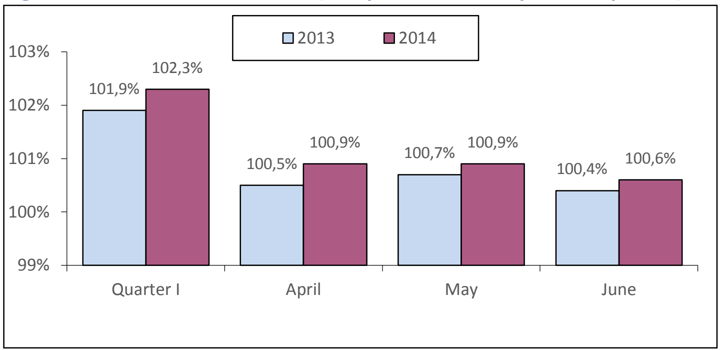
MACROECONOMIC INDICES

Inflation

According to Federal State Statistics Service's data, in June 2014, the Consumer Price Index was estimated as 100.6%, compared to the previous month, in June 2013 it was 100.4%.

In June this year, Industrial Producer Price Index was 100.8%, whereas in the month-earlier period it had amounted to 100.4%.

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



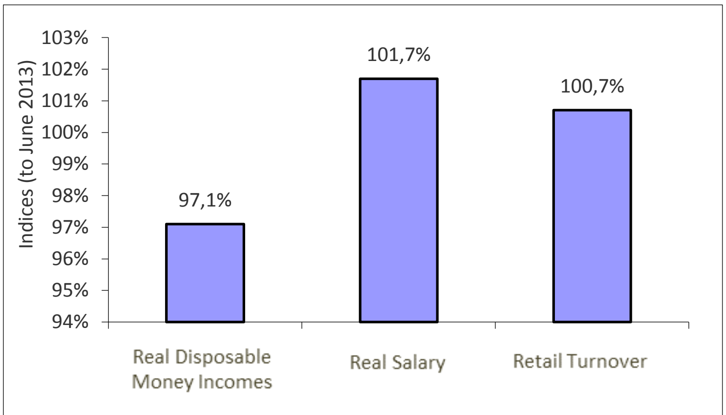
Living standard

According to preliminary Federal State Statistics Service's data, in June 2014 the gross monthly average wages per worker reached RUB 33,563 (USD 975.39) which accounted for 104.0% compared to the previous month and 109.6% compared to June 2013. The real wages in June 2014 accounted for 101.7% as compared with the same period in 2013. In June 2014, the real value of disposable cash incomes accounted for 97.1% as compared with the same period of 2013 (Fig. 2).

Retail turnover

In June 2014, the retail turnover was equal to RUB 2,094.5 bln, which in comparable prices accounted for 100.7% compared to the same period a year ago, in the first half of 2014. - RUB 11,933.0 bln and 102.7% (Fig. 2).

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



Source: Rosstat

Manufacture of Industrial Products

According to Federal State Statistics Service's data, in June 2014 Industrial Production Index accounted for 100.4% compared to the same period in 2013, and in the first half of 2014 - 101.5%.

Domestic production

The top 10 domestic manufacturers by production volume at June-end 2014 are shown in Table 1. The total production volume of top ten manufacturers was estimated at USD 278.2 mln.

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

Rank	Manufacturer	Production volume, $mln
1	Pharmstandart	89.3
2	KRKA-RUS	40.5
3	Stada	32.8
4	Valenta	28.0
5	Materia Medica	19.4
6	Microgen	17.3
7	Sotex	15.8
8	Pharm-Center	12.8
9	Akrihin	12.0
10	Gedeon Richter-Rus	10.4

Table 2 provides pharmacy sales data from 10 regions of the Russian Federation. In May 2014 compared to April, further reduction in pharmacy sales (in terms of roubles) was observed in all analysed regions. The lowest performance was observed in Moscow (-21%), the highest one in Krasnodar Krai (-3%).

Table 2. Pharmacy sales in the regions, 2014

Region	Pharmacy sales, $mn (wholesale prices)			Growth gain, % (roubles)		
	March 2014	April 2014	May 2014	March / February 2014	April/ March 2014	May/ April 2014
Moscow	205.5	204.6	164.6	13%	-2%	-21%
St Petersburg	54.9	54.0	47.5	17%	-3%	-14%
Krasnodar Krai	34.3	32.4	32.1	3%	-7%	-3%
Novosibirsk Oblast	25.8	25.1	22.4	7%	-4%	-13%
Tatarstan	32.1	29.6	25.1	6%	-9%	-17%
Krasnoyarsk Krai	22.0	20.7	19.6	6%	-7%	-7%
Rostov Oblast	30.3	27.3	24.6	20%	-11%	-12%
Voronezh Oblast	20.1	17.8	15.2	15%	-13%	-17%
Perm	8.5	7.5	6.5	10%	-13%	-15%
Tyumen	8.2	7.5	6.5	4%	-9%	-15%

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 June 2014

Rank	Company*	Quantity of broadcasts
1	Novartis	9,590
2	Otcpharm	5,998
3	Johnson & Johnson	5,627
4	Dr. Reddy's Laboratories	4,038
5	Berlin-Chemie Menarini Group	3,281

Source - Remedium according to TNS Russia's data

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

Rank	Brand*	Quantity of broadcasts
1	Evalar	3,186
2	Oftalmoferon	1,847
3	Filtrum	1,718
4	Exoderil	1,641
5	Baneocin	1,518

Source - Remedium according to TNS Russia's data

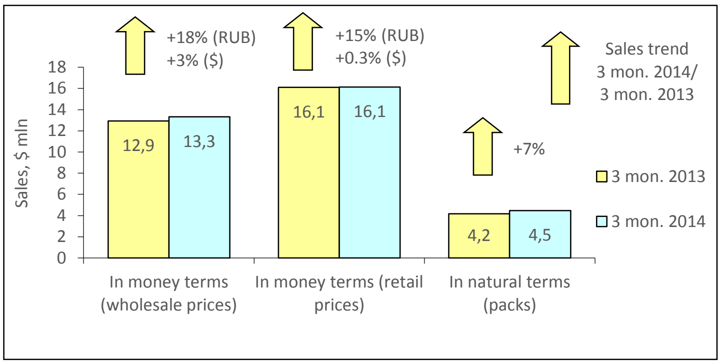
* Only products registered with State Register of Medicines were considered

BELGOROD PHARMACY MARKET: 2014 FIRST 3 MONTHS RESULTS

According to Federal State Statistics Service, as of January 1, 2014 Belgorod's estimated population was 379.51 thd, which accounted for 0.3% of the total Russian Federation population and 1.0% of Central FO (CFO). According to Federal State Statistics Service's data, in the first quarter of 2014 the average wages in the Belgorod Oblast amounted to RUR 22,217 (USD 635.50), which was 26% lower than the average wages in Russia (RUB 30,057).

According to the results of the Retail Audit of Over-the-Counter Drugs (OTC) in Russian Federation™, at the end of the first three months of 2014 the sales of OTC drugs in physical terms in pharmacies of Russia saw a 7% increase to 4.475 mln packs. In money terms, the OTC drugs market increased by 18% in rouble terms and 3% in dollar terms and reached RUB 465.419 mln (USD 13.325 mln) at wholesale prices (Fig. 1). The city share in the total volume of all-Russia pharmacy market accounted for 0.4%. The average cost of an OTC pack reduced as compared to a year earlier period (USD 3.61) and reached USD 3.86 at retail prices. For 3 months of 2014, the average amount spent by residents of Belgorod for drugs amounted to USD 42.53.

Figure 1. Belgorod pharmacy market for 3 months of 2013 – 3 months of 2014



Based on the results for the first three months of 2014, most of the top ten drug manufacturers in the Belgorod market held their own in the ranking (Table 1). Among them are SANOFI-AVENTIS (+20%[1]), as well as drug manufacturers SERVIER (+13%), NYCOMED/TAKEDA (+15%), BAYER (+34%), TEVA (+23%) and GEDEON RICHTER (+18%), holding ranks three and four, and 6 through 8 respectively. Due to increase in sales by one-fourth, MENARINI moved up from rank five to two. In contrast, PHARMSTANDART (+8%) which had held rank two, moved down to rank five. The only newcomer SANDOZ (+29%) broke into the ranks of the top ten, moving up to rank nine and displacing KRKA (+19%) down one rank. The total share of the top 10 drug manufacturers expanded by almost 0.4 p.p. to 37.5%.

Table 1. The top ten drug manufacturers by pharmacy sales

Rank		Manufacturer*	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	1	**SANOFI-AVENTIS**	4.8	4.8
2	5	**MENARINI**	4.2	4.1
3	3	**SERVIER**	4.2	4.4
4	4	**NYCOMED/TAKEDA**	4.2	4.3
5	2	PHARMSTANDART	4.1	4.4
6	6	**BAYER HEALTHCARE**	3.8	3.4
7	7	**TEVA**	3.3	3.2
8	8	GEDEON RICHTER	2.9	3.0
9	11	**SANDOZ GROUP**	2.9	2.7
10	9	**KRKA**	2.9	2.9
Total			37.5	37.1

*AIPM members are in bold

ACTOVEGIN (+27%) became the best selling brand in Belgorod pharmacies (Table 2). Hepatoprotector ESSENTIALE N (+14%) moved up to rank two from four and the last year leader KAGOCEL (-31%) moved down to rank three. The other three brands moved up to yet higher ranks. MEXIDOL (+28%) moved up two ranks, to number four, and the newcomers of the top 10 ALFLUTOP (+49%) and INGAVIRIN (2.3-fold growth in sales) moved up to ranks six and seven. Despite the negative sales rates, the brand CARDIOMAGNIL held its previous rank five. ARBIDOL (-36%), LENEX (+18%) and CONCOR (+20%) moved down to ranks eight, nine and ten from the higher ranks. The total share of the top ten brands reduced by 1 p.p. to 8.3%.

Table 2. The top ten brands by pharmacy sales

Rank		Brand	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	2	ACTOVEGIN	1.4	1.3
2	4	ESSENTIALE N	1.1	1.1
3	1	KAGOCEL	1.0	1.7
4	6	MEXIDOL	0.8	0.8
5	5	CARDIOMAGNIL	0.8	1.1
6	11	ALFLUTOP	0.7	0.6
7	33	INGAVIRIN	0.7	0.4
8	3	ARBIDOL	0.6	1.2
9	8	LINEX	0.6	0.6
10	9	CONCOR	0.6	0.6
Total			8.3	9.3

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

Two newcomers broke into the ranks of the top ten INN and generic names ranking (table 3). ETHYLMETHYLHYDROXYPYRIDINE (+23%) and PANCREATIN (+17%) moved up to ranks 7 and 8. INNs BLOOD (+27%), XYLOMETAZOLINE (+22%) and PHOSPHOLIPIDS (+14%) improved their positions by one rank, coming in at numbers one, two and three. BISOPROLOL (+28%) and NIMESULIDE (+18%) also showed high sales rates, moving up to ranks four and six. In contrast, INNs KAGOCEL (-31%) and the composition ACETYLSALICYLIC ACID + MAGNESIUM (-16%) considerably reduced their sales, coming in at numbers five and ten. INN AZITHROMYCIN (-6%) held its earlier rank 9. The total share of the top tens under review reduced by 1 p.p. and achieved 10.6%.

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

Rank		INNs/Generic Names	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	2	BLOOD	1.5	1.4
2	3	XYLOMETAZOLINE	1.4	1.4
3	4	PHOSPHOLIPIDS	1.3	1.3
4	8	BISOPROLOL	1.1	1.0
5	1	KAGOCEL	1.0	1.7
6	10	NIMESULIDE	1.0	1.0
7	11	ETHYLMETHYLHYDROXYPYRIDINE	0.9	0.9
8	12	PANCREATIN	0.9	0.9
9	9	AZITHROMYCIN	0.8	1.0
10	6	ACETYLSALICYLIC ACID+ MAGNESIUM	0.8	1.1
Total			10.6	11.6

M01 Anti-inflammatory and antirheumatic products (+27%) and C09 Agents acting on the rennin-angiotensin system (+29%) moved up to ranks one and two of the top ten ATC Groups from ranks three and four (Table 4). At the same time, ATC groups that had held these positions earlier J01 Antibacterials for systemic use (+3%) and J05 Antivirals for systemic use (-5%) moved down to ranks three and four. Another two ATC groups in the bottom part of the top tens switched their ranks. R01 Nasal preparations increased its sales by 20% and moved up to rank six, in contrast N02 Analgesics (-6%) reduced its sales, coming in at numbers 7. As before, the Groups R05 Cough and cold preparations (+2%), L03 Immunostimulants (+10%), N06 Psychoanaleptics (+20%) and A07 Antidiarrheals, intestinal anti-inflammatory / antiinfective agents (+21%) held their own in the top ten. The total share of the top 10 reduced by more than 2 p.p. and accounted for 36.1%.

Table 4. The top ten ATC Groups by pharmacy sales

Rank		ATC code	ATC group	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013			3 mon. 2014	3 mon. 2013
1	3	M01	ANTIINFLAM & ANTIRHEUM PROD	4.9	4.5
2	4	C09	AG ACT RENIN-ANGIOTENS SYST	4.6	4.3
3	2	J01	ANTIBACTERIALS FOR SYST USE	4.0	4.6
4	1	J05	ANTIVIRALS FOR SYSTEMIC USE	3.9	4.9
5	5	R05	COUGH AND COLD PREPARATIONS	3.6	4.2
6	7	R01	NASAL PREPARATIONS	3.4	3.3
7	6	N02	ANALGESICS	3.2	4.0
8	8	L03	IMMUNOSTIMULANTS	2.9	3.1
9	9	N06	PSYCHOANALEPTICS	2.8	2.8
10	10	A07	INTESTINAL ANTIINFECTIVES	2.8	2.7
Total				36.1	38.5

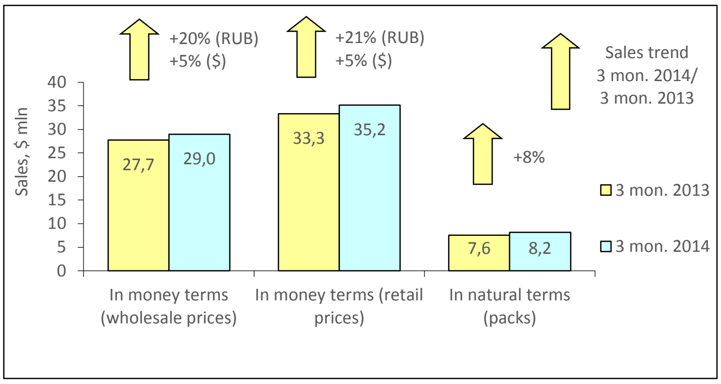
Conclusion. On the basis of the results for Quarter I of 2014, the retail pharmacy market of Belgorod brought in RUB 563.811 bln (USD 16.142 mln). At the same time, the market increased 15% in terms of roubles and 0.3% in terms of dollars. In natural terms, the market increased by 7% to 4.475 mln packs. Based on the results for three months of 2014, the average cost of an OTC pack in the Belgorod pharmacies was higher than in the year-earlier period (USD 3.61 vs. USD 3.86), but proved to be lower than the Russia average figures (USD 4.12). Per capita expenses for purchase of medicines in pharmacies of Belgorod amounted to USD 42.53. which is higher than on the national average (USD 31.72).

VOREZH PHARMACY MARKET: 2014 FIRST 3 MONTHS RESULTS

According to Federal State Statistics Service, as of January 1, 2014 Voronezh's estimated population was 1.015 mln, which accounted for 0.7% of the total Russian Federation population and 2.6% of Central FO (CFO). According to Federal State Statistics Service's data, in the first quarter of 2014 the average salary in the Voronezh Oblast amounted to RUB 21,616 (USD 618.31), which was 28% lower than the average wages in Russia (RUB 30,057).

According to the results of the Retail Audit of OTC drugs in Russian Federation™, in the first three months of 2014 the Voronezh pharmacy market volume increased by 8% in physical terms and amounted to 8.169 million packs (Fig. 1) In wholesale prices, the market also showed the positive performance both in terms of roubles (+20%) and in terms of dollars (+5%) and reached 1.012 billion roubles (USD 28.978 mln). The city share in the total volume of all-Russia pharmacy market accounted for 0.8%. The average cost of OTC pack in the Voronezh pharmacies based on the results for Quarter I, 2014 was USD 4.31 (during the same period in 2013 - USD 4.40). The average sum spent by residents of Voronezh on purchase of medicines reached USD 34.66

Figure 1. Voronezh pharmacy market for 3 months of 2013 – 3 months of 2014



At the end of the first quarter of 2014, half of the regional top ten drug manufacturers held their own in the ranking (table 1). Among them were the heading manufacturer SANOFI-AVENTIS (+21%) and BAYER (+9%), NYCOMED/TAKEDA (+18%) and TEVA (+17%) placed at ranks 4 through 6, and rounding out the top ten NOVARTIS (+22%). Four brand names of the top10 showed high growth rates. The drug manufacturers SERVIER (+21%), MENARINI and BOEHRINGER ING (+22% each) moved up one rank, to numbers seven and eight. A newcomer SANDOZ (+23%) broke into the ranks of the top ten, coming in at number nine. PHARMSTANDART (+6%) with low sales rates moved down to rank three. The total share of the top drug manufacturers reduced by 0.8 p.p. and accounted for 35.4%.

Table 1. The top ten drug manufacturers by pharmacy sales

Rank		Manufacturer*	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	1	**SANOFI-AVENTIS**	4.7	4.6
2	3	**SERVIER**	4.6	4.6
3	2	PHARMSTANDART	4.1	4.6
4	4	**BAYER HEALTHCARE**	4.0	4.4
5	5	**NYCOMED/TAKEDA**	3.7	3.8
6	6	**TEVA**	3.2	3.3
7	8	**MENARINI**	2.9	2.8
8	9	**BOEHRINGER ING**	2.8	2.7
9	11	**SANDOZ GROUP**	2.8	2.7
10	10	**NOVARTIS**	2.7	2.7
Total			35.4	36.2

*AIPM members are in bold

Hepatoprotector ESSENTIALE N (+17%) continued to show the highest sales volumes in the regional market (Table 2). One of the most dynamic brands INGAVIRIN (+39%) moved up to rank two from five, whereas ACTOVEGIN (+12%) held its previous rank three. The markets of the other three brands of the top ten also developed at a fast pace. MEXIDOL (+22%) moved up to rank four, and the newcomer of the top ten ALFLUTOP (+26%) and EXODERIL (2.5-fold growth in sales) moved up to ranks 8 and 9 respectively. However, another two brands managed to rise in the ranks, CARDIOMAGNIL (-1%) with reduced sales and LASOLVAN (+8%) with relatively low growth rates moved up one rank, to numbers 5 and 7. At the same time, KAGOCEL (-12%) and ARBIDOL (-38%) showing significant reduction in sales fell in the ranks, moving down to ranks six and ten, respectively. The total share of the top-10 reduced from 8.7% to 8.1%.

Table 2. The top ten brands by pharmacy sales

Rank		Brand	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	1	ESSENTIALE N	1.4	1.5
2	5	INGAVIRIN	1.1	0.9
3	3	ACTOVEGIN	0.9	1.0
4	7	MEXIDOL	0.8	0.8
5	6	CARDIOMAGNIL	0.7	0.9
6	4	KAGOCEL	0.7	0.9
7	8	LASOLVAN	0.7	0.7
8	12	ALFLUTOP	0.6	0.6
9	46	EXODERIL	0.6	0.3
10	2	ARBIDOL	0.6	1.1
Total			8.1	8.7

INN PHOSPHOLIPIDS (+19%) held its leadership in the top ten INN and generic names ranking (table 3). On top of that, INN BLOOD (+15%) also managed to hold its previous rank six. INNs XYLOMETAZOLINE (+36%), IMIDAZOLYL ETHANAMIDE PENTANDIOIC ACID (+39%), NIMESULIDE (+34%), BISOPROLOL (+39%) and ETHYLMETHYLHYDROXYPYRIDINE (+18%) showing outperformance in sales rose in the ranks, moving up to numbers 3, 4, 5, 7 and 9 respectively. At the same time, the latter two became the newcomers of the top ten. In contrast, PANCREATIN (+15%), AMBROXOL (+2%) and AZITHROMYCIN (-7%), which had low and even negative growth rates, moved down to the lower ranks: three, eight and ten. The total share of the analysed top 10 INNs virtually remained unchanged and accounted for 10.6%.

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

Rank		INNs/Generic Names	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	1	PHOSPHOLIPIDS	1.5	1.5
2	3	XYLOMETAZOLINE	1.5	1.3
3	2	PANCREATIN	1.2	1.3
4	10	IMIDAZOLYL ETHANAMIDE PENTANDIOIC ACID	1.1	0.9
5	9	NIMESULIDE	1.0	0.9
6	6	BLOOD	1.0	1.0
7	16	BISOPROLOL	0.9	0.7
8	7	AMBROXOL	0.9	1.0
9	12	ETHYLMETHYLHYDROXYPYRIDINE	0.8	0.8
10	5	AZITHROMYCIN	0.8	1.0
Total			10.6	10.6

In contrast to the previous rankings, the top ten ATC groups changed its leader - ATC group M01 Anti-inflammatory and antirheumatic products (+30%) moved up one rank, to number one (Table 4). At the same time, the former leader of the top ten J05 Antivirals for systemic use (+3%) moved down to rank two. Due to high growth rates, ATC groups C09 Agents acting on the rennin-angiotensin system (+30%), R01 Nasal preparations (+29%) and G03 Sex hormones (+23%) moved up to the higher ranks three, five and six respectively. At the same time, J01 Antibacterials for systemic use (+6%), N02 Analgesics (+7%) and R05 Cough and Cold Preparations (-0.2%) moved down to the lower ranks four, seven and eight. A05 Bile and liver therapy (+20%) and N06 Psychoanaleptics (+22%) held their previous ranks nine and ten. The total share of the top-10 ATC groups reduced more than 1 p.p. and accounted for 36.8%.

Table 4. The top ten ATC Groups by pharmacy sales

Rank		ATC code	ATC group	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013			3 mon. 2014	3 mon. 2013
1	2	M01	ANTIINFLAM & ANTIRHEUM PROD	4.7	4.3
2	1	J05	ANTIVIRALS FOR SYSTEMIC USE	4.3	5.0
3	6	C09	AG ACT RENIN-ANGIOTENS SYST	3.9	3.6
4	3	J01	ANTIBACTERIALS FOR SYST USE	3.8	4.3
5	7	R01	NASAL PREPARATIONS	3.7	3.5
6	8	G03	SEX HORM&MODULAT GENITAL SYS	3.5	3.4
7	5	N02	ANALGESICS	3.3	3.7
8	4	R05	COUGH AND COLD PREPARATIONS	3.3	3.9
9	9	A05	BILE AND LIVER THERAPY	3.2	3.2
10	10	N06	PSYCHOANALEPTICS	3.1	3.1
Total				36.8	38.0

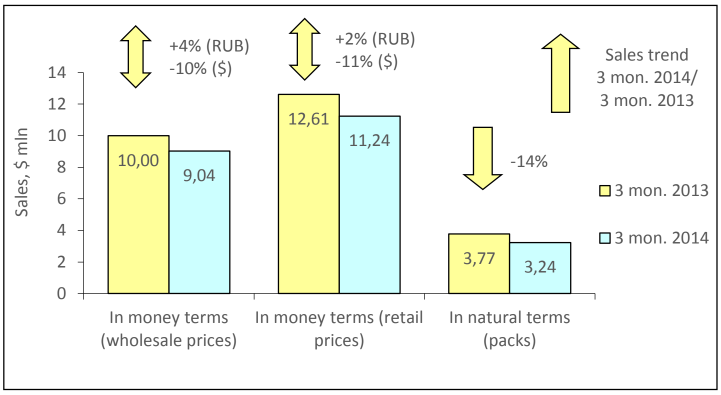
Conclusion. In the first quarter of 2014, the pharmacy market in Voronezh was estimated at RUB 1.228 bln (USD 35.171 mln) in final consumer prices. Note that the market performance was positive both in rouble terms and in dollar terms (+21% and +5%, respectively). In pack terms, the market also increased (+8%) and amounted to 8.169 mln packs. The average cost of an OTC pack (USD 4.31) in the city pharmacies slightly reduced as compared to a year earlier (USD 4.40), but was higher than the average value in Russia (USD 4.12). Expenses of residents for purchase of medicines in the city pharmacies also proved to be higher than the average expenses in Russia (USD 34.66 vs. USD 31.72).

KURSK PHARMACY MARKET: 2014 FIRST 3 MONTHS RESULTS

According to Federal State Statistics Service, as of January 1, 2014 Kursk's estimated population was 431.2 thousand, which accounted for 0.3% of the total Russian Federation population and 1.1% of Central FO (CFO). According to Federal State Statistics Service's data, based on the results for 3 months of 2014 the average wages in the Kursk Oblast were RUB 20,973 (USD 599.91), which was 30% lower than the average wages in Russia (RUB 30,057).

According to the results of the Retail Audit of Over-the-Counter Drugs (OTC) in Russian Federation™, at QI-end 2014 the sales of OTC drugs in natural terms in the pharmacies of Kursk saw a 14% decrease to 3.236 mln packs. In money terms, the OTC drugs market increased by 4% in rouble terms and reduced by 10% in dollar terms and reached RUB 315.560 mln (USD 9.035 mln) in wholesale prices (Fig. 1). The city's share accounted for 0.2% of the Russian pharmacy market. The average cost of an OTC pack grew as compared to the same period of the previous year (USD 3.35) and reached USD 3.47 in retail prices. For the first three months of 2014, the average amount spent by residents of Kursk on drugs in the pharmacies amounted to USD 26.06.

Figure 1. Kursk pharmacy market for 3 months of 2013 – 3 months of 2014



At the end of Quarter I, 2014, the drug manufacturers with high growth rates moved up to the top four ranks in the top ten (Table 1). SANOFI-AVENTIS (+17%) and PHARMSTANDART (-1%) moved up one rank, to numbers one and two, and NYCOMED/TAKEDA (+6%) and SERVIER (+4%) moved up to ranks three and four from 5 and 6. On top of that, another two drug manufacturers from the top ten moved up one rank. KRKA (+11%) moved up to rank six, and the newcomer GEDEON RICHTER (+11%) broke into the ranks of the top ten, coming in at number ten. BAYER (+1%) and NOVARTIS (+7%) retained their ranks eight and nine. The drug manufacturers MENARINI (-4%) and STADA (-37%) showing negative growth rates moved down to ranks five and seven, respectively. The cumulative share of the top 10 drug manufacturers reduced from 38.7% to 37.2%.

Table 1. The top ten drug manufacturers by pharmacy sales

Rank		Manufacturer*	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	2	**SANOFI-AVENTIS**	5.6	5.0
2	3	PHARMSTANDART	4.4	4.6
3	5	**NYCOMED/TAKEDA**	4.1	4.0
4	6	**SERVIER**	3.9	3.9
5	4	**MENARINI**	3.8	4.1
6	7	**KRKA**	3.7	3.4
7	1	**STADA**	3.2	5.3
8	8	**BAYER HEALTHCARE**	2.9	3.0
9	9	**NOVARTIS**	2.9	2.8
10	11	GEDEON RICHTER	2.7	2.6
Total			37.2	38.7

*AIPM members are in bold

The ranking of the top 10 brands was half updated (table 2). One of the newcomers, PACLITAXEL-EBEWE, moved up to rank one in the top ten. The newcomers of the top ten, GALVUS (5.1-fold growth in sales), ALFLUTOP (+31%), MEXIDOL (+16%) and TAGISTA (11.6-fold growth in sales) moved up to ranks 5, 7, 8 and 10, respectively. Another three brands showed the positive growth rates. ESSENTIALE N (+5%), CONCOR (-2%) and ACTOVEGIN (+19%) move up to ranks two through four respectively. In contrast, the other two brands of the top ten fell in the ranks. CARDIOMAGNIL (-16%) and NIMESIL (-1%) moved down to ranks 6 and 9. The total share of the top ten increased by over 2 p.p. and accounted for 7.2%.

Table 2. The top ten brands by pharmacy sales

Rank		Brand	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	N/A	PACLITAXEL-EBEWE	1.1	N/A
2	3	ESSENTIALE N	1.0	1.0
3	5	CONCOR	0.8	0.8
4	6	ACTOVEGIN	0.8	0.7
5	79	GALVUS	0.7	0.1
6	4	CARDIOMAGNIL	0.7	0.8
7	15	ALFLUTOP	0.6	0.5
8	13	MEXIDOL	0.6	0.5
9	8	NIMESIL	0.5	0.6
10	86	TAGISTA	0.5	0.0
Total			7.2	5.0

All names of the top ten INNs and Generic Names Ranking showed high growth rates (table 3). 3). INNs BISOPROLOL (+4%), XYLOMETAZOLINE (+18%) and PHOSPHOLIPIDS (+5%) moved up to ranks one, two and three. The newcomers of PACLITAXEL, PANCREATIN (+12%), INSULIN HUMAN ISOPHANE (+89%), BLOOD (+20%), IBUPROFEN (+17%) and BETAHISTINE (2.9-fold growth in sales) moved up to ranks four and the last five ranks in the top ten INNs and generic names ranking. The less dynamic NIMESULIDE (+4%) moved up one rank, to number five. The total share of the top 10 ATC groups increased from 7.9% to 10.3%.

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

Rank		INNs/Generic Names	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	2	BISOPROLOL	1.5	1.5
2	3	XYLOMETAZOLINE	1.4	1.2
3	5	PHOSPHOLIPIDS	1.1	1.1
4	N/A	PACLITAXEL	1.1	N/A
5	6	NIMESULIDE	1.1	1.0
6	11	PANCREATIN	0.9	0.9
7	36	INSULIN HUMAN ISOPHANE	0.9	0.5
8	16	BLOOD	0.8	0.7
9	17	IBUPROFEN	0.8	0.7
10	71	BETAHISTINE	0.8	0.3
Total			10.3	7.9

The top ten ATC groups also changed its leader - A10 Drugs Used in Diabetes (+46%) moved up to rank one from seven (Table 4). C09 Agents acting on the rennin-angiotenzin system (-9%) held their previous rank two, and M01 Anti-inflammatory and antirheumatic products (+14%) moved up to rank three. The last year leader J01 Antibacterials for systemic use reduced its sales by 20% and moved down to rank four. The other three ATC groups of the top ten had negative growth rates. N02 Analgesics (-14%) held its previous rank six, and R05 Cough and Cold Preparations (-23%) and J05 Antivirals for systemic use (-30%) moved down to ranks five and nine. R01 Nasal preparations (+9%) and N06 Psychoanaleptics (+5%) moved up to ranks seven and eight. The newcomer A07 Antidiarrheals, intestinal anti-inflammatory/ antiinfective agents (+19%) broke into the ranks of the top ten, coming in at number ten. The total share of the top-10 ATC groups reduced more than 2.5 p.p. and accounted for 42.1%.

Table 4. The top ten ATC Groups by pharmacy sales

Rank		ATC code	ATC group	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013			3 mon. 2014	3 mon. 2013
1	7	A10	DRUGS USED IN DIABETES	5.5	3.9
2	2	C09	AG ACT RENIN-ANGIOTENS SYST	5.0	5.7
3	4	M01	ANTIINFLAM & ANTIRHEUM PROD	5.0	4.5
4	1	J01	ANTIBACTERIALS FOR SYST USE	4.5	5.8
5	3	R05	COUGH AND COLD PREPARATIONS	3.4	4.6
6	6	N02	ANALGESICS	3.4	4.1
7	8	R01	NASAL PREPARATIONS	3.3	3.1
8	10	N06	PSYCHOANALEPTICS	3.0	2.9
9	5	J05	ANTIVIRALS FOR SYSTEMIC USE	2.8	4.1
10	13	A07	INTESTINAL ANTIINFECTIVES	2.7	2.4
Total				38.5	41.1

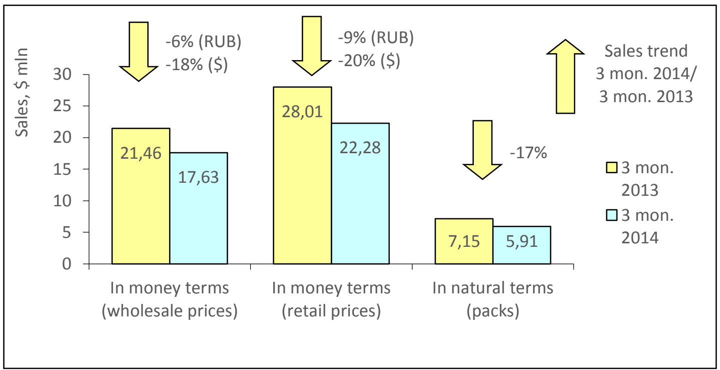
Conclusion. On the basis of the results for first three months of 2014, the retail pharmacy market of Kursk brought in RUB 392.469 mln (USD 11.236 mln). The market saw a 2% increase in terms of roubles, and reduced 11% in terms of dollars. In natural terms, the market showed negative growth rates (-14%) and amounted to 3.236 mln packs. In the first quarter of 2014, the average cost of an OTC pack in the city pharmacies increased as compared to the same period a year ago (USD 3.47 vs. USD 3.35), and lower than the national average figures (USD 4.12). Per capita expenses of Tver residents for purchase of medicines in the city pharmacies were also lower than the national average figures (USD 26.06 vs. USD 31.72).

LIPETSK PHARMACY MARKET: 2014 FIRST 3 MONTHS RESULTS

According to Federal State Statistics Service, as of January 1, 2014 Lipetsk's estimated population was 509.7 thd, which accounted for 0.4% of the total Russian Federation population and 1.3% of Central FO (CFO). According to Federal State Statistics Service's data, in Q 1, 2014 the average wage in the region was RUB 20,997 (USD 600.60), which was 30% lower than the average wages in Russia (RUB 30,057).

According to the results of the Retail Audit of Over-the-Counter Drugs (OTC) in Russian Federation™, at Q1-end 2014 the sales of OTC drugs in natural terms in the pharmacies of Lipetsk saw a 17% drop to 5.915 mln packs. In money terms, the city pharmacy market (exclusive of State Reimbursement Program) reduced 6% in terms of roubles and 18% in terms of dollars compared to the same period a year ago and reached RUB 615,915 mln (USD 17,633 mln) in wholesale prices (Fig.1). The city share in the total volume of all-Russia pharmacy market accounted for 0.5%. The average cost of an OTC pack in the pharmacies of Lipetsk was USD 3.77 (in a year-earlier period – USD 3.92). For the first three months of the current year, the average amount spent by residents of Lipetsk on OTC drugs amounted to USD 43.72.

Figure 1. Lipetsk pharmacy market for 3 months of 2013 – 3 months of 2014



Based on the results of the first quarter of 2014, the top ten drug manufacturers ranking in Lipetsk didn't change in composition (table 1). Apart from that, most of its drug manufacturers held their own in the ranking: PHARMSTANDART (-9%), SANOFI-AVENTIS (-8%), SERVIER (-2%), BAYER (-11%), MENARINI (-8%) and NYCOMED/TAKEDA (-1%) placed at the first six ranks in the top tens. Among the other four drug manufacturers, two of them, TEVA (-7%) and GEDEON RICHTER (-1%), improved their positions by two ranks, coming in at numbers seven and eight, respectively, despite the negative growth rates. ABBOTT (-8%) and NOVARTIS (-13%) moved down to the bottom two ranks. The total share of the top 10 drug manufacturers reduced by 0.5 p.p. and accounted for 35.9%.

Table 1. The top ten drug manufacturers by pharmacy sales

Rank in the top ten		Manufacturer*	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	1	PHARMSTANDART	4.9	5.1
2	2	**SANOFI-AVENTIS**	4.9	5.0
3	3	**SERVIER**	4.4	4.2
4	4	**BAYER HEALTHCARE**	3.8	4.0
5	5	**MENARINI**	3.6	3.7
6	6	**NYCOMED/TAKEDA**	3.5	3.3
7	9	**TEVA**	2.7	2.8
8	10	GEDEON RICHTER	2.7	2.6
9	8	**ABBOTT**	2.7	2.8
10	7	**NOVARTIS**	2.7	2.9
Total			35.9	36.4

*AIPM members are in bold

One newcomer broke into the ranks of the top ten brands - due to two-fold growth in sales, EXODERIL moved up from rank 61 to nine (Table 2). Apart from the newcomers, another four brands of the top tens managed to rise in the ranks. ACTOVEGIN showing 8%-growth in sales moved up to rank one from four. INGAVIRIN (+19%) and MEXIDOL (+2%) moved up one rank to numbers four and five, and NIMESIL (-5%) moved up to rank eight from 10. In contrast, the last year leaders KAGOCEL (-29%) and ESSENTIALE (-11%) showed the negative growth rates and moved down one rank, to numbers 2 and 3, respectively. In addition, ARBIDOL (-33%) and CARDIOMAGNIL (-20%) with considerably reduced sales moved down to ranks six and ten. ALFLUTOP (-3%) held its earlier rank seven. The cumulative share of the top 10 didn't virtually change and accounted for 9.0%.

Table 2. The top ten brands by pharmacy sales

Rank in the top ten		Brand name	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	4	ACTOVEGIN	1.3	1.1
2	1	KAGOCEL	1.2	1.6
3	2	ESSENTIALE N	1.1	1.2
4	5	INGAVIRIN	1.1	0.9
5	6	MEXIDOL	0.9	0.8
6	3	ARBIDOL	0.8	1.2
7	7	ALFLUTOP	0.8	0.8
8	10	NIMESIL	0.6	0.6
9	61	EXODERIL	0.6	0.3
10	8	CARDIOMAGNIL	0.6	0.7
Total			9.0	9.1

A total of three newcomers broke into the ranks of the top ten INNs and generic names ranking (table 3). INNs IMIDAZOLYL ETHANAMIDE PENTANDIOIC ACID (+19%), CHONDROITINSULFURIC ACID (+0,3%) and IBUPROFEN (+10%) moved down to rank seven and the last two ranks in the top ten. The other three names moved up to the higher positions. INNs BLOOD (+6%) and NIMESULIDE (-3%) moved up to ranks two and three from the lower positions. Apart from that, ETHYLMETHYLHYDROXYPYRIDINE (-2%) moved up one rank to number eight. At the same time, PHOSPHOLIPIDS (-11%) and PANCREATIN (-12%) moved down one rank, and INN KAGOCEL (-29%) moved down to rank five from two. XYLOMETAZOLINE (+4%) held and reinforced its previous leading position in the ranking. The cumulative share of the top-ten increased by 0.2 p.p. and achieved 11.8%.

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

Rank in the top ten		Brand name	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	1	XYLOMETAZOLINE	2.0	1.8
2	4	BLOOD	1.4	1.2
3	6	NIMESULIDE	1.2	1.2
4	3	PHOSPHOLIPIDS	1.2	1.3
5	2	KAGOCEL	1.2	1.6
6	5	PANCREATIN	1.1	1.2
7	11	IMIDAZOLYL ETHANAMIDE PENTANDIOIC ACID	1.1	0.9
8	9	ETHYLMETHYLHYDROXYPYRIDINE	1.0	0.9
9	15	CHONDROITINSULFURIC ACID	0.8	0.8
10	18	IBUPROFEN	0.8	0.7
Total			11.8	11.6

The group M01 Anti-inflammatory and antirheumatic products (+1%) moved up to rank one in the top ten ATC groups, whereas the last year leader J05 Antivirals for systemic use reduced its sales by 15% and moved down to rank 2 (Table 4). Apart from that, some more shifts took place in the top 10 ranking. R01 Nasal preparations (+1%) showing low, but positive growth rates, moved up from rank five to 3, displacing the groups R05 Cough and cold preparations and J01 Antibacterials for systemic use (-22% each) down one rank. G03 Sex hormones (-3%) improved its position by two ranks, coming in at number six, and the group C09 Agents acting on the rennin-angiotensin system (-2%) moved up one rank, to number 9. The only newcomer N06 Psychoanaleptics (+3%) broke into the ranks of the top tens, coming in at the bottom rank. The group N02 Analgesics reduced its sales by 18% and moved down to rank 8. Only the group A11 Vitamins (-6%) managed to hold its earlier rank seven. The cumulative share of the top10 reduced from 40.7% to 39.1%.

Table 4. The top ten ATC Groups by pharmacy sales

Rank		ATC code	ATC group	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013			3 mon. 2014	3 mon. 2013
1	2	M01	ANTIINFLAM & ANTIRHEUM PROD	5.2	4.9
2	1	J05	ANTIVIRALS FOR SYSTEMIC USE	5.2	5.7
3	5	R01	NASAL PREPARATIONS	4.4	4.1
4	3	R05	COUGH AND COLD PREPARATIONS	3.9	4.7
5	4	J01	ANTIBACTERIALS FOR SYST USE	3.7	4.5
6	8	G03	SEX HORM&MODULAT GENITAL SYS	3.6	3.5
7	7	A11	VITAMINS	3.6	3.6
8	6	N02	ANALGESICS	3.4	3.9
9	10	C09	AG ACT RENIN-ANGIOTENS SYST	3.1	3.0
10	12	N06	PSYCHOANALEPTICS	3.0	2.8
Total				39.1	40.7

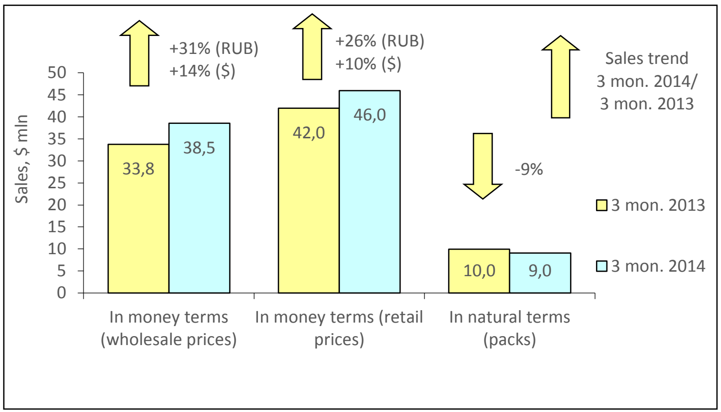
Conclusion. On the basis of the results for Q I of 2014, the retail pharmacy market of Lipetsk brought in RUB 778.309 mln (USD 22.282 mln). The market performance was negative both in rouble terms (-9%) and in dollar terms (-20%). In natural terms, the sales decreased by 17% to 5.915 mln packs. The average cost of an OTC pack in the city pharmacies reduced as compared to the previous year (USD 3.77 vs. USD 3.92), however it was lower than the national average (USD 4.12). Per capita expenses for purchase of medicines in pharmacies amounted to USD 43.72 which was higher than on the average in the country (USD 31.72).

ROSTOV-ON-DON PHARMACY MARKET: 2014 FIRST 3 MONTHS RESULTS

According to Federal State Statistics Service, as of January 1, 2014 the population of Rostov-on-Don was estimated as 1.11 mln, which accounted for 0.8% of the total Russian Federation population and 7.9% of Southern FO (SFO). According to Federal State Statistics Service's data, in the first quarter of 2014 the average wages in the Rostov Oblast amounted to RUB 21,384 (USD 611.67), which was 29% lower than the average wages in Russia (RUB 30,057).

According to the results of the Retail Audit of Over-the-Counter Drugs (OTC) in Russian Federation™, at the end of the first three months of 2014 the sales of OTC drugs in natural terms in the pharmacies of Rostov-on-Don saw a 9% decrease to 9.048 mln packs. In money terms, the regional market showed the positive growth: 31% in rouble terms and 14% in dollar terms and reached RUB 1.346 bln (USD 38.533 mln) in wholesale prices (Fig. 1). The regional market share accounted for 1% of the Russian pharmacy sales. The average cost of an OTC pack increased as compared to a year earlier period (USD 4.21) and reached USD 5.08 at retail prices. For three months of 2014, the average amount spent by residents of Rostov-on-Don for drugs amounted to USD 41.42.

Figure 1. Rostov-on-Don pharmacy market for 3 months of 2013 – 3 months of 2014



At the end of the first quarter of 2014, the top ten drug manufacturers on the Rostov-on-Don market underwent significant changes (Table 1). Due to 2.1 times sales growth rates, TEVA became the leader of the top tens and moved up to rank one from 8. The newcomers NYCOMED/TAKEDA and GEDEON RICHTER (1.9-fold and 2.2-fold growth in sales respectively) broke into the ranks of the top tens, coming in at ranks two and nine. In addition, the former displaced BAYER (-22%) and SANOFI-AVENTIS (+14%) down one rank to numbers 3 and 4, respectively. SANDOZ (+45%) moved up from rank 7 to five, and ABBOTT (+42%) from rank 9 to 8. At the same time, PHARMSTANDART (-2%) and SERVIER (+31%) moved down to ranks six and seven from one and five. The drug manufacturer MENARINI (+20%) held its previous rank ten. The total share of the top 10 drug manufacturers increased by almost 3 p.p. to 38.8%.

Table 1. The top ten drug manufacturers by pharmacy sales

Rank		Manufacturer*	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	8	**TEVA**	5.5	3.3
2	11	**NYCOMED/TAKEDA**	4.3	3.0
3	2	**BAYER HEALTHCARE**	4.3	4.6
4	3	**SANOFI-AVENTIS**	4.0	4.6
5	7	**SANDOZ GROUP**	3.8	3.4
6	1	PHARMSTANDART	3.7	5.0
7	5	**SERVIER**	3.6	3.6
8	9	**ABBOTT**	3.5	3.3
9	15	GEDEON RICHTER	3.1	1.9
10	10	**MENARINI**	2.9	3.2
Total			38.8	35.9

*AIPM members are in bold

The ranking of the top ten brands experienced considerable transformation (table 2). At the end of the first quarter of 2014, ACTOVEGIN (2.4-fold growth in sales), ESSENTIALE N (+11%) and LINEX (+58%) broke into the top three brands, moving up from ranks 5, 3 and 7, respectively. LYRICA (-27%), which used to head the top tens before, considerably reduced its sales and moved down to rank four. In addition, four newcomers entered the top-10 ranking: MEXIDOL (2.9-fold growth in sales).

Table 2. The top ten brands by pharmacy sales

Rank		Brand	Share in total pharmacy sales, %	
3 mon. 2014г.	3 mon. 2013г.		3 mon. 2014г.	3 mon. 2013г.
1	5	ACTOVEGIN	1.5	0.8
2	3	ESSENTIALE N	1.0	1.1
3	7	LINEX	0.9	0.8
4	1	LYRICA	0.9	1.6
5	39	MEXIDOL	0.8	0.4
6	36	ISOPRINOSINE	0.8	0.4
7	11	NIMESIL	0.7	0.7
8	4	KAGOCEL	0.6	1.1
9	8	INGAVIRIN	0.6	0.7
10	47	CONCOR	0.6	0.3
Total			8.5	7.8

As well as in the previous ranking, the top ten INNs and generic names leader changed (table 3). Due to 2.4-fold growth in sales, INN BLOOD (+43%) moved up to rank one from 10. NIMESULIDE (+36%) moved up to number 2 from 4. Due to reduction in sales, the former leader XYLOMETAZOLINE (-3%) moved down to rank three, and INN PREGABALIN (-14%) moved down from rank two to five. However, most names of the top 10 INNs and generic names ranking rose in the ranks. In addition to the above two INNs, another five INNs showed high growth rates. INN PHOSPHOLIPIDS (+3%) moved up one rank, to number 4. The newcomers of the top ten INNs and generic names ranking BISOPROLOL (2.2-fold growth in sales), BIFIDOBACTERIUM INFANTIS + ENTEROCOCCUS FAECIUM + LACTOBACILLUS ACIDOPHILUS (+58%), METHISOPRINOL (2.6-fold growth in sales) and ETHYLMETHYLHYDROXYPYRIDINE (2.7-fold growth in sales) moved up to ranks 6 through 8 and the last rank. The total share of the top ten increased by 0.9 p.p. and accounted for 10.9%.

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

Rank		INNs/Generic Names	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	10	BLOOD	1.6	0.9
2	4	NIMESULIDE	1.3	1.3
3	1	XYLOMETAZOLINE	1.3	1.7
4	5	PHOSPHOLIPIDS	1.0	1.2
5	2	PREGABALIN	1.0	1.6
6	26	BISOPROLOL	0.9	0.6
7	14	BIFIDOBACTERIUM INFANTIS + ENTEROCOCCUS FAECIUM + LACTOBACILLUS ACIDOPHILUS	0.9	0.8
8	33	METHISOPRINOL	0.9	0.5
9	7	PANCREATIN	0.9	1.0
10	36	ETHYLMETHYLHYDROXYPYRIDINE	0.9	0.4
Total			10.9	10.0

M01 Anti-inflammatory and antirheumatic products (+34%) became the best selling group in the regional market (Table 4). It displaced J05 Antivirals for systemic use (-2%) and J01 Antibacterials for systemic use (+14%) down one rank, whereas the group R05 Cough and cold preparations (+3%) managed to hold its previous rank 4. G03 Sex hormones (+49%), N06 Psychoanaleptics (+104%) and A11 Vitamins (+52%) moved up to ranks five, six and eight from the lower ranks. On top of that, the latter two groups broke into the ranks of the top 10 ranking for the first time. At the same time, R01 Nasal preparations (+8%) and A07 Antidiarrheals, intestinal anti-inflammatory/ antiinfective agents (+34%) moved down one rank, whereas the group L03 Immunostimulants (+10%) moved down from rank seven to ten. The consolidated share of the top 10 reduced from 39.1% to 37%.

Table 4. The top ten ATC Groups by pharmacy sales

Rank		ATC code	ATC group	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013			3 mon. 2014	3 mon. 2013
1	3	M01	ANTIINFLAM & ANTIRHEUM PROD	4.8	4.6
2	1	J05	ANTIVIRALS FOR SYSTEMIC USE	4.4	5.8
3	2	J01	ANTIBACTERIALS FOR SYST USE	4.2	4.8
4	4	R05	COUGH AND COLD PREPARATIONS	3.6	4.6
5	9	G03	SEX HORM&MODULAT GENITAL SYS	3.5	3.1
6	16	N06	PSYCHOANALEPTICS	3.5	2.2
7	6	R01	NASAL PREPARATIONS	3.5	4.2
8	11	A11	VITAMINS	3.4	2.9
9	8	A07	INTESTINAL ANTIINFECTIVES	3.2	3.1
10	7	L03	IMMUNOSTIMULANTS	3.0	3.6
Total				37.0	39.1

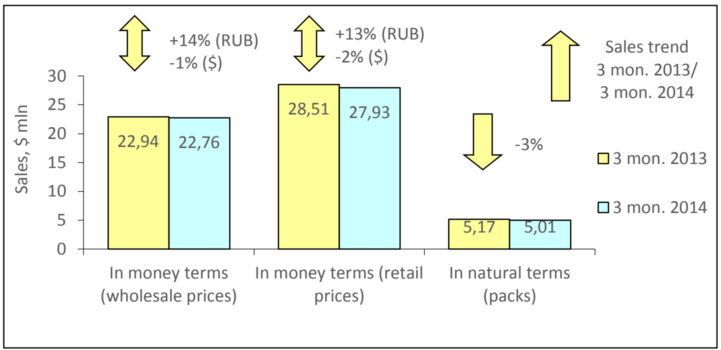
Conclusion. On the basis of the results for the first quarter of 2014, the retail pharmacy market of Rostov-on-Don brought in RUB 1.606 bln (USD 45.971 mln) in retail prices. The sales increased 26% in terms of roubles and 10% in terms of dollars. In natural terms, the market showed negative growth rates (-9%) and amounted to 9.048 mln packs. The average cost of OTC pack in the Rostov pharmacies according to the results for the first three months of 2014 was USD 5.08 which was higher than the last year figures (USD 4.21) and the national average (USD 4.12). The average expenses of city residents for medicines in the pharmacies exceeded the national average (USD 41.42 vs. USD 31.72).

KRASNODAR PHARMACY MARKET: 2014 FIRST 3 MONTHS RESULTS

According to Federal State Statistics Service, as of January 1, 2014 Krasnodari's estimated population was 805.7 thd, which accounted for 0.6% of the total Russian Federation population and 5.8% of Southern FO (SFO). According to Federal State Statistics Service's data, in the first quarter of 2014 the average wages in the Krasnodar Krai amounted to RUR 24,386 (USD 697.54), which was 19% lower than the average wages in Russia (RUB 30,057).

According to the results of the Retail Audit of Over-the-Counter Drugs (OTC) in Russian Federation™, at the end of the first three months of 2014 the sales of OTC drugs in natural terms in pharmacies of Krasnodar saw a 3% decrease to 5.015 mln packs. In money terms the market saw a 14% increase in roubles equivalent, whereas it showed a negative decline (-1%) in dollars equivalent due to significant drop in the exchange rate of rouble. The OTC-drugs market reached RUB 794.857 mln (USD 22.756 mln) in wholesale prices (Fig.1). A share of Krasnodar in the total pharmacy sales in Russia accounted for 0.6% in money terms. The average cost of OTC pack in the city pharmacies was USD 5.57 which is slightly higher than in the same period of last year (USD 5.51). At Quarter I-end 2014, the average amount spent by residents of the city for OTC drugs in the pharmacies amounted to USD 34.67.

Figure 1. Krasnodar pharmacy market for 3 months of 2013 – 3 months of 2014



At the end of the first three months of 2014, one newcomer broke into the ranks of the top ten drug manufacturers in the regional pharmacy market (Table 1). Due to almost three-fold growth in sales, MERCK SHARP DOHME moved up to rank two from 15. On top of that, it displaced PHARMSTANDART (+5%), BAYER (+11%) and NOVARTIS (+13%) down one rank. SANOFI-AVENTIS (+12%) held its leading position in the top ten. In addition, another three drug manufacturers held their own in the ranking. As before, the manufacturers TEVA (+13%), ABBOTT (+10%) and PFIZER (+12%) held their previous ranks six, eight and ten. Due to outperformance, SANDOZ (+31%) moved up from rank nine to seven, in contrast SERVIER (-0.2%) showing reduced sales moved down from rank 7 to nine. The total share of the top 10 drug manufacturers increased by almost 2 p.p. to 37.7%.

Table 1. The top ten drug manufacturers by pharmacy sales

Rank		Manufacturer*	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	1	**SANOFI-AVENTIS**	5.1	5.2
2	15	**MERCK SHARP DOHME**	4.8	1.9
3	2	PHARMSTANDART	4.1	4.4
4	3	**BAYER HEALTHCARE**	3.9	4.0
5	4	**NOVARTIS**	3.6	3.6
6	6	**TEVA**	3.5	3.5
7	9	**SANDOZ GROUP**	3.5	3.4
8	8	**ABBOTT**	3.3	3.4
9	7	**SERVIER**	3.1	3.5
10	10	**PFIZER**	2.7	2.8
Total			37.7	35.8

*AIPM members are in bold

Three newcomers broke into the ranks of the top ten brands ranking (table 2). Due to 20-fold growth in sales, PEGINTRON became the leader of the top ten, and FPP LYRICA (2.1-fold growth in sales) and INGAVIRIN (2.6-fold growth) moved up to ranks 5 and 7. The market of HEMAPAXAN also developed at a fast pace, it showed 2.3-fold growth in sales and moved up from rank 5 to two. In contrast, the remaining brands from the top 10 moved down to the lower ranks. However, note that two of them: KAGOCEL (+61%) and AMIXIN (+25%) had high sales rates. The sales rates of FPP ESSENTIALE N (+5%) and DUPHASTON (+8%) lagged behind the mid-market rates, and BOTOX (-52%) and ARBIDOL (-19%) reduced sales which resulted in moving down to the lower ranks. The total share of the Top-10 increased from 9.4% to 12.2%.

Table 2. The top ten brands by pharmacy sales

Rank		Brand	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	76	PEGINTRON	3.2	0.2
2	5	HEMAPAXAN	1.5	0.7
3	2	KAGOCEL	1.5	1.0
4	1	BOTOX	1.4	3.4
5	14	LYRICA	1.0	0.5
6	4	ESSENTIALE N	0.8	0.9
7	39	INGAVIRIN	0.7	0.3
8	3	ARBIDOL	0.7	1.0
9	7	AMIXIN	0.7	0.7
10	8	DUPHASTON	0.6	0.6
Total			12.2	9.4

Following the relevant brand, one of three newcomers, PEGINTERFERON ALFA-2B, became the leader of the top ten INNs and generic names ranking (table 3). Due to 2.2-fold growth in sales, another two newcomers, PREGABALIN and IMIDAZOLYL ETHANAMIDE PENTANDIOIC ACID, moved up to rank seven and ten ranks, respectively. The market of ENOXAPARIN SODIUM, which moved up to the higher rank three, also developed at the same pace. The other three INNs also showed outperformance. XYLOMETAZOLINE (+35%), KAGOCEL (+61%) and TILORONE (+15%) held their previous ranks two, four and eight. INN CLOSTRIDIUM BOTULINUM TOXIN TYPE A (-54%) reduced sales, as well as two INNs with low growth rates: PANCREATIN (+5%) and PHOSPHOLIPIDS (+4%) fell in the ranks, moving down to ranks 5, 6 and 9. The total share of the top ten under review increased by 3.1 p.p. and accounted for 14.6%.

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

Rank		INNs/Generic Names	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	80	PEGINTERFERON ALFA-2B	3.2	0.2
2	2	XYLOMETAZOLINE	2.0	1.7
3	6	ENOXAPARIN SODIUM	1.9	1.0
4	4	KAGOCEL	1.5	1.0
5	1	CLOSTRIDIUM BOTULINUM TOXIN TYPE A	1.4	3.5
6	3	PANCREATIN	1.1	1.2
7	27	PREGABALIN	1.0	0.5
8	8	TILORONE	0.9	0.9
9	7	PHOSPHOLIPIDS	0.9	1.0
10	40	IMIDAZOLYL ETHANAMIDE PENTANDIOIC ACID	0.8	0.4
Total			14.6	11.5

The top ten ATC groups also changed its leader - the most dynamic group L03 Immunostimulants (+86%) moved up to rank one from five (Table 4). At the same time, the former leader of the top ten J05 Antivirals for systemic use (+12%) moved down to rank two. Apart from the leader of the top ten, another four ATC groups from the top ten showed growth in sales. R01 Nasal preparations (+23%) moved up from rank six to three, and G03 Sex hormones (+17%) moved up from rank 8 to 6. The newcomers B01 Antithrombotic Agents (+40%) and M01 Anti-inflammatory and antirheumatic products (+16%) broke into the ranks of the top ten, coming in at numbers seven and nine. ATC groups N05 Psycholeptics (-9%) and N06 Psychoanaleptics (-3%) reduced sales volumes , and J01 Antibacterials for systemic use (+3%) showed low sales rates, which resulted in the loss of ranks. As before, N02 Analgesics (+8%) held its previous rank ten. The total share of the top ten under review increased by almost 1.5 p.p. and achieved 40.9%.

Table 4. The top ten ATC Groups by pharmacy sales

Rank		ATC code	ATC group	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013			3 mon. 2014	3 mon. 2013
1	5	L03	IMMUNOSTIMULANTS	6.4	3.9
2	1	J05	ANTIVIRALS FOR SYSTEMIC USE	5.6	5.7
3	6	R01	NASAL PREPARATIONS	4.1	3.8
4	2	N05	PSYCHOLEPTICS	3.8	4.8
5	3	J01	ANTIBACTERIALS FOR SYST USE	3.7	4.1
6	8	G03	SEX HORM&MODULAT GENITAL SYS	3.7	3.6
7	13	B01	ANTITHROMBOTIC AGENTS	3.6	3.0
8	4	N06	PSYCHOANALEPTICS	3.4	4.1
9	11	M01	ANTIINFLAM & ANTIRHEUM PROD	3.3	3.2
10	10	N02	ANALGESICS	3.2	3.4
Total				40.9	39.5

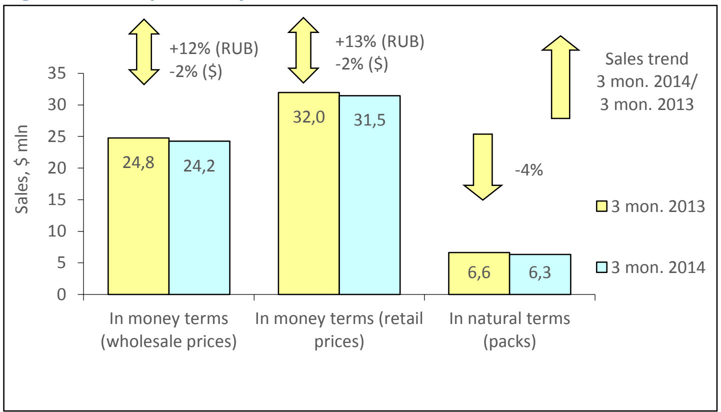
Conclusion. At the end of Q 1, 2014, the retail OTC drugs market of Krasnodar brought in RUB 975.682 mln (USD 27.933 mln). That was 13% higher in terms of roubles and 2% in terms of dollars than during the same period a year ago. In pack terms, the market also showed the negative growth rates (-3%) and brought in 5.015 mln packs. The average cost of an OTC pack in the city pharmacies increased as compared to the previous year (USD 5.57 vs. USD 5.51), and was higher than the average figures in Russia (USD 4.12). The average expenses of Krasnodar residents for purchase of OTC drugs in the pharmacies were also slightly higher than the national average (USD 34.67 vs. USD 31.72).

SOCHI PHARMACY MARKET: 2014 FIRST 3 MONTHS RESULTS

According to Federal State Statistics Service, as of January 1, 2014 Sochi's estimated population was 399.7 thd, which accounted for 0.3% of the total Russian Federation population and 2.9% of Southern FO (SFO). According to Federal State Statistics Service's data, in the first quarter of 2014 the average wages in the Krasnodar Krai amounted to RUR 24,386 (USD 697.54), which was 19% lower than the average wages in Russia (RUB 30,057).

According to the results of the Retail Audit of Over-the-Counter Drugs (OTC) in Russian Federation™, at the end of the first three months of 2014 the sales of OTC drugs in natural terms in the pharmacies of Sochi saw a 4% decrease to 6.333 mln packs. In money terms, the OTC drugs market showed positive growth rates (12%) in rouble terms and negative (-2%) in dollar terms and reached 846.532 million roubles (USD 24.236 million) in wholesale prices (Fig. 1). The regional market share accounted for 0.7% of the Russian pharmacy market. The average cost of an OTC pack increased as compared to a year earlier (USD 4.83) and reached USD 4.97 at retail prices. For 3 months of 2014, the average amount spent by residents of Sochi on drugs amounted to USD 78.71.

Figure 1. Sochi pharmacy market for 3 months of 2013 – 3 months of 2014



At the end of Quarter I, 2014, the drug manufacturer PFIZER held its leading position in the Sochi market, despite 7% reduction in sales (Table 1). The other two drug manufacturers also showed the negative growth rates: PHARMSTANDART (-2%) and NYCOMED/TAKEDA (-1%) moved down to ranks 5 and 6, respectively. The drug manufacturer NOVARTIS (+0.2%) showing almost zero growth rates also moved down to the lower rank. In contrast, the other six drug manufacturers from the top 10 rose in the ranks. SANOFI-AVENTIS (+26%), BAYER (+34%) and SANDOZ (+31%) moved up to ranks 2 through 4. SERVIER (+18%) and TEVA (+30%) moved up to ranks seven and eight from 8 and 10, and the only newcomer of the top ten MENARINI (+21%) moved up to rank ten. The total share of the top 10 drug manufacturers expanded by almost 0.4 p.p. to 41.2%.

Table 1. The top ten drug manufacturers by pharmacy sales

Rank		Manufacturer*	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	1	**PFIZER**	8.0	9.7
2	3	**SANOFI-AVENTIS**	4.9	4.3
3	6	**BAYER HEALTHCARE**	4.2	3.5
4	5	**SANDOZ GROUP**	4.2	3.6
5	2	PHARMSTANDART	4.2	4.8
6	4	**NYCOMED/TAKEDA**	3.5	3.9
7	8	**SERVIER**	3.4	3.2
8	10	**TEVA**	3.1	2.7
9	7	**NOVARTIS**	2.9	3.3
10	11	**MENARINI**	2.9	2.7
Total			41.2	41.6

*AIPM members are in bold

LYRICA remained the leader of the top ten brands, though its sales volumes reduced by 14% (Table 2). The remaining brands of top 10 changed their ranks; moreover, most of them improved them. ESSENTIALE N (+14%), ACTOVEGIN (-3%), INGAVIRIN (+99%), KAGOCEL (+15%), EXODERIL, which sales grew 2.3 times, and LINEX (+34%) moved up to ranks two through seven. Note that two of them, INGAVIRIN and EXODERIL, broke into the ranks of the top ten for the first time. The third newcomer of the top ten, HEPTRAL (+10%), moved up to rank ten. Two brands with negative sales rates, ARBIDOL (-20%) and REDUKSIN (-3%), moved down to the lower ransk eigh and nine, respectively. The total share of the top 10 brands reduced from 14.6% to 13.1%.

Table 2. The top ten brands by pharmacy sales

Rank		Brand	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	1	LYRICA	6.1	8.0
2	3	ESSENTIALE N	1.1	1.1
3	6	ACTOVEGIN	0.8	1.0
4	19	INGAVIRIN	0.8	0.5
5	7	KAGOCEL	0.8	0.8
6	31	EXODERIL	0.8	0.4
7	10	LINEX	0.8	0.6
8	5	ARBIDOL	0.7	1.0
9	8	REDUKSIN	0.7	0.8
10	13	HEPTRAL	0.6	0.6
Total			13.1	14.6

The top three names in the leading INNs and generic names ranking remained unchanged (table 3) As before, INNs PREGABALIN (-12%), XYLOMETAZOLINE (+35%) and PHOSPHOLIPIDS (+10%) held their previous ranks one, two and three. Almost all the other INNs of the top ten rose in the ranks. PANCREATIN (+27%) moved up to rank four from nine, and the composition AMOXICILLIN + CLAVULANIC ACID (+8%) moved up to rank 7 from 8. The newcomers NIMESULIDE (+44%), SIBUTRAMINE (+4%), IMIDAZOLYL ETHANAMIDE PENTANDIOIC ACID (+99%) and IBUPROFEN (+35%) broke into the ranks of the top ten, coming in at numbers five and 8 through 10. The only exception was INN BLOOD (-2%), which moved down one rank, to number six. The total share of the top 10 decreased by almost 1 p.p. and accounted for 15.5%.

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

Rank		INNs/Generic Names	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	1	PREGABALIN	6.2	8.0
2	2	XYLOMETAZOLINE	1.9	1.6
3	3	PHOSPHOLIPIDS	1.2	1.2
4	9	PANCREATIN	1.0	0.9
5	17	NIMESULIDE	0.9	0.7
6	5	BLOOD	0.9	1.0
7	8	AMOXICILLIN + CLAVULANIC ACID	0.9	0.9
8	12	SIBUTRAMINE	0.8	0.9
9	31	IMIDAZOLYL ETHANAMIDE PENTANDIOIC ACID	0.8	0.5
10	18	IBUPROFEN	0.8	0.7
Total			15.5	16.4

N03 Antiepileptics (-12%) held its leading position in the top ten ATC groups ranking (Table 4). The group M01 Anti-inflammatory and antirheumatic products (+28%) also held its previous rank seven. Six ATC groups rose in the ranks, and only two of them fell in the ranks. The groups J01 Antibacterials for systemic use (+1%), J05 Antivirals for systemic use (+20%) and R01 Nasal preparations (+31%) moved up to ranks two through four. In addition, they displaced R05 Cough and cold preparations and N02 Analgesics (-15% each) down to ranks five and six. The newcomers moved up to the bottom three ranks in the top ten: A11 Vitamins (+42%), G03 Sex hormones (+27%) and A07 Antidiarrheals, intestinal anti-inflammatory/ antiinfective agents (+36%). The total share of the top 10 decreased by almost 2 p.p. and accounted for 41.1%.

Table 4. The top ten ATC Groups by pharmacy sales

Rank		ATC code	ATC group	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013			3 mon. 2014	3 mon. 2013
1	1	N03	ANTIEPILEPTICS	6.5	8.3
2	3	J01	ANTIBACTERIALS FOR SYST USE	4.6	5.2
3	5	J05	ANTIVIRALS FOR SYSTEMIC USE	4.4	4.1
4	6	R01	NASAL PREPARATIONS	4.3	3.7
5	2	R05	COUGH AND COLD PREPARATIONS	4.1	5.4
6	4	N02	ANALGESICS	3.9	5.1
7	7	M01	ANTIINFLAM & ANTIRHEUM PROD	3.9	3.4
8	12	A11	VITAMINS	3.4	2.7
9	11	G03	SEX HORM&MODULAT GENITAL SYS	3.1	2.7
10	13	A07	INTESTINAL ANTIINFECTIVES	3.0	2.5
Total				41.1	43.1

Conclusion. On the basis of the results for the first quarter of 2014, the retail pharmacy market of Sochi brought in RUB 1.099 bln (USD 31.459 mln) in retail prices. The market saw a 13% increase in terms of roubles, and a 2% decrease in terms of dollars. In natural terms, the market showed negative growth rates (-4%) and amounted to 6.333 mln packs. The average cost of OTC pack in the Sochi parmacies amounted to USD 4.97, which was higher than the last year figures (USD 4.83), and higher than the national average (USD 4.12). The average expenses of city residents for medicines in the pharmacies considerably exceeded the national average (USD 78.71 vs. USD 31.72).

RUSSIAN FEDERATION REGIONAL HOSPITAL MARKETS: 2014 FIRST 3 MONTHS RESULTS

According to the results of the Hospital Purchase Audit in Russian Federation™, following the results of the first three months of 2014, eleven regional markets taken individually accounted for 44.9% of the entire hospital sector of the Russian Federation. In the year-earlier period they accounted for 46.9%. The biggest market is the market of Moscow which share accounted for 14.9% of hospital purchases (Fig. 1). Further follow the markets of Saint Petersburg (7%), Sverdlovskaya Oblast (4.3%) and Krasnodarsky Krai (4%). The regional markets considerably differ by average cost of a hospital OTC pack. At QI-end 2014, the highest average cost of a hospital pack was observed in Moscow (USD 9.72). Moscow is followed by St. Petersburg (USD 9.04) and Novosibirsk Oblast (USD 7.49) and Nizhny Novgorod Oblast (USD 6.76). The lowest cost of a hospital pack was registered in Krasnodar Krai (USD 3.31).

Figure 1. Regions' share in the total hospital purchases in the Russian Federation at the end of 3 months of 2014

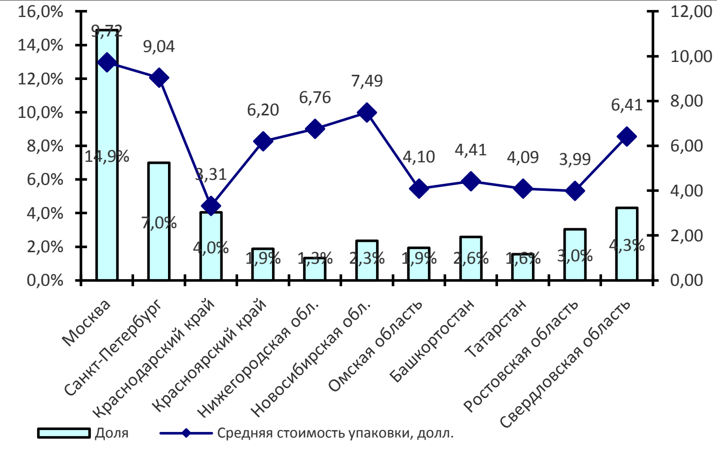


Table 1 provides information of the ranks of the All-Russia top drug manufacturers in the regional top ten rankings. At first quarter-end 2014, the largest share of the Russian hospital market was accounted for by the drugs made by Sanofi-Aventis. It was ranked number one only in one region under review - Krasnodar Krai, number two - in four regions, number three - in two regions and number four - in two regions. The All-Russia leader was ranked 6th in the regional top ten ranking only in St. Petersburg . The drug manufacturer GlaxoSmithKline ranked 2nd in the All-Russia ranking became a leader of the hospital markets of Moscow and St.Petersburg, and ranked 2nd in Sverdlovsk Oblast and Omsk Oblast. It was ranked 5th in another two regions, 9th - in one region, and ranked among top 20 and top 30 drug manufacturers in the other regions. Merck Sharp Dohme rounding out the top three was ranked 2nd in the markets of St. Petersburg and Novosibirsk Oblast, and ranked 3rd in the Rostov Oblast and Krasnodar Krai. This drug manufacturer was ranked 4th through 9th consecutively in Moscow, Omsk and Rostov Oblast, Krasnoyarsk Krai, Republid of Tatarstan and Sverdlovsk Oblast. MSD was ranked 11th in Bashkortostan, and 22nd in Niznhy Novgorod Oblast. The regional ranking almost matched the All-Russia ranking of top drug manufacturers in Moscow and St. Petersburg (9 positions each), the least number of “crossings” was observed in Tatarstan (4 drug manufacturers).

Table 1. The top 10 drug manufacturers by hospital purchases (rank in the regional rankings)

Rank	Company	Rank in regional rankings										
		Moscow	St. Petersburg	Krasnodar Krai	Bashkortostan	Tatarstan	Sverdlovsk Oblast	Niizhny Novgorod Oblast	Rostov Oblast	Novosibirsk Oblast	Krasnoyarsk Krai	Omsk Oblast
1	Sanofi-Aventis	3	6	1	2	2	3	2	2	4	6	4
2	GlaxoSmithKline	1	1	30	5	13	2	26	21	9	5	2
3	Merck Sharp Dohme	4	2	3	11	8	9	22	6	2	7	5
4	Roche	8	7	19	24	45	4	3	10	6	3	11
5	Nycomed/Takeda	7	12	7	8	3	6	17	1	1	2	24
6	Johnson & Johnson	5	4	5	53	92	37	56	13	8	25	6
7	Bayer Healthcare	9	5	12	17	1	5	8	26	3	11	7
8	AstraZeneca	12	10	2	4	29	10	21	9	12	14	1
9	Novartis	2	3	38	3	12	20	7	34	15	45	21
10	Abbvie	6	8	74	6	105	1	30	56	21	38	70

Yet more significant deviations in the regional top 10 rankings were observed with a breakdown of individual brands (Table 2). For example, the leader of All-Russia hospital market Sodium Chloride was ranked number one only in two regions under review. It was ranked 2nd in another three regions, 3rd - in St. Petersburg, and 4th - in Sverdlovsk Oblast, Novosibirsk Oblast and Krasnoyarsk Krai. However, this brand moved up to rank 8 in Moscow and rank 21 in Nizhny Novgorod Oblast. Tuberculin ranked 2nd in the All-Russia ranking was placed at low ranks in the most regional rankings under review. It was ranked number one only in Bashkortostan, and number 10 in Nizhny Novgorod Oblast. The brand Clexane ranked 3rd in the All-Russia ranking became a leader in the top ten brands of Tatarstan, ranked 2nd in Krasnodar Krai, 3rd - in Sverdlovsk Oblast and 4th - in Bashkortonstan and Rostov Oblast. It was ranked 7th in two regions, and ranked among the top 20 brands in the other regions. The maximum number of “crossings” with the all-Russia list of top brand names was observed in Bashkortostan and Sverdlovsk Oblast (five positions each), the minimum number of "crossings" was registered in Nizhny Novgorod Oblast (only one position).

Table 2. The top 10 brands by hospital purchases (rank in the regional rankings)

Rank	Brand	Rank in regional rankings										
		Moscow	St. Petersburg	Krasnodar Krai	Bashkortostan	Tatarstan	Sverdlovsk Oblast	Niizhny Novgorod Oblast	Rostov Oblast	Novosibirsk Oblast	Krasnoyarsk Krai	Omsk Oblast
1	Sodium Chloride	8	3	1	2	2	4	21	1	4	4	2
2	Tuberculin	18	72	48	1	98	17	10	N/A	404	66	77
3	Clexane	15	11	2	4	1	3	15	4	7	7	16
4	Curosurf	180	18	33	7	234	12	47	15	38	1	30
5	**Ultravist**	11	13	25	32	10	7	60	61	5	13	6
6	Herceptin	31	22	162	18	N/A	5	11	7	92	2	47
7	Kaletra	N/A	24	N/A	N/A	N/A	1	N/A	N/A	308	457	N/A
8	RECOMBINANT (rDNA) HEPATITIS B VACCINE	1	N/A	н/д	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
9	Glucose	53	60	3	10	14	33	57	16	21	22	4
10	Combivir	N/A	1	N/A	N/A	N/A	N/A	N/A	N/A	194	N/A	32

Considerable variance in the consumption structure of not only individual drugs, but also of pharmacotherapeutic groups is observed depending on the regions (table 3). However, it should be noted that the leader of all-Russia ranking – J01 Antibacterials for systemic use was ranked among the top four ATC groups in all regional rankings. This group was the leader of the regional top ten rankings in four of the regions (Tatarstan, Rostov Oblast, Omsk Oblast, Krasnoyarsk Krai). The group L01 Antineoplastic agents ranked 2nd in all-Russia hospital ranking was placed at rank two in three regions, rank three in one region, rank four in four regions and rank five in two regions. It was ranked 44th only in Tatarstan. The group B05 Blood substitutes and perfusion solutions ranked third in All-Russia ranking was placed at ranks no lower than five in all regions and became a leader in Krasnodar Krai. It was placed at rank 16 only in Nizhny Novgorod Oblast. The top-10 ATC groups of all-Russia hospital sector is reproduced to the fullest extent in Moscow, Krasnodar Krai and Sverdlovsk Oblast (8 positions match) and the least of all - in Nizhny Novgorod Oblast (four positions match).

Table 3. The top 10 ATC groups by hospital purchases (rank in the regional rankings)

Rank	ATC code	Rank in regional rankings										
		Moscow	St. Petersburg	Krasnodar Krai	Bashkortostan	Tatarstan	Sverdlovsk Oblast	Niizhny Novgorod Oblast	Rostov Oblast	Novosibirsk Oblast	Krasnoyarsk Krai	Omsk Oblast
1	J01	2	3	2	2	1	3	4	1	2	1	1
2	L01	4	2	4	4	44	2	2	3	5	4	5
3	B05	5	5	1	3	2	4	16	2	4	5	2
4	J05	8	1	23	11	13	1	18	33	6	62	12
5	B01	7	8	3	5	3	5	6	4	7	3	6
6	J07	1	19	19	38	32	6	19	16	43	9	4
7	V08	6	6	7	19	4	8	26	19	1	7	10
8	J04	30	26	6	28	5	7	17	20	3	2	24
9	J06	3	14	8	6	9	14	20	14	16	11	18
10	A10	25	38	5	50	46	11	7	5	35	38	8

Conclusion. As comparison of the main rankings shows, the Russian hospital sector was marked by the pronounced regional specificity of market profile. However, in most cases the leaders of all-Russia rankings got high ranks in the regional hospital markets as well.

REGIONAL DIGEST

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

July 1, 2014, Vedomosti.ru

Ministry of Health and Rostec leaders offered to monopolize the Microgen's right for the production of vaccines for National Immunization Schedule

Minister of Health Veronika Skvortsova and Rostec CEO Sergey Chemezov offered President Vladimir Putin to arrange the production of the necessary range of immunobiological products (vaccines) on the basis of FSUE NPO Microgen. The spokesman for Rostec confirmed that proposals to carry out measures aimed at ensuring national biosecurity insofar as it refers to the production of immunobiological drugs had been sent to the President. According to Skvortsova and Chemezov, most of the mass vaccines can hardly be called domestic: private manufactures produce vaccines using import substances, and state-owned enterprises are limited in their development. But if they are supported, they would be able to produce totally domestic products for the National Immunization Schedule (under the program of compulsory health insurance) and vaccination on epidemic indications by 2018-2020.

July 3, 2014, Vademic.ru

Ministry of Health to increase funding of OMS Fund in 2015-2016

On July 3, at the briefing meeting Russian Minister of Health Veronika Skvortsova reported that the Ministry of Health identified funding sources to cover all estimated expenditures of OMS (Compulsory Health Insurance) Fund for 2015-2016, the press service said. According to her, the volume of the Fund will be increased: up to $ 1.5 trillion in 2015 and up to $ 1.8 trillion in 2016. The minister said that these funds will increase the provision of high-tec medical care. By July 1, 2017 the high-tec medical care should reach an annual capacity of 750 000 people per year, i.e. to increase 1.5 times as compared to 505,000 persons in 2013.

July 7, 2014, RBC daily

Ministry of Finance offered to pay contributions to FOMS from all wages

Finance Minister Anton Siluanov proposed to lift size restrictions of wages from which contributions to FOMS (Federal Compulsory Health Insurance Fund) are accrued. Otherwise the Ministry of Health will have to cut beds and "optimize" the doctors. Now the employer deducts insurance contributions to the Pension Fund, Social Insurance and FOMS at the rate of 30% of wages that don't exceed RUB 624 thousand. 5.1% of which will be transferred to FOMS. The wages over RUB 624 thousand per year will be charged 10% of the whole amount which exceeds RUB 624 per year, and this charge will be directed to the Pension Fund. Finance Minister proposed to deduct 5.1% to FOMS from any wages. According to him, it would generate approximately RUB 200 billion. Ministry of Finance initiative shall address the gap in the balance of the Health Insurance Fund. According to Siluanov, in 2017 it can reach more than RUB 400 billion.

July 8, 2014, The Kommersant

Government appointed a subsidiary of Rostec Corporation a major supplier of medicines to the Russian prisons

Government appointed a subsidiary of Rostec Corporation, National Immunobiological Company, a major supplier of medicines to the Russian prisons. During three years, the Company plans to deliver medicines to the amount of RUB 3.4 billion, meeting more than half of the needs of FSIN (Federal Penitentiary Service) in medicines. According to Order №1193p signed by Prime Minister D. Medvedev, National Immunobiological Company (NIC) is the only supplier of 20 names of medicines and medical equipment to correctional facilities in 2014-2016. The supplies are expected to be made to the prisons after the Company enters into a contract with FSIN. The contract must still be agreed to the government. The project is a joint initiative between Rostec and FSIN.

July 9, 2014, The Vedomosti

Ministry of Economic Development proposed that foreign drug manufacturers with products on the VED list should be allowed to increase their prices once and domestic manufacturers to revise them above the level of inflation

These proposals are contained in the report of the Ministry dedicated to improving the management of drug prices. According to DSM Group, VED accounts for 34.3% of the commercial segment of the pharmaceutical market. The Ministry executed an order of Deputy Prime Minister Olga Golodets on improving the regulation of VED (Vital and Essential Drugs) prices. Ministry of Economic Development proposed to allow domestic manufacturers to re-register the price of drugs above the projected level of inflation, if they can prove a significant increase in costs. The Ministry explained that due to low prices for drugs the current procedure can not provide manufacturers with a sufficient level of profitability. In addition, drug manufacturers must comply with the GMP standards from 1 January 2014, which means significant rehabilitation specific costs.

July 10, 2014, ITAR-TASS

Ministry of Health intends to expand the National Immunization Schedule up to 15 infections by 2017

In the coming three years, the National Immunization Schedule of the Russian Federation will be expanded to include vaccination against varicella, rotavirus and human papillomavirus infections. Therefore, the vaccination will be provided against 15 infections instead of the current 12 at the federal level. It was reported by Nikolai Briko, Cheif External Epidemiologist of the Russian Ministry of Health. According to him, in Russia varicella vaccination shall be introduced in 2015, rotavirus vaccination - in 2016, papillomavirus vaccination - in 2017. The foreign immunization schedules provide vaccination against an average of 15-18 infections.

July 14, 2014, Doctorpiter.ru

According to the Ministry of Finance, federal health spending will be reduced by almost RUB 90 bln in 2015

In 2015, health expenditures of the federal budget will amount to RUB 391 billion, which is RUB 89.8 billion less than in 2014. These data are presented in the Ministry of Finance document "Fundamental Objectives of the Budget Policy in 2015-2017". In 2015, health care spending is mainly reduced due to completing the transition of federal hospitals to the OMS system, as well as the closing of subsidies for the purchase of equipment to help people suffering from cancer, victims of an accident, to carry out prenatal diagnosis, as well as activities for the development of blood services.

July 24, 2014, Remedium

In Russia, a federal committee will be set up to combat smuggling and counterfeiting

A Presidential Decree on the Formation of the Federal Committee to combat smuggling, production and trafficking of counterfeit goods was presented to the independent anti-corruption expertise. The expertise will last until July 29, the document is published on a single portal of information disclosure. According to the text of the decree, the new body will coordinate the activities of the federal and regional executive authorities to combat illicit trafficking of industrial products, including counterfeit goods. In addition to the heads of other departments, the new committee will include the Head of Roszdravnadzor and Head of Rospotrebnadzor.

NEWS FROM COMPANIES

July 8, 2014, RIA AMI

In late 2017, R-Pharm plans to begin construction of pharmaceutical facilities in Turkey

The Russian pharmaceutical company R-Pharm JSC intends to invest EURO 100 million into the development of its business in Turkey by 2018. According to Vasili Ignatiev, Director General of R-Pharm, the investment project includes the construction of biotechnology product manufacturing plant totalling to EURO 30 million. Production is initially scheduled to start by the end of 2017. The plant's products will be intended for the Turkish and regional markets.

July 25, 2014, The Pharmatsevticheski Vestnik

ARPM opposed to the possible monopolization of the Russian vaccines market by Rostec

Association of Russian Pharmaceutical Manufacturers (ARPM) sent to several ministries and authorities a letter requesting to ignore the initiative of Rostec Corporation and the Minister of Health Veronika Skvortsova on unprecedented support to be provided to immunobiological enterprises of National Immunobiological Company JSC. As referred to in the letter, the proposal to grant Rostec the rights of an exclusive supplier will lead to a forced shut-down of the above manufacturing facilities, loss of jobs, no funding for research activities in the field of immunobiology. According to the specialists and experts of ARPM, National Immunobiological Company JSC does not have sufficient scientific potential to implement the announced plans for the development of vaccines, and its manufacturing facilities do not meet the GMP-standards, which greatly reduces demands for formal quality assurance of products.

Source of information – IMS Health

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