

Africa's drug market - Tehran Times

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* Poor health is good business in Africa for foreigners. Africa, which carries 25% of the world's diseases, has long been dependent on foreign funding and medical supplies, importing around 70% of its pharmaceutical needs from abroad. However, a three-pronged campaign — to cut costs, improve health standards and earn money from exports — is gathering pace in the region.

In 2007, the African Union (AU) implemented the Pharmaceutical Manufacturing Plan for Africa to support the establishment of a pharmaceutical manufacturing industry by boosting local production of medicines and strengthening R&D. During a 10-day workshop last September, the AU, which plans to work on the program in collaboration with the United Nations Industrial Development Organization over the next five years, called on international pharmaceutical firms to support these ambitions in order to increase the necessary funding and the transfer of know-how.

A number of African nations are already involved in some form of pharmaceutical production and in North Africa business is booming.

Government strategies to boost health sectors and reduce imports on the one hand, and partnerships with foreign pharmaceutical firms on the other, are mainly responsible for the expansion. Indeed, a significant number of international pharmaceutical firms such as Sanofi, GlaxoSmithKline and Pfizer, have been present in North Africa for many years.

Regional potential

Egypt is among the largest pharmaceutical producers in the region and a leading exporter with around a 30% share of the pharmaceutical supply to the MENA market, according to the American Chamber of Commerce in Egypt. The country hopes to raise its exports to \$1 billion (LE 6.01 billion) by 2015. Overall, the sector currently employs around 100,000 people and supplies 93% of national needs for medication.

Turnover from local consumption stood at LE 15.3 billion in 2010 and is expected to reach LE 47 billion by 2015.

According to its Ministry of Health, Tunisia produces TND 360 million (LE 1.49 billion) worth of pharmaceuticals, accounting for 45% of domestically available products. The government hopes to bring this figure to TND 730 million (LE 3.03 billion) by boosting local manufacturing to cover at least 60% of the country's needs by 2016.

Tunisia exports around 7% of its production, which generates between TND 20 million and TND 30 million (LE 82.98 million and LE 124.48 million), and the country expects the export value to reach TND 160 million (LE 664.11 million) by 2016. Libya, Algeria, Morocco and France are the biggest recipients of Tunisian medicines, accounting for 75% of the total.

Despite the sudden fall in the number of Libyan patients seeking healthcare in Tunisia,

investments in the country's pharmaceutical industry have been on the rise since the revolution due to a surge in demand for medication. Medicatech is one of the latest post-revolution Tunisian pharmaceutical firms to emerge. The business is currently being established and will evolve around three strategic units: a unit for essential drugs, Medicatech Pharma; an aqua farm for the production of Spirulina HTPA and Tunispir; and finally a unit to promote drugs marketed in Tunisia and Libya.

* Morocco is also a major regional player where local production covers 70% of the kingdom's needs. The industry comprises 35 laboratories generating around MAD 7.7 million (LE 5.6 million) in revenue and continues to expand. Moroccan Cooper Pharma recently invested MAD 200 million (LE 145.54 million) to open a new production unit by 2012 in the province of Nouaceur to develop its 'C&C Oncologicals' project, producing drugs for cancer treatment in partnership with Indian laboratory, Cipla.

In early October, Jordan-based Hikma Pharmaceuticals acquired 63.9% of Morocco's Promopharm for \$111.2 million (LE 668.31 million), with the intention to eventually acquire the rest. Hikma's Chief Executive, Said Darwazah, said the company plans to introduce more than 20 Hikma products to the Moroccan market. He also announced that their presence in Morocco should help access markets in West Africa.

Hikma, which has made three strategic acquisitions in the Maghreb over the past 18 months, sells branded drugs across 17 markets in the MENA region.

Algeria is one of Hikma's most important markets where the Jordanian firm has been present since the early 1990s. It established a manufacturing company in 2005 in Staouéli, creating jobs for 400 local workers, and has announced plans for a second unit in Al Dar Al Arabia to produce antibiotics.

Sanofi, present in Algeria since 2000, has established two manufacturing units employing some 650 people. The firm plans a new unit in Tipaza in partnership with the National Agency of Investment Development. This factory is expected to increase the number of medicines available on the Algerian market, boost technological transfer and encourage partnerships to develop similar projects.

In August, Algeria revealed a target of 70% coverage of its needs by 2014, up from its current 38%, by working closer and partnering with international firms. To achieve these objectives, governments in North Africa have been increasingly promoting the use and production of generic medicine.

Generics

The industry is not new to the region. Generics account for 80% of pharmaceutical production in Algeria. Over 30% of Algerian patients use them according to Sidal, which has around 170 types of generics. Beker, produces more than 120 generics and is launching a second unit in Dar El Beïda near Algiers. By boosting local production and consumption of generics, the country hopes to cut imports, which cost \$2.5 billion (LE 15.03 billion) in 2009. Improved awareness campaigns led by both the industry and the government are also aimed at boosting the sector.

The country hosted a generic medicine international trade show, AIGeneric, in March 2011 during which the Minister of Health, Saïd Barkat, announced that importers were to invest part of their profits to boost in-country production. Algeria also plans to institute a generic-based social security system.

Generic medicine generated MAD 2.2 billion (LE 1.58 billion) in Morocco in 2009. However, consumption remains low accounting for only 20%.

Therefore, in early 2011, the Minister of Health, Yasmina Baddou, announced the government's target to bring consumption up to 45% over the next three years. The country hopes to boost sales through new health legislation, by encouraging doctors to prescribe generics and readjusting profits for pharmacists. As a result, investments in generic production units are on the rise. Morocco's Bottu recently invested MAD 120 million (LE 86.42 million) in a Casablanca factory dedicated to their manufacture. * Portugal-based Tecnimed, which specializes in generic production and present in Morocco for the past 12 years, launched its second manufacturing unit for generics in Casablanca.

According to Maghreb Confidential, Tunisian Simed is planning a new unit in Sfax to produce generics in partnership with Jordan-based Philadelphia Pharmaceuticals, a €4 million (LE 32.25 million) investment which is expected to be delivered by 2012.

In Egypt, generics are 70% to 90% cheaper than branded medicines. However, post-revolution Egypt is facing difficulties importing raw materials for local production. The country, which usually brings in 85% of raw materials, has seen local manufacturing fall by at least 50%, according to a UN report, and recent months have seen an increasing number of pharmaceutical firms close down. The new drug pricing mechanism introduced in 2009 and which was supposed to encourage local manufacturing has also created confusion, as prices for medicine are now higher than they used to be under the old cost-plus system.

However, this is doubtless just a troublesome blip resulting from the upheavals in Egypt's share of the Arab Spring. The real revolution in the sector will come when the rest of Africa catches up with the huge strides made along the continent's Mediterranean coast these past few years.

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