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

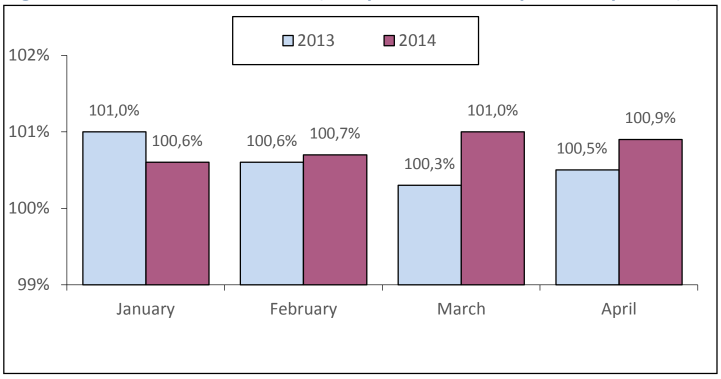
MACROECONOMIC INDICES

Inflation

According to Federal State Statistics Service's data, in April 2014, the Consumer Price Index was estimated as 100.9%, compared to the previous month, in April 2013 it was 100.5%.

In April this year, Industrial Producer Price Index was 100.7%, whereas in the month-earlier period it had amounted to 102.3%.

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



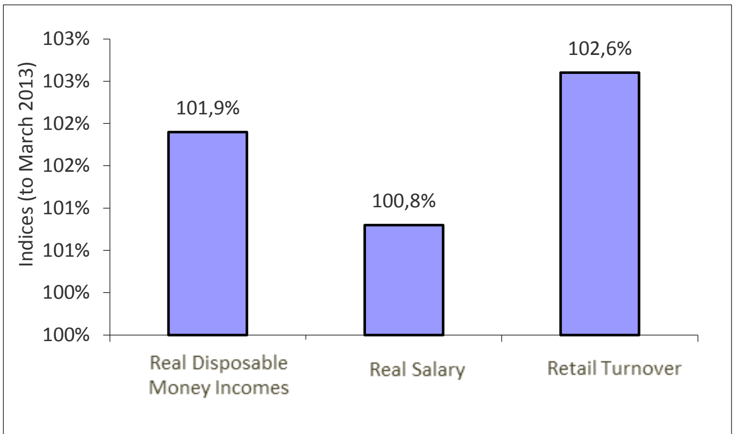
Living standard

According to preliminary Federal State Statistics Service's data, in April 2014 a gross monthly average wage per worker reached RUB 32,115 (USD 900.59) which accounted for 102.0% compared to the previous month and 108.2% compared to April 2013. The real wage in April 2014 accounted for 100.8% as compared with the same period in 2013. In April 2014, the real value of disposable cash incomes accounted for 101.9% as compared with the same period of 2013 (Fig. 2).

Retail turnover

In April 2014, the retail turnover was equal to RUB 2,023.6 bln, which in comparable prices accounted for 102.6% compared to the same period a year ago, in January-April 2014 - RUB 7,759.1 bln and 103.3% (Fig. 2).

Figure 2. Real values of cash incomes, wage and retail turnover in April 2014



Source: Rosstat

Manufacture of Industrial Products

According to Federal State Statistics Service's data, in April 2014 Industrial Production Index accounted for 102.4% compared to the same period in 2013, and in January-April 2014 - 101.4%.

Domestic production

The top 10 domestic manufacturers by production volume at April-end 2014 are shown in Table 1. The total production volume of top ten manufacturers was estimated at USD 204.0 mln.

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

Rank	Manufacturer	Production volume, $mln
1	Pharmstandart	43.9
2	Stada	31.5
3	Valenta	25.2
4	KRKA-RUS	19.1
5	Sotex	16.8
6	Akrihin	15.6
7	Materia Medica	15.6
8	Pharm-Center	13.5
9	F-Sintez	11.7
10	Microgen	10.9

Table 2 provides pharmacy sales data from 10 regions of the Russian Federation. In March 2014 compared to February, growth in pharmacy sales (in terms of roubles) was observed in all analysed regions. The highest performance was observed in Rostov Region (+20%), the lowest one in Krasnodar Krai (+3%) and Tyumen (+4%).

Table 2. Pharmacy sales in the regions, 2014

Region	Pharmacy sales, $mn (wholesale prices)			Growth gain, % (RUB)		
	January 2014	February 2014	March 2014	January 2014/ December 2013	February/ January 2014	March / February 2014
Moscow	166.0	187.3	205.5	-22%	13%	13%
St Petersburg	52.5	48.1	54.9	-14%	-8%	17%
Krasnodar Krai	33.9	34.2	34.3	-17%	1%	3%
Novosibirsk Region	24.2	24.7	25.8	-11%	2%	7%
Tatarstan Republic	27.8	31.1	32.1	-11%	12%	6%
Krasnoyarsk Krai	20.8	21.4	22.0	-3%	3%	6%
Rostov Region	24.8	25.9	30.3	-21%	5%	20%
Voronezh Region	17.8	18.0	20.1	-13%	1%	15%
Perm	6.7	8.0	8.5	-3%	18%	10%
Tyumen	7.5	8.1	8.2	-13%	8%	4%

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 April 2014

Rank	Company*	Quantity of broadcasts
1	OTCPHARM	7,507
2	Berlin-Chemie Menarini Group	6,702
3	Evalar	6,473
4	Novartis	6,248
5	Bayer AG	5,419

Source - Remedium according to TNS Russia's data

Table 4. Top five brand names in mass media in April 2014

Rank	Brand name*	Quantity of broadcasts
1	Evalar	6,473
2	Sealex	2,147
3	Ali Caps	2,093
4	Afobazol	2,025
5	Leovit	1,858

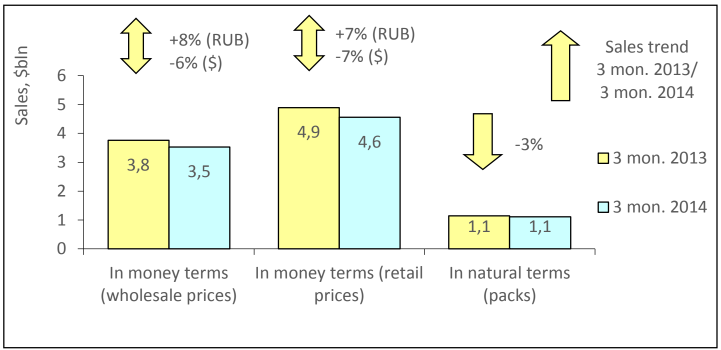
Source - Remedium according to TNS Russia's data

* Only products registered with State Register of Medicines were considered

RUSSIAN PHARMACY OTC DRUG MARKET: 2014 FIRST 3 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 three months of 2014 the sales of OTC drugs in natural terms in pharmacies of Russia saw a 3% decrease to 1.107 bln packs. In money terms the market saw a 8% increase in roubles equivalent, whereas it showed a negative decline (-6%) in dollars equivalent due to significant drop in the exchange rate of rouble. The market reached RUB 123.304 bln (USD 3.523 bln) in wholesale prices (Fig.1). The average cost of an OTC pack reduced as compared to a year earlier period (USD 4.29) and reached USD 4.12 at retail prices. At Quarter I-end 2014, the average amount spent by residents of Russia for OTC drugs in pharmacies amounted to USD 31.72.

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



Based on the results for the first three months of 2014, the top 10 drug manufacturers of the Russian pharmacy market didn't change in composition (Table 1). Apart from that, most of the top ten drug manufacturers retained their previous positions. They were the leaders of the top ten SANOFI-AVENTIS (+12%[1]), PHARMSTANDART (-3%), BAYER (+5%) and SERVIER (+10%), as well as TEVA and ABBOTT (+9% each) at numbers 7 and 10. Note that the top ten leader as well as the drug manufacturers SERVIER, TEVA and ABBOTT showed outstripping growth rates which allowed them to expand their shares in the market. Another drug manufacturer of the top ten NYCOMED/TAKEDA (+14%) showed priority growth rates, moving up from rank six to five. At the same time, the less dynamic SANDOZ (+6%) moved down one rank. The same rearrangement took place in the bottom part of the top ten - MENARINI (+8%) showing higher growth rates moved up one rank, to number 8, displacing NOVARTIS (+2%) to number 9. The cumulative share of the top 10 manufacturers reduced from 37% to 36.8%.

Table 1. The top ten 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**	5.5	5.3
2	2	PHARMSTANDART	4.5	5.0
3	3	**BAYER HEALTHCARE**	3.9	4.0
4	4	**SERVIER**	3.7	3.6
5	6	**NYCOMED/TAKEDA**	3.6	3.5
6	5	**SANDOZ GROUP**	3.6	3.6
7	7	**TEVA**	3.3	3.2
8	9	**MENARINI**	3.0	3.0
9	8	**NOVARTIS**	2.9	3.1
10	10	**ABBOTT**	2.9	2.8
Total			36.8	37.0

*AIPM members are in bold

Four newcomers broke into the ranks of the top ten brand names ranking (Table 2). They were INGAVIRIN (+39%), EXODERIL (+106%), MEXIDOL (+27%) and CONCOR (+14%) which moved down to ranks six and three bottom ranks. The other three brand names also rose in the ranks. ESSENTIALE N (+8%) moved up one rank, to number one, and ACTOVEGIN (+17%) and ALFLUTOP (+16%) moved up to ranks two and seven from 4 and 10. The last year leader ARBIDOL reduced its sales by 37%, shrank its market share and fell in the ranks, moving down to rank four. As before, KAGOCEL (-17%) and LINEX (+3%) held their previous ranks three and five. The total share of the top ten brand names reduced by almost 0.2 p.p. and accounted for 7.4%.

Table 2. The top ten brand names by pharmacy sales

Rank		Brand name	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	2	ESSENTIALE N	1.2	1.2
2	4	ACTOVEGIN	0.9	0.8
3	3	KAGOCEL	0.9	1.1
4	1	ARBIDOL	0.8	1.4
5	5	LINEX	0.7	0.7
6	14	INGAVIRIN	0.7	0.5
7	10	ALFLUTOP	0.6	0.6
8	41	EXODERIL	0.6	0.3
9	15	MEXIDOL	0.6	0.5
10	12	CONCOR	0.6	0.5
Total			7.4	7.6

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

XYLOMETAZOLINE (+12%) continued to remain the leader of the top 10 INN and generic names ranking (Table 3). It is the only INN of the top ten, which maintained its rank. At the same time, six INNs of the top ten rose in the ranks, and only three of them fell in the ranks. INN PHOSPHOLIPIDS (+8%) moved up one rank to number two. INNs BISOPROLOL (+18%), PANCREATIN (+9%), BLOOD (+17%) and NIMESULIDE (+19%) moved up from the lower ranks to ranks three through five, respectively. Note that the latter became the only newcomer of the top 10. On top of that, IBUPROFEN (+3%) moved up from rank 10 to 8. KAGOCEL (-17%), UMIFENOVIR (-36%) and AMBROXOL (-19%) reduced its sales and moved down to ranks seven, nine and ten, respectively. The total share of the top ten reduced by 0.8 p.p. and accounted for 10.0%.

Table 3. The top 10 INN and Generic Names by pharmacy sales

Rank		INN/Generic Names	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	1	XYLOMETAZOLINE	1.6	1.6
2	3	PHOSPHOLIPIDS	1.3	1.3
3	7	BISOPROLOL	1.0	0.9
4	6	PANCREATIN	1.0	1.0
5	9	BLOOD	0.9	0.9
6	12	NIMESULIDE	0.9	0.8
7	4	KAGOCEL	0.9	1.1
8	10	IBUPROFEN	0.8	0.8
9	2	UMIFENOVIR	0.8	1.4
10	5	AMBROXOL	0.8	1.1
Total			10.0	10.8

M01 Anti-inflammatory and antirheumatic products (+15%) became the best-selling group in the Russian pharmacies. It moved up to rank one from five, displacing the groups with negative growth rates down one rank: R05 Cough and cold preparations (-16%), J05 Antivirals for systemic use (-11%) and J01 Antibacterials for systemic use (-8%). The groups with outstripping growth rates, which showed progress in the ranking, moved up to ranks five and six, as well as the two bottom ranks of the top ten: R01 Nasal preparations (+10%), C09 Agents acting on the rennin-angiotensin system (+20%), G03 Sex hormones (+12%) and the newcomers that broke into the ranks of the top ten A07 Antidiarrheals, intestinal anti-inflammatory / Antiinfective agents (+14%). In contrast, N02 Analgesics (-5%) which reduced sales and A11 Vitamins (+4%) with low growth rates moved down to ranks seven and eight. The total share of the analysed ranking, as well as one of the above rankings, reduced by 2.4 to 38%.

Table 4. The top ten ATC Groups by pharmacy sales

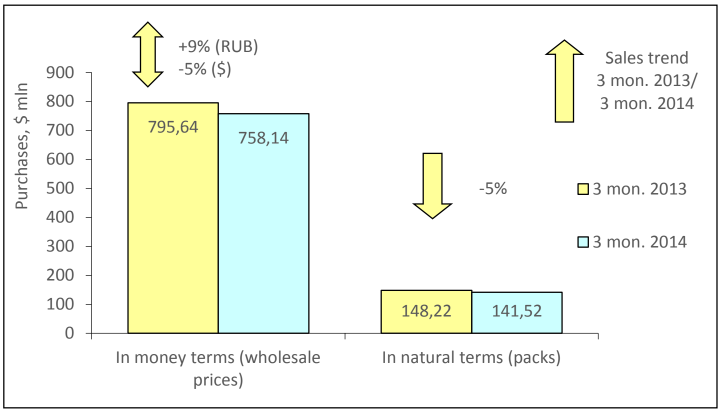
Rank		ATC code	ATC group	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013			3 mon. 2014	3 mon. 2013
1	5	M01	ANTIINFLAM & ANTIRHEUM PROD	4.5	4.3
2	1	R05	COUGH AND COLD PREPARATIONS	4.0	5.2
3	2	J05	ANTIVIRALS FOR SYSTEMIC USE	4.0	4.9
4	3	J01	ANTIBACTERIALS FOR SYST USE	4.0	4.7
5	6	R01	NASAL PREPARATIONS	4.0	3.9
6	8	C09	AG ACT RENIN-ANGIOTENS SYST	3.9	3.5
7	4	N02	ANALGESICS	3.9	4.4
8	7	A11	VITAMINS	3.5	3.6
9	10	G03	SEX HORM&MODULAT GENITAL SYS	3.1	3.0
10	11	A07	INTESTINAL ANTIINFECTIVES	3.1	2.9
Total				38.0	40.4

Conclusion. On the basis of the results for the first three months of 2014, the retail pharmacy market of Russia brought in RUB 159.497 bln (USD 4.557 bln). This is 7% higher in terms of roubles and 7% less 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 1.107 bln packs. The average cost of OTC pack in the city pharmacies based on the results for Quarter I, 2014 was USD 4.12 which was lower than in 2013 (USD 4.29). The average expenses of Russia residents for purchase of OTC drugs in pharmacies also slightly increased (USD 31.72 vs. USD 34.15).

RUSSIAN FEDERATION HOSPITAL MARKET: 2014 FIRST 3 MONTHS RESULTS

According to the results of the Retail Audit of Hospital Purchases in Russia™, in Quarter I of 2013 the Russian hospital market reduced by 5% in natural terms to 141.525 mln packs. In money terms, the market showed positive growth rates in terms of roubles (9%) and negative growth rates (-5%) in terms of dollars and reached RUB 26.511 bln (USD 758.139 mln) in wholesale prices. Based on the results of the first three months of 2014, the average cost of OTC pack in the hospital sector was USD 5.36, whereas in the year-earlier period its cost was USD 5.37.

Figure 1. Russian hospital market for 3 months of 2013 – 3 months of 2014



Following the results of Quarter I, 2014, SANOFI-AVENTIS (-9%) retained its leading position in the Russian hospital market, despite the reduction in purchases and significant drop in the market share (Table 1). The most dynamic manufacturer of the top 10 GLAXOSMITHKLINE (+79%) moved up to rank two from eight. The markets of the newcomers JOHNSON & JOHNSON (+84%) and ABBVIE (+76%) developed at a fast pace as well. They broke into the ranks of the top ten, coming in at numbers 6 and 10. Three INNs of the top ten held their own in the ranking. MERCK SHARP DOHME (-12%), BAYER (+4%) and NOVARTIS (+25%) held their ranks three, seven and nine. The drug manufacturers ROCHE (-29%), NYCOMED/TAKEDA (+13%) and ASTRAZENECA (-11%) moved down to the lower ranks four, five and eight respectively. The total share accumulated by the top ten drug manufacturers reduced from 31.4% to 31.1%.

Table 1. The top 10 drug manufacturers by hospital purchases

Rank in the top ten		Manufacturer*	Share in total hospital purchases, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	1	**SANOFI-AVENTIS**	4.9	5.9
2	8	**GLAXOSMITHKLINE**	4.2	2.5
3	3	**MERCK SHARP DOHME**	3.3	4.1
4	2	**ROCHE**	3.2	5.0
5	4	**NYCOMED/TAKEDA**	3.2	3.1
6	14	**JOHNSON & JOHNSON**	2.5	1.5
7	7	**BAYER HEALTHCARE**	2.5	2.6
8	5	**ASTRAZENECA**	2.5	3.1
9	9	**NOVARTIS**	2.5	2.2
10	19	**ABBVIE**	2.2	1.4
Total			31.1	31.4

*AIPM members are in bold

Despite the negative growth rates, the traditional hospital preparation SODIUM CHLORIDE (-8%) continued to hold the leading position in the top ten brand names ranking (Table 2). Due to 88-fold growth in purchases, TUBERCULIN moved up to rank two from 79, displacing CLEXANE (-11%) and CUROSURF (+13%) down one rank. Another three newcomers of the top ten moved down to its lower part. KALETRA (+6%) moved up to rank seven from 76, RECOMBINANT (rDNA) HEPATITIS B VACCINE moved up to rank 8 from 85, and COMBIVIR moved up to the last rank from 86. ULTRAVIST (+33%) also showed progress in the ranks, moving up two ranks, to number five. At the same time, HERCEPTIN and GLUCOSE (+13% each) with low growth rates moved down to ranks six and nine, respectively. The cumulative share of the top ten brand names increased by almost 4 p.p. and achieved 13.3%.

Table 2. The top 10 brand names by hospital purchases

Rank in the top ten		Brand name	Share in total hospital purchases, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	1	SODIUM CHLORIDE	3.2	3.9
2	79	TUBERCULIN	1.9	0.0
3	2	CLEXANE	1.5	1.8
4	3	CUROSURF	1.1	1.1
5	7	ULTRAVIST	1.0	0.8
6	4	HERCEPTIN	1.0	0.9
7	76	KALETRA	0.9	0.0
8	85	RECOMBINANT (rDNA) HEPATITIS B VACCINE	0.9	0.0
9	6	GLUCOSE	0.9	0.9
10	86	COMBIVIR	0.8	0.0
Total			13.3	9.5

Four newcomers broke into the ranks of the top ten INN and generic names ranking (table 3). TUBERCULIN TEST (8.2-fold growth in purchases), VACCINE, TICK BORNE ENCEPHALITIS (+89%), AMINOSALICYLIC ACID (6.9-fold growth) and IOPROMIDE (+33%) moved up to ranks 3, 6, 7 and 10, respectively. At the same time, they displaced INNs ENOXAPARIN SODIUM (-9%) and IMMUNOGLOBULIN BASE (-12%) down one rank, to numbers four and five, and INN MEROPENEM (-1%) and PORACTANT ALFA (+13%) - down three ranks, to numbers eight and nine. SODIUM (-8%) and CEFTRIAXONE (+7%) retained their two leading positions in the top ten. The total share of the top 10 INNs increased by almost 2.2 p.p. and accounted for 16.7%.

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

Rank		INN/Generic Names	Share in total hospital purchases, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	1	SODIUM	3.3	3.9
2	2	CEFTRIAXONE	2.2	2.2
3	64	TUBERCULIN TEST	2.1	0.3
4	3	ENOXAPARIN SODIUM	1.6	1.9
5	4	IMMUNOGLOBULIN BASE	1.5	1.8
6	16	VACCINE, TICK BORNE ENCEPHALITIS	1.4	0.8
7	70	AMINOSALICYLIC ACID	1.3	0.2
8	5	MEROPENEM	1.3	1.4
9	6	PORACTANT ALFA	1.1	1.1
10	12	IOPROMIDE	1.0	0.8
Total			16.7	14.5

The groups J01 Antibacterials for systemic use and L01 Antineoplastic agents (-6% each), as well as B05 Blood substitutes and perfusion solutions (-11%) held their leading positions in the top ten ATC groups of the Russian hospital market despite the reduction in purchases (Table 4). J06 Immune sera and immunoglobulins (-1%) also managed to hold its own rank nine (-1%). The newcomers of the top ten, the groups J05 Antivirals for systemic use (5.8-fold growth in purchases), J07 Vaccines (+77%), J04 Antimycobacterials (2.8-fold growth in purchases) and A10 Drugs Used in Diabetes (+35%) moved up to ranks four, six, eight and ten, respectively. On top of that, they displaced the groups B01 Antithrombotic agents (-4%) and V08 Contrast media (+31%) down to ranks five and seven. The total share of the top 10 increased from 55.3% to 58.4%.

Table 4. The top ten ATC groups by hospital purchases

Rank		ATC code	ATC group	Share in total hospital purchases, %	
3 mon. 2014	3 mon. 2013			3 mon. 2014	3 mon. 2013
1	1	J01	ANTIBACTERIALS FOR SYST USE	12.4	14.5
2	2	L01	ANTINEOPLASTIC AGENTS	9.0	10.5
3	3	B05	BLOOD SUBSTITUTE & PERF SOLS	8.4	10.4
4	21	J05	ANTIVIRALS FOR SYSTEMIC USE	6.4	1.2
5	4	B01	ANTITHROMBOTIC AGENTS	5.8	6.6
6	11	J07	VACCINES	4.4	2.8
7	5	V08	CONTRAST MEDIA	3.8	3.2
8	24	J04	ANTIMYCOBACTERIALS	2.8	1.1
9	9	J06	IMMUNE SERA & IMMUNO-GLOBULIN	2.6	2.9
10	13	A10	DRUGS USED IN DIABETES	2.6	2.1
Total				58.4	55.3

Conclusion. At the end of the first three months of 2014, the Russian hospital market increased by 9% in rouble terms and reduced by 5% in dollar terms and brought in RUB 26.511 bln (USD 758.139 mln). In pack terms, the market also showed negative growth rates (-5%) and achieved 41.525 mln packs. Based on the results for three months of 2014, the average cost of OTC pack in the hospital sector of Russia was USD 5.36, whereas in the year-earlier period its cost was USD 5.37.

STATE REIMBURSEMENT PROGRAM IN THE RUSSIAN FEDERATION: 2014 FIRST 3 MONTHS RESULTS

According to DLO in RF™, on the basis of the results for Quarter I of 2014, the OTC drugs supplies under the Federal Program amounted to RUB 39.455 bln (USD 1.167 bln) in contractual prices[2]. The sector volume reduced 13% in terms of roubles, and 22% in terms of dollars as compared to the same period a year ago. Scope of supplies in pack terms reduced by 7% to 30.755 mln packs. The average cost of OTC pack through the program was USD 37.94 in contractual prices (a year ago was USD 45.72).

Based on the results for three months of 2014, ROCHE (+6%), JOHNSON & JOHNSON (+11%) and TEVA (-43%) continued to show the largest volumes of supplies under DLO Programme. Due to outperformance rates, the former two held and reinforced their leading positions in the top ten DLO drug manufacturers ranking (Table 1). Only two other drug manufacturers also showed progress in the ranks. PHARMSTANDART (+10%) and SERONO increased their supplies 110 times and moved up to ranks 5 and 8. However, only two another drug manufacturers rose in the ranks. Despite the negative growth rates, the drug manufacturers BAXTER (-9%) and OCTAPHARMA (-11%) moved up one rank, to numbers four and ten. SANOFI-AVENTIS (-17%) and NOVO NORDISK (-1%) also reduced supplies under DLO Programme and held their previous ranks six and nine. At the same time, LABORATORIO TUTEUR (-56%) with negative growth rates moved down from rank four to seven. The total share of the top ten drug manufacturers under DLO Programme expanded by more than 5 p.p. and reached 72.6%.

Table 1. The top 10 drug manufacturers for DLO

Rank		Manufacturer*	Share in total DLO volume, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	1	**ROCHE**	22.7	18.4
2	2	**JOHNSON & JOHNSON**	14.7	11.4
3	3	**TEVA**	6.8	10.2
4	5	**BAXTER INT**	6.5	6.1
5	8	PHARMSTANDART	5.2	4.0
6	6	**SANOFI-AVENTIS**	4.2	4.5
7	4	LABORATORIO TUTEUR	4.0	7.9
8	81	**SERONO**	3.1	0.0
9	9	**NOVO NORDISK**	2.9	2.6
10	11	OCTAPHARMA	2.5	2.5
Total			72.6	67.5

*AIPM members are in bold

Immunosuppressant drug MABTHERA (+14%) and antineoplastic drug VELCADE (+17%) 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 (-41%) held its previous rank three. GENFAXON (-17%) and PULMOZYME (+9%) held their previous ranks 5 and 8. The other five OTC drugs rose in the ranks. COAGIL-VII (+21%) moved up from rank six to 4, and the newcomers RECOMBINAT (+91%), REBIF (650 -fold increase in purchases), LANTUS SOLOSTAR (+2%) and REMICADE (+7%) moved up to ranks 6, 7 , 9 and 10, respectively. The total share of the top ten ranking increased by almost 12 p.p. and achieved 55.9%.

Table 2. The top ten trade names for DLO.

Rank in the top ten		Brand name	Share in total DLO volume, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	1	MABTHERA	16.4	12.5
2	2	VELCADE	14.1	10.4
3	3	COPAXONE-TEVA	5.7	8.3
4	6	COAGIL-VII	4.0	2.8
5	5	GENFAXON	3.5	3.6
6	14	RECOMBINAT	3.1	1.4
7	84	REBIF	2.9	0.0
8	8	PULMOZYME	2.6	2.0
9	12	LANTUS SOLOSTAR	1.9	1.7
10	15	REMICADE	1.7	1.4
Total			55.9	44.1

Two newcomers broke into the ranks of the top ten INN and group names - INN INSULIN GLARGINE (-11%) and FACTOR IX (+11%) moved up to ranks 9 and 10, respectively (Table 3). In addition to the newcomers, another five INNs of the top ten moved up to yet higher ranks. INNs INTERFERON BETA-1A (+51%) and GLATIRAMER ACETATE (-41%) moved up to ranks three and four from 6 and 5, and EPTACOG ALFA (ACTIVATED) (+21%), OCTOCOG ALFA (+17%) and DORNASE ALFA (+9%) moved up to ranks 6 through 8, respectively. INNs RITUXIMAB (+14%) and BORTEZOMIB (+17%) retained and reinforced their leading positions in the ranking. Only FACTOR VIII (-46%) moved down two ranks, to number 5.

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

Rank in the top ten		Brand name	Share in total DLO volume, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	1	RITUXIMAB	16.4	12.5
2	2	BORTEZOMIB	14.1	10.4
3	6	INTERFERON BETA-1A	7.7	4.4
4	5	GLATIRAMER ACETATE	5.7	8.3
5	3	FACTOR VIII	5.5	8.7
6	7	EPTACOG ALFA (ACTIVATED)	4.0	2.8
7	8	OCTOCOG ALFA	3.2	2.3
8	10	DORNASE ALFA	2.6	2.0
9	11	INSULIN GLARGINE	2.0	2.0
10	13	FACTOR IX	1.9	1.5
Total			63.1	54.9

The top ten ATC group ranking (table 4) showed high stability. Eight of its ATC groups retained their positions unchanged: L01 Antineoplastic agents (-15%), L03 Immunostimulants (-14%), B02 Antihemorrhagics (-18%), A10 Drugs Used in Diabetes (-4%), L04 Immunodepressants (-28%), R03 Drugs for obstructive airway diseases (-2%), R05 Cough and Cold Preparations (+8%) and B03 Antianemic preparations (-15%) held their previous ranks from one through 8. Note that almost all groups except for R05 showed negative growth rates in the analysed period. The only shift took place in the bottom part of the ranking. The group A16 Other alimentary tract and metabolism products (-16%) showed more significant reduction in purchases and moved down to rank ten, giving the way to H01 Hypothalamic-Pituitary Hormones and Analogues (-6%). The total share of the top ten reduced by 0.5 p.p. and achieved 88.3%.

Table 4. The top ten ATC groups for DLO

Rank		ATC code	ATC group	Share in total DLO volume, %	
3 mon. 2014	3 mon. 2013			3 mon. 2014	3 mon. 2013
1	1	L01	ANTINEOPLASTIC AGENTS	35.5	36.1
2	2	L03	IMMUNOSTIMULANTS	15.4	15.4
3	3	B02	ANTIHEMORRHAGICS	14.6	15.4
4	4	A10	DRUGS USED IN DIABETES	8.0	7.3
5	5	L04	IMMUNOSUPPRESSANTS	3.7	4.5
6	6	R03	DRUG FOR OBSTRUCT AIRWAY DIS	3.4	3.1
7	7	R05	COUGH AND COLD PREPARATIONS	2.6	2.1
8	8	B03	ANTIANEMIC PREPARATIONS	1.7	1.8
9	10	H01	PITUIT&HYPOTHAL HORM& ANALOG	1.7	1.6
10	9	A16	OTH ALIMENT TRACT&METAB PROD	1.6	1.6
Total				88.3	88.8

Data on supplies to the top ten regions of Russia under State Reimbursement Program (DLO) are shown in Table 5. Moscow Region with a 5.3% share in total supplies held its leading position in the ranking. Krasnodarsky Krai moved up to rank two, displacing Moscow and Sverdlovsk Region. Note that growth rates of supplies in most regions of the top ten was negative. And only three regions rounding out the top ten showed positive but not high growth rates. The total share of the top ten regions in DLO sector accounted for 34.3%.

Table 5. The top ten regions by sales for DLO

Rank		Region	Share in total DLO volume, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	1	Moscow Region	5.3	6.9
2	4	Krasnodar Krai	3.8	3.5
3	2	Moscow	3.7	5.5
4	3	Sverdlovsk Region	3.5	3.9
5	5	Rostov Region	3.4	3.3
6	6	Tatarstan Republic	3.3	3.0
7	7	Bashkortostan Republic	2.9	3.0
8	8	Kemerovo Region	2.7	2.4
9	10	Tyumen Region	2.7	2.3
10	9	Southern FD, Rest	2.7	2.3
Total			34.3	36.0

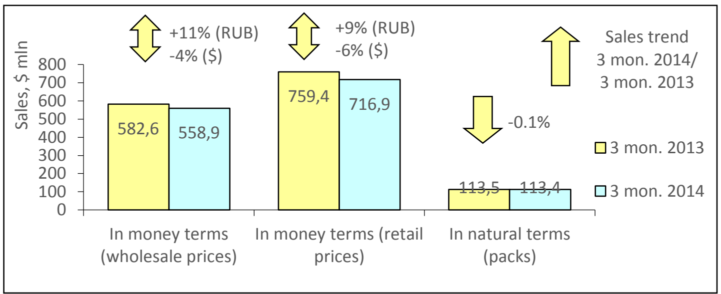
Conclusion. On the basis of the results for three months of 2014, the DLO sector of Russia brought in RUB 39.454 bln. (USD 1.167bln) in contractual prices. This is 13% in terms of roubles and 22% in terms of dollars less than during the same period a year ago. In pack terms, the supplies reduced by 7% and brought in 30.755 mln packs. The average cost of OTC pack participating in the DLO Programme reduced as compared to the figures of the past year (USD 37.94 vs USD 45.72).

[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 3 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 3 months of 2014 the average wages in the city was RUB 55,876 (USD 1598.28), which is 86% higher than the average wage 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 Moscow pharmacy market volume reduced by 0.1% in natural terms and amounted to 113.374 million packs (Fig. 1). In wholesale prices, the market showed the positive performance in terms of roubles (+11%) and negative in terms of dollars (-4%) and reached RUB 19.589 bln (USD 558.875 mln). The region's share accounted for 15.8% of the total volume of all-Russia pharmacy market. The average cost of OTC pack in the city pharmacies based on the results for Quarter I, 2014 was USD 6.32 (during the same period in 2013 - USD 6.69). In the analysed period, per capita expenses of Moscow residents for purchase of medicines in pharmacies amounted to USD 59.21.

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



Based on the results for three months of 2014, the top ten drug manufacturers in the Moscow market didn't change in composition, and four of its manufacturers managed to hold their previous positions (Table 1). As before, due to high growth rates SANOFI-AVENTIS (+15%) held and reinforced its rank number one in the top ten. NOVARTIS (+10%), ABBOTT (+13%) and NYCOMED/TAKEDA (+16%) maintained their previous positions four, seven and ten. The drug manufacturers BAYER (+12%), SERVIER (+10%) and PFIZER (+14%) moved up one rank, coming in at numbers 2, 5 and 8, respectively. At the same time, they displaced PHARMSTANDART (-9%), SANDOZ (+4%) and TEVA (+6%) down one rank, to numbers 3, 6 and 9, respectively. The total share of the top ten INN and group names increased by 0.6 p.p. and achieved 38.3%.

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**	6.1	5.9
2	3	**BAYER HEALTHCARE**	4.5	4.4
3	2	PHARMSTANDART	3.8	4.6
4	4	**NOVARTIS**	3.7	3.7
5	6	**SERVIER**	3.6	3.6
6	5	**SANDOZ GROUP**	3.5	3.7
7	7	**ABBOTT**	3.5	3.4
8	9	**PFIZER**	3.3	3.2
9	8	**TEVA**	3.1	3.3
10	10	**NYCOMED/TAKEDA**	3.1	3.0
Total			38.3	38.9

*AIPM members are in bold

Hepatoprotector ESSENTIALE N (+11%) and antiviral KAGOCEL (+11%) didn't change their leading positions in the top10 brand names ranking (table 2). Despite the reduction in sales, another two brand names AMIXIN (-17%) and LINEX (-7%) maintained their previous ranks four and five. However, the drugs ARBIDOL (-37%) and OSCILLOCOCCINUM (-8%) with negative growth rates fell in the ranks, moving down to numbers 7 and 9, respectively. CIALIS (+2%) also moved down two ranks, to number 10. Three brand names with outstripping growth rates INGAVIRIN (+44%), DETRALEX (+15%) and ACTOVEGIN (+17%), on the contrary, moved up to higher ranks 3, 6 and 8, respectively. On top of that, the latter became the only newcomer of the top 10 ranking. In total, the top ten brand names accumulated 7.5% of sales, which is much less than in the year-earlier period (8.6%).

Table 2. The top ten brand names by pharmacy sales

Rank		Brand name	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	1	ESSENTIALE N	1.2	1.2
2	2	KAGOCEL	0.8	1.2
3	10	INGAVIRIN	0.8	0.6
4	4	AMIXIN	0.8	1.0
5	5	LINEX	0.8	0.9
6	9	DETRALEX	0.7	0.6
7	3	ARBIDOL	0.6	1.1
8	12	ACTOVEGIN	0.6	0.6
9	6	OSCILLOCOCCINUM	0.6	0.8
10	8	CIALIS	0.6	0.6
Total			7.5	8.6

Four newcomers appeared in the top 10 INN and group names ranking (Table 3). HYALURONIC ACID and IMIDAZOLYL ETHANAMIDE PENTANDIOIC ACID (+44% each), BISOPROLOL (+28%) and BLOOD (+16%) moved up to ranks four, seven, eight and ten. One more INN PANCREATIN (+10%) managed to improve its position, moving up from rank 6 to three. INNs XYLOMETAZOLINE (+2%) and PHOSPHOLIPIDS (+12%) maintained their first two ranks in the top ten, while the former reduced its market share due to lagging behind the market rates. INNs TILORONE (-18%) and KAGOCEL (-21%) which reduced its sales and the composition BIFIDOBACTERIUM INFANTIS + ENTEROCOCCUS FAECIUM + LACTOBACILLUS ACIDOPHILUS (-7%) moved down to the lower ranks 5, 6 and 9, respectively.

Table 3. The top 10 INN and group names by pharmacy sales

Rank		INN/Generic Names	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	1	XYLOMETAZOLINE	1.6	1.8
2	2	PHOSPHOLIPIDS	1.3	1.2
3	6	PANCREATIN	0.9	0.9
4	16	HYALURONIC ACID	0.9	0.7
5	4	TILORONE	0.8	1.2
6	3	KAGOCEL	0.8	1.2
7	22	IMIDAZOLYL ETHANAMIDE PENTANDIOIC ACID	0.8	0.6
8	19	BISOPROLOL	0.8	0.7
9	7	BIFIDOBACTERIUM INFANTIS + ENTEROCOCCUS FAECIUM + LACTOBACILLUS ACIDOPHILUS	0.8	0.9
10	18	BLOOD	0.7	0.7
Total			9.5	9.8

As well as in the previous rankings, the top ten ATC groups didn't change its leader. Despite the reduction in sales, as before the group J05 Antivirals for systemic use (-9%) held its rank number one (Table 4). Numerous shifts took place in the bottom part of the top ten - not one ATC group of the top ten managed to retain its previous position. On top of that, six of them showed progress in the ranks. The groups R01 Nasal preparations (+8%) and A11 Vitamins (+6%) moved up one rank, coming in at number 2 and 4. A07 Antidiarrheals, intestinal anti-inflammatory/ antiinfective agents (+13%), M01 Anti-inflammatory and antirheumatic products (+17%) and G03 Sex hormones (+14%) improved their positions by two ranks, moving up to numbers 5, 6 and 9. The latter group broke into the ranks of the top ten for the first time. The most dynamic ATC group of the top ten C09 Agents acting on the rennin-angiotensin system (+24%) moved up from rank ten to seven. In contrast, the other ATC groups with negative sales rates moved down to the lower ranks. J01 Antibacterials for systemic use (-7%), N02 Analgesics (-3%) and R05 Cough and Cold Preparations (-11%) moved down to ranks 3, 8 and 10. The cumulative share of the top-ten reduced by 2.6 p.p. and achieved 36.1%.

Table 4. The top ten ATC Groups by pharmacy sales

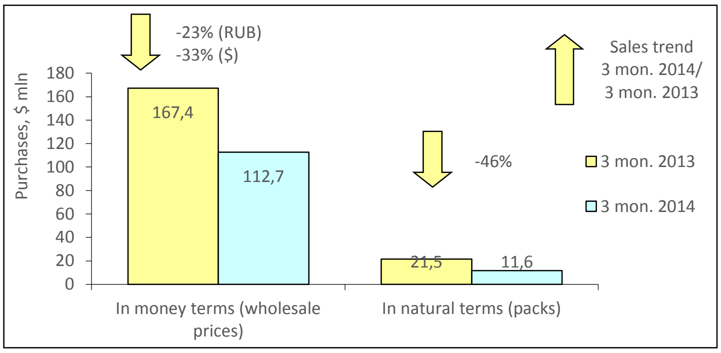
Rank		ATC code	ATC group	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013			3 mon. 2014	3 mon. 2013
1	1	J05	ANTIVIRALS FOR SYSTEMIC USE	4.7	5.8
2	3	R01	NASAL PREPARATIONS	4.3	4.4
3	2	J01	ANTIBACTERIALS FOR SYST USE	3.8	4.6
4	5	A11	VITAMINS	3.6	3.7
5	7	A07	INTESTINAL ANTIINFECTIVES	3.5	3.4
6	8	M01	ANTIINFLAM & ANTIRHEUM PROD	3.4	3.2
7	10	C09	AG ACT RENIN-ANGIOTENS SYST	3.4	3.0
8	6	N02	ANALGESICS	3.1	3.6
9	11	G03	SEX HORM&MODULAT GENITAL SYS	3.1	3.0
10	4	R05	COUGH AND COLD PREPARATIONS	3.1	3.8
Total				36.1	38.7

Conclusion. In the first quarter of 2014, the pharmacy market in Moscow was estimated at RUB 25.125 bln (USD 716.936 mln.) in final consumer prices. At the same time, the regional market performance was positive in rouble terms (+9%), whereas in dollar terms it was negative (6%). In natural terms, the sales decreased by 0.1% to 113.374 mln packs. The average cost of an OTC pack (USD 6.32) in the pharmacies reduced as compared to a year earlier (USD 6.69), but was higher than the average value in Russia (USD 4.12). Per capita expenses of Moscow residents for purchase of medicines in the city pharmacies were also higher than the national average figures (USD 59.21 vs. USD 31.72).

MOSCOW CITY HOSPITAL MARKET: 2014 FIRST 3 MONTHS RESULTS

According to the results of the Retail Audit of Hospital Purchases in Russia™, in the first three months of 2014 the Moscow hospital market in natural terms reduced by 46% compared to the previous year and amounted to 11.603 million packs. In money terms, the market also showed negative growth rates (-23% in terms of roubles and -33% in terms of dollars) and reached RUB 3.940 bln (USD 112.687 mln) in wholesale prices. Based on the results for the first three months of 2014, the average cost of OTC pack in the hospital sector of Moscow was USD 9.71, whereas in the year-earlier period its cost was USD 7.78. The metropolitan market share accounted for 8.2% of the Russian hospital market in natural terms and 14.9% in money terms.

Figure 1. Moscow city hospital market for 3 months of 2013 – 3 months of 2014



Due to 2-fold growth in purchases, the drug manufacturer GLAXOSMITHKLINE moved up from rank nine to one, taking over the leadership of the top ten drug manufacturers on the Moscow hospital market (Table 1). In contrast, the last year leader ROCHE (-69%) showed the significant negative rates and moved down to rank eight. Another four drug manufacturers of the ranking showed negative purchase rates. SANOFI-AVENTIS (-22%) and MERCK SHARP DOHME (-42%) swapped their positions, coming in at ranks 3 and 4, respectively, as well as NYCOMED/TAKEDA (-27%) and BAYER (-26%) moving down to ranks 7 and 9. The other INNs of the top ten rose in the ranks. NOVARTIS (+68%) moved up to rank two from eight, and ABBVIE (+22%) moved up to rank 6 from 10. The newcomers JOHNSON & JOHNSON (+44%) and OCTAPHARMA (+8%) broke into the ranks of the top ten, coming in at numbers five and ten. The total share of the top ten trade names increased by over 4 p.p. and accounted for 39.6%.

Table 1. The top 10 drug manufacturers by hospital purchases

Rank in the top ten		Manufacturer*	Share in total hospital purchases, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	9	**GLAXOSMITHKLINE**	5.8	2.3
2	8	**NOVARTIS**	5.8	2.6
3	4	**SANOFI-AVENTIS**	4.7	4.6
4	3	**MERCK SHARP DOHME**	3.7	5.0
5	13	**JOHNSON & JOHNSON**	3.7	2.0
6	10	**ABBVIE**	3.6	2.2
7	5	**NYCOMED/TAKEDA**	3.4	3.6
8	1	**ROCHE**	3.2	7.9
9	7	**BAYER HEALTHCARE**	3.1	3.3
10	14	OCTAPHARMA	2.6	1.9
Total			39.6	35.4

*AIPM members are in bold

Almost all top ten brand names in the hospital metropolitan market has been updated (Table 2). Only two brand names of the 2013 top ten ALBUMIN (-20%) and SODIUM CHLORID (-64%) held their previous positions in the 2014 top ten. However, due to significant negative sales rates, they dropped their positions, moving down to ranks six and eight, respectively. In contrast, eight new brand names showed high positive growth rates. Due to sixteen-fold growth in purchases, RECOMBINANT (rDNA) HEPATITIS B VACCINE became the leader of the top ten. SYNAGIS (4.2-fold growth in purchases), combined vaccine INFANRIX (86-fold growth), immunosuppressant GILENIA and ophthalmological agent LUCENTIS (3.2-fold growth) moved up to ranks 2 through 5. HEPATITIS B VACCINE moved up to rank seven, and diagnostic contrast agents MAGNEVIST with 2.7-fold and OMNISCAN with 2.4-fold growth in purchases moved down to ranks nine and ten of the top ten, respectively. Due to newcomers, the total share of the top ten brand names increased significantly by 16 p.p. and accounted for 21.6%.

Table 2. The top 10 brand names by hospital purchases

Rank in the top ten		Brand name	Share in total hospital purchases, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	77	RECOMBINANT (rDNA) HEPATITIS B VACCINE	6.1	0.0
2	26	SYNAGIS	2.8	0.5
3	72	INFANRIX	2.6	0.0
4	N/A	GILENIA	1.9	N/A
5	33	LUCENTIS	1.6	0.4
6	4	ALBUMINE	1.4	1.4
7	N/A	HEPATITIS B VACCINE	1.4	N/A
8	1	SODIUM CHLORIDE	1.2	2.6
9	40	MAGNEVIST	1.2	0.4
10	36	OMNISCAN	1.2	0.4
Total			21.6	5.7

Following the above ranking, the top ten INN and group names ranking were updated significantly. On top of that, seven newcomers broke into the ranks of the top ten INN and group names ranking (Table 3). One of them, HEPATITIS B VACCINE took over the leadership of the top ten. The leader of the previous year IMMUNOGLOBULIN BASE (-32%) reduced its purchase volumes and moved down to rank two. ALBUMIN (-30%) and SODIUM (-64%) also showed negative growth rates, which resulted in the loss of their positions in the ranking. The brand names moved down from the top three to ranks seven and nine, respectively. The newcomers PALIVIZUMAB (4.2-fold growth in purchases), VACCINE, ACELL PERT.TET.& DIP. (86-fold growth), FINGOLIMOD, RANIBIZUMAB (3.2-fold growth), VACCINE, HEPATITIS B + VACCINE, HEP.A INACTIV. VIRUS and GADOPENTETIC ACID (2.7-fold growth) moved up to ranks three through six, as well as eight and ten. The total share of the analysed ranking, as well as of the above ranking, increased considerably from 9.1% to 23.5%.

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

Rank		INN/Generic Names	Share in total hospital purchases, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	N/A	VACCINE, HEPATITIS B	6.1	N/A
2	1	IMMUNOGLOBULIN BASE	3.1	3.5
3	31	PALIVIZUMAB	2.8	0.5
4	75	VACCINE, ACELL.PERT.TET.& DIP.	2.6	0.0
5	N/A	FINGOLIMOD	1.9	N/A
6	41	RANIBIZUMAB	1.6	0.4
7	3	ALBUMIN	1.5	1.7
8	N/A	VACCINE, HEPATITIS B + VACCINE, HEP.A INACTIV. VIRUS	1.4	N/A
9	2	SODIUM	1.3	2.7
10	47	GADOPENTETIC ACID	1.2	0.4
Total			23.5	9.1

The top ten ATC groups ranking changed its leader (table 4). J07 Vaccines increased purchases 4.4 times and moved up to rank one from 12. Only two another ATC groups came in at yet higher ranks. The groups J06 Immune sera and immunoglobulins (-0.2%) and J05 Antivirals for systemic use, which purchases increased 3.4 times, moved up to ranks 3 and 8, respectively. On top of that, the latter broke into the ranks of the top 10 ranking for the first time. The remaining ATC groups of the top 10, except for one, moved down to the lower ranks. The last year leader J01 Antibacterials for systemic use (-51%) moved down to rank two, L01 Antineoplastic agents (-51%), B05 Blood substitutes and perfusion solutions (-47%), B01 Antithrombotic agents (-37%), L04 Immunosuppressants (-32%) and N01 Anesthetics (-45%) moved down to ranks 4, 5, 7, 9 and 10. The only group of the top ten V08 Contrast media (-6%) held its own in the ranking and as before maintained rank six. The total share of the analysed top ten didn't increase so much as in the above rankings, rising from 60.7% to 62.8%.

Table 4. The top ten ATC groups by hospital purchases

Rank		ATC code	ATC group	Share in total hospital purchases, %	
3 mon. 2014	3 mon. 2013			3 mon. 2014	3 mon. 2013
1	12	J07	VACCINES	13.6	2.4
2	1	J01	ANTIBACTERIALS FOR SYST USE	9.0	14.3
3	5	J06	IMMUNE SERA&IMMUNOGLOBULIN	6.8	5.2
4	2	L01	ANTINEOPLASTIC AGENTS	6.6	10.4
5	3	B05	BLOOD SUBSTITUTE & PERF SOLS	6.4	9.4
6	6	V08	CONTRAST MEDIA	5.6	4.6
7	4	B01	ANTITHROMBOTIC AGENTS	4.4	5.3
8	24	J05	ANTIVIRALS FOR SYSTEMIC USE	3.8	0.9
9	7	L04	IMMUNOSUPPRESSANTS	3.7	4.2
10	8	N01	ANESTHETICS	2.9	4.0
Total				62.8	60.7

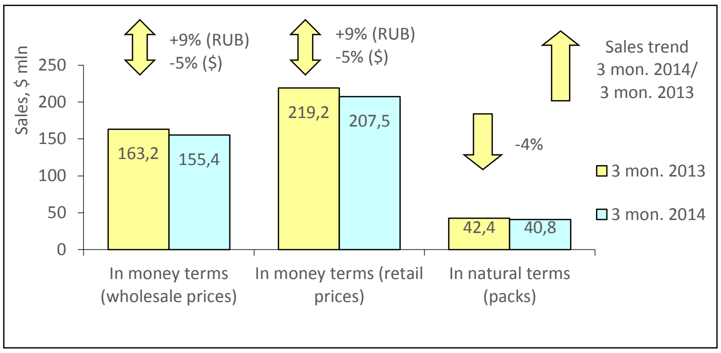
Conclusion. At the end of three months of 2014, the Moscow hospital market reduced by 23% in rouble terms and by 33% in dollar terms and brought in RUB 3.940 bln (USD 112.687 mln). In pack terms, the market reduced by almost half (-46%) and amounted to 11.603 mln packs. The average cost of an OTC pack in the hospital market of Moscow significantly increased as compared to the previous year (USD 9.71 vs. USD 7.78), and was much higher than the average indicator in Russia (USD 5.36).

SAINT PETERSBURG PHARMACY MARKET: 2014 FIRST 3 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 3 months of 2014 the average wages in the city was RUB 37567 (USD 1074.56), which is 25% higher than the average wage 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 St. Petersburg saw a 4% decrease to 40.823 mln packs. In money terms, the OTC drugs market increased by 9% in rouble terms and reduced by 5% in dollar terms and reached RUB 5.432 billion (USD 155.374 million) in wholesale prices (Fig. 1). The city share in the total volume of all-Russia pharmacy market accounted for 4.5%. The average cost of an OTC pack reduced as compared to a year earlier period (USD 5.17) and reached USD 5.08 at retail prices. For 3 months of 2014, the average amount spent by residents of St. Petersburg for drugs amounted to USD 36.02.

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



Based on the results for three months of 2014, SANOFI-AVENTIS (+11%) held its leading positions in the retail market of St. Petersburg (Table1). In addition, another four drug manufacturers SANDOZ (+9%), SERVIER (+3%), NOVARTIS (+6%) and NYCOMED/TAKEDA (+16%) held their previous ranks three, five, six and ten. The other five drug manufacturers of the top 10 shifted their ranks. The more dynamic drug manufacturers BAYER (+15%), ABBOTT and PFIZER (+16% each) moved up to ranks two, eight and nine, displacing PHARMSTANDART (-4%) and TEVA (+8%) to ranks four and nine. The cumulative share of the top 10 drug manufacturers reduced to 38.9%.

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**	6.0	5.9
2	4	**BAYER HEALTHCARE**	4.5	4.3
3	3	**SANDOZ GROUP**	4.4	4.4
4	2	PHARMSTANDART	4.0	4.5
5	5	**SERVIE**	3.8	4.0
6	6	**NOVARTIS**	3.6	3.8
7	8	**ABBOTT**	3.4	3.2
8	9	**PFIZER**	3.2	3.0
9	7	**TEVA**	3.2	3.2
10	10	**NYCOMED/TAKEDA**	2.7	2.6
Total			38.9	39.0

*AIPM members are in bold

The leader of the top-10 brand names ranking changed (Table 2). Due to 40% reduction in sales, the last year leader ARBIDOL moved down to rank three, giving the way to drugs ESSENTIALE N (+2%) and KAGOCEL (-20%). Apart from them, another three names of the top ten showed growth in sales. The newcomer EXODERIL (+99%), INGAVIRIN (+32%) and DETRALEX (+7%) broke into the ranks of the top ten, coming in at numbers five, seven and ten. The homoeopathic preparation OSCILLOCOCCINUM (-17%) showed significant reduction in sales and moved down from rank five to nine. LINEX (-1%), VIAGRA (+6%) and HEPTRAL (+8%) held their previous ranks four, six and eight. The total share of the top trade names reduced by almost 1 p.p. and accounted for 7.8%.

Table 2. The top ten brand names by pharmacy sales

Rank		Brand name	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	2	ESSENTIALE N	1.3	1.4
2	3	KAGOCEL	0.9	1.2
3	1	ARBIDOL	0.8	1.5
4	4	LINEX	0.8	0.9
5	29	EXODERIL	0.8	0.4
6	6	VIAGRA	0.7	0.7
7	13	INGAVIRIN	0.7	0.6
8	8	HEPTRAL	0.6	0.7
9	5	OSCILLOCOCCINUM	0.6	0.8
10	14	DETRALEX	0.6	0.6
Total			7.8	8.7

Only three INNs of the top-ten INN and group names held their own in the ranking (table 3). The leader of top ten XYLOMETAZOLINE (+19%) held its rank one, and INN KAGOCEL (-20%) and the composition AMOXICILLIN + CLAVULANIC ACID (-6%) held their ranks 4 and 7. Most of the top 10 INNs improved their positions in the ranking. PHOSPHOLIPIDS (+3%) and PANCREATIN (+17%) moved up to ranks two and three from 3 and 9, respectively, and the composition BIFIDOBACTERIUM INFANTIS + ENTEROCOCCUS FAECIUM + LACTOBACILLUS ACIDOPHILUS (-1%) moved up to rank nine from ten. Three newcomers of the top ten, SILDENAFIL (+12%), IBUPROFEN (+8%) and NAFTIFINE (+99%) moved up to ranks five, eight and ten. In contrast, INN UMIFENOVIR (-40%) moved down from rank two to six. The total share of the top ten under review reduced by almost 0.7 p.p. and achieved 9.8%.

Table 3. The top 10 INN and group names by pharmacy sales

Rank		INN/Generic Names	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	1	XYLOMETAZOLINE	1.9	1.7
2	3	PHOSPHOLIPIDS	1.4	1.4
3	9	PANCREATIN	0.9	0.9
4	4	KAGOCEL	0.9	1.2
5	13	SILDENAFIL	0.8	0.8
6	2	UMIFENOVIR	0.8	1.5
7	7	AMOXICILLIN + CLAVULANIC ACID	0.8	0.9
8	12	IBUPROFEN	0.8	0.8
9	10	BIFIDOBACTERIUM INFANTIS + ENTEROCOCCUS FAECIUM + LACTOBACILLUS ACIDOPHILUS	0.8	0.9
10	47	NAFTIFINE	0.8	0.4
Total			9.8	10.6

Due to 21% increase in sales, R01 Nasal preparations moved up from rank three to one in the top ten ATC groups ranking, becoming the best-selling group in the region. In contrast, the former leading groups of the top ten J05 Antivirals for system use (-16%) and R05 Cough and cold preparations (-15%) reduced their sales and moved down to ranks two and three. The groups J01 Antibacterials for systemic use (-1%) and N02 Analgesics (-3%) showed negative growth sales and moved down from ranks 4 and 5 to ranks six and eight. Almost all the other ATC groups showed progress in the ranks. C09 Agents acting on the renin-angiotensin system (+19%) moved up one rank, to number 7. The groups A11 Vitamins (+5%), M01 Anti-inflammatory and antirheumatic products (+16%) and G03 Sex hormones (+20%) moved up two ranks, to numbers 4, 5 and 10. On top of that, the latter became the only newcomer of the top 10 ranking. Only A07 Antidiarrheals, intestinal anti-inflammatory/antiinfective agents (+12%) held their previous rank 9. The total share of the top 10 reduced by more than 2 p.p. and accounted for 38.6%.

Table 4. The top ten ATC Groups by pharmacy sales

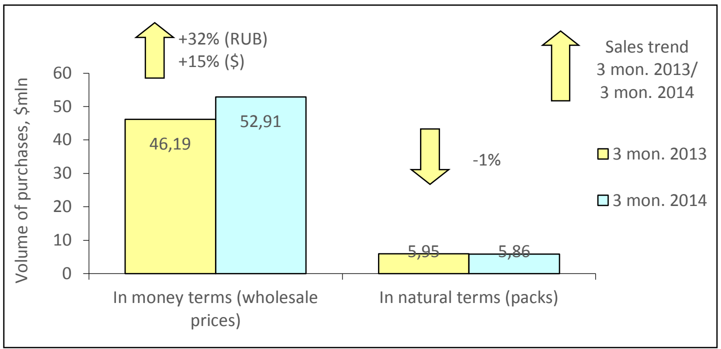
Rank		ATC code	ATC group	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013			3 mon. 2014	3 mon. 2013
1	3	R01	NASAL PREPARATIONS	4.9	4.4
2	1	J05	ANTIVIRALS FOR SYSTEMIC USE	4.2	5.5
3	2	R05	COUGH AND COLD PREPARATIONS	4.1	5.3
4	6	A11	VITAMINS	3.9	4.1
5	7	M01	ANTIINFLAM & ANTIRHEUM PROD	3.9	3.6
6	4	J01	ANTIBACTERIALS FOR SYST USE	3.8	4.3
7	8	C09	AG ACT RENIN-ANGIOTENS SYST	3.7	3.4
8	5	N02	ANALGESICS	3.7	4.1
9	9	A07	INTESTINAL ANTIINFECTIVES	3.4	3.3
10	12	G03	SEX HORM&MODULAT GENITAL SYS	3.0	2.7
Total				38.6	40.9

Conclusion. On the basis of the results for Quarter I of 2014, the retail pharmacy market of St Petersburg brought in RUB 7.256 bln (USD 207.478 mln). At the same time, the market increased 9% in terms of roubles and reduced 5% in terms of dollars. In natural terms, the market shrank by 4% to 40.826 mln packs. Based on the results for three months of 2014, the average cost of an OTC pack in the city pharmacies was lower than in the year-earlier period (USD 5.08 vs. USD 5.17) but exceeded the Russia average figures (USD 4.12). Per capita expenses for purchase of medicines in the St. Petersburg pharmacies amounted to USD 40.43 which is higher than on the average in the country (USD 31.72).

SAINT PETERSBURG HOSPITAL MARKET: 2014 FIRST 3 MONTHS RESULTS

According to the results of the Retail Audit of Hospital Purchases in Russia™, in the first three months of 2014 the St. Petersburg hospital market in natural terms reduced by 1% and reached 5.863 million packs. In money terms, the purchases movement was positive both in roubles (+32%) and in dollars (+15%), and the volume amounted to RUB 1.850 bln (USD 52.915 mln) in wholesale prices. In the first quarter of 2014, the average cost of OTC pack in the hospital sector of the city was USD 9.03, whereas in the year-earlier period its cost was USD 7.77. The regional market share accounted for 4.1% of the Russian hospital market in natural terms and 7.0% in money terms.

Figure 1. St. Petersburg hospital market for 3 months of 2013 – 3 months of 2014



At the end of the first three months of 2014, numerous shifts took place in the top ten drug manufacturers ranking of St. Petersburg hospital market, as a result of which none of them managed to hold its previous rank (Table 1). Apart from that, two newcomers entered the top 10 ranking. Due to seven-fold growth in purchases, the drug manufacturer GLAXOSMITHKLINE moved up from rank 11 to one, and ABBVIE which purchases increased 2.5 times moved up from rank 16 to seven. The markets of drug manufacturers NOVARTIS (2.1-fold growth in purchases) and JOHNSON & JOHNSON (+37%) developed at a fast pace, which allowed them to move up to the higher ranks three and four, respectively. In contrast, six drug manufacturers of the top ten stepped down their positions in the ranking. The last year leader MERCK SHARP DOHME (+30%), as well as the drug manufacturers BAYER (+24%), SANOFI-AVENTIS (-0,3%), ROCHE (-33%), PFIZER (+6%) and ASTRAZENECA (+20%) moved down to ranks two, five and six, and the bottom three ranks of the top ten. Due to newcomers of the top ten, the total share accumulated by the leading ten manufacturers increased by 7.5 p.p. and escalated to 46.2%.

Table 1. The top 10 drug manufacturers by hospital purchases

Rank in the top ten		Manufacturer*	Share in total hospital purchases, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	11	**GLAXOSMITHKLINE**	11.7	2.2
2	1	**MERCK SHARP DOHME**	8.2	8.3
3	8	**NOVARTIS**	4.5	2.8
4	5	**JOHNSON & JOHNSON**	3.8	3.6
5	4	**BAYER HEALTHCARE**	3.5	3.7
6	3	**SANOFI-AVENTIS**	3.3	4.4
7	16	**ABBVIE**	3.0	1.5
8	2	**ROCHE**	2.9	5.8
9	6	**PFIZER**	2.7	3.3
10	7	**ASTRAZENECA**	2.6	2.9
Total			46.2	38.6

*AIPM members are in bold

The top 10 brand names ranking was updated almost completely. Eight newcomers broke into the ranks of the top ten (Table 2). COMBIVIR which purchases increased more than 10 ths times became the leader of the top ten. LUCENTIS (2.4-fold growth in purchases), REVLIMID (3.1-fold growth), ORGALUTRAN (2.7-fold growth), PERGOVERIS (3.2-fold growth), OPTIRAY (1.7-fold growth), HUMIRA (4.7-fold growth) and VIVITROL (over 200-fold growth) moved up to ranks 3 through 10, respectively. Exceptions were PUREGON which held its rank two and SODIUM CHLORID (+15%) which moved down from rank one to three. The emergence of many new brand names in the top ten, which expanded their shares in the market, resulted in the considerable (by almost 16 p.p.) expansion of the total top ten brand names share as well which reached 24.3%.

Table 2. The top 10 brand names by hospital purchases

Rank		Brand name	Share in total hospital purchases, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	84	COMBIVIR	10.2	0.0
2	2	PUREGON	2.9	2.0
3	1	SODIUM CHLORIDE	2.5	2.8
4	15	LUCENTIS	1.4	0.8
5	26	REVLIMID	1.4	0.6
6	22	ORGALUTRAN	1.3	0.6
7	34	PERGOVERIS	1.3	0.5
8	12	OPTIRAY	1.2	0.9
9	53	HUMIRA	1.2	0.3
10	82	VIVITROL	1.1	0.0
Total			24.3	8.5

Eight newcomers broke into the ranks of the top 10 INN and grouping names ranking (table 3). One of them, the composition ZIDOVUDINE + LAMIVUDINE became the leader of the top ten. RANIBIZUMAB (2.4-fold growth in purchases), IMMUNOGLOBULIN BASE (1.9 -fold growth), LENALIDOMIDE (3.1-fold growth), GANIRELIX (2.7 growth), FOLLITROPIN ALFA + LUTROPIN ALFA (3.2-fold growth), IOVERSOL (+73%) and ADALIMUMAB (4.7-fold growth) moved up to ranks 4 through 10 respectively. INN FOLLITROPIN BETA (+94%) held its previous rank two, whereas the last year leader SODIUM (+15%) moved down to rank three. The total share of the top-ten increased by over 15 p.p. and accounted for 24.6%.

Table 3. The top 10 INN and grouping names by hospital purchases

Rank		INN/Grouping Names	Share in total hospital purchases, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	85	ZIDOVUDINE + LAMIVUDINE	10.2	0.0
2	2	FOLLITROPIN BETA	2.9	2.0
3	1	SODIUM	2.5	2.8
4	20	RANIBIZUMAB	1.4	0.8
5	12	IMMUNOGLOBULIN BASE	1.4	0.9
6	29	LENALIDOMIDE	1.4	0.6
7	27	GANIRELIX	1.3	0.6
8	42	FOLLITROPIN ALFA + LUTROPIN ALFA	1.3	0.5
9	15	IOVERSOL	1.2	0.9
10	64	ADALIMUMAB	1.2	0.3
Total			24.6	9.5

The only newcomer, J05 Antibacterials for systemic use, which purchases increased 9.8 times, became the leader of the top ten ATC groups ranking (Table 4). At the same time, L01 Antineoplastic agents (+9%) and J01 Antibacterials for systemic use (+11%) moved down one rank, coming in at numbers 2 and 3. G03 Sex hormones (+146%) moved up to number four from eight. V08 Contrast media (+30%) and N01 Anaesthetics (+16%) held their previous positions six and ten. The other top-10 ATC groups dropped their positions in the ranking: B05 Blood substitutes and perfusion solutions (-8%), L04 Immunosuppressants (+10%), B01 Antithrombotic agents (+13%) and N05 Psycholeptics (-9%). The total share of the top ten brand names increased by over 4 p.p. and accounted for 67.1%.

Table 4. The top ten ATC groups by hospital purchases

Rank		ATC code	ATC group	Share in total hospital purchases, %	
3 mon. 2014	3 mon. 2013			3 mon. 2014	3 mon. 2013
1	15	J05	ANTIVIRALS FOR SYSTEMIC USE	12.4	1.7
2	1	L01	ANTINEOPLASTIC AGENTS	12.3	15.0
3	2	J01	ANTIBACTERIALS FOR SYST USE	9.1	10.8
4	8	G03	SEX HORM&MODULAT GENITAL SYS	8.1	4.3
5	3	B05	BLOOD SUBSTITUTE & PERF SOLS	5.9	8.5
6	6	V08	CONTRAST MEDIA	5.0	5.0
7	5	L04	IMMUNOSUPPRESSANTS	4.2	5.1
8	7	B01	ANTITHROMBOTIC AGENTS	3.7	4.3
9	4	N05	PSYCHOLEPTICS	3.6	5.1
10	10	N01	ANESTHETICS	2.9	3.2
Total				67.1	63.0

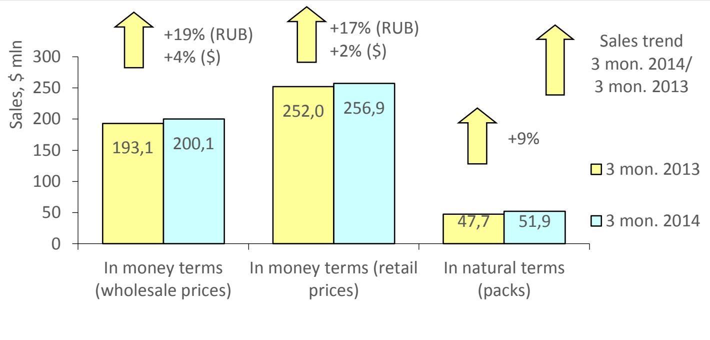
Conclusion. At the end of the first three months in 2014, the St. Petersburg hospital market grew by 32% in rouble terms and by 15% in dollar terms and brought in RUB 1.850 bln (USD 52.915 mln). In natural terms, the market showed negative growth rates (-1%) and achieved 5.863 mln packs. In the first three months of 2014, the average cost of an OTC pack in the regional hospital sector was higher than in the year-earlier period (USD 9.03 vs. USD 7.77), and considerably exceeded the Russia average figures (USD 5.36).

MOSCOW REGION PHARMACY MARKET: 2014 FIRST 3 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 Q 1, 2014 the average wage in the region was RUB 36,063 (USD 1031.55), which is 20% higher than the average wage 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 Russia saw a 9% increase to 51.927 mln packs. In money terms, the regional market showed the positive growth: 19% in rouble terms and 4% in dollar terms and reached RUB 7.004 bln (USD 200/070 mln) in wholesale prices (Fig. 1). The regional market share accounted for 5.6% of the Russian pharmacy market. The average cost of an OTC pack reduced as compared to a year earlier period (USD 5.29) and reached USD 4.95 at retail prices. For 3 months of 2014, the average amount spent by residents of the region for drugs amounted to USD 36.02.

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



At QI-end 2014, the top five drug manufacturers in the Moscow region market didn't change (Table 1). SANOFI-AVENTIS (+21%), PHARMSTANDART (+2%), BAYER (+22%), SERVIER (+9%), SANDOZ (+19%) and SERVIER (+22%) held their own in the top ten. Some moves took place in the bottom part of the top-10 ranking as well. The most dynamic drug manufacturer NYCOMED/TAKEDA (+30%) moved up two ranks, to number six, displacing NOVARTIS (+13%) and TEVA (+17%) down one rank, to numbers 7 and 8. ABBOTT (+25%) moved up to rank nine from ten, forcing MENARINI (+23%) down to rank ten. The cumulative share of the top ten drug manufacturers reduced from 38.3% to 38.1%.

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**	6.0	5.9
2	2	PHARMSTANDART	4.4	5.2
3	3	**BAYER HEALTHCARE**	4.1	4.0
4	4	**SANDOZ GROUP**	3.9	3.9
5	5	**SERVIER**	3.7	3.6
6	8	**NYCOMED/TAKEDA**	3.3	3.0
7	6	**NOVARTIS**	3.2	3.4
8	7	**TEVA**	3.2	3.3
9	10	**ABBOTT**	3.1	3.0
10	9	**MENARINI**	3.1	3.0
Total			38.1	38.3

*AIPM members are in bold

Four newcomers broke into the ranks of the top ten brand names ranking (table 2). The brand names INGAVIRIN (+65%), EXODERIL (2.2-fold increase in sales), ALFLUTOP (+43%) and MEXIDOL (+30%) moved up to ranks four and 7 through 9, respectively. In addition, another two brand names of the top ten showed growth in sales. Hepatoprotector ESSENTIALE N (+26%) moved up to rank number one, and LINEX (+11%) and ACTOVEGIN (+34%) moved up to ranks three and six. At the same time, ARBIDOL (-34%) and LASOLVAN (+13%) moved down to ranks five and ten. Despite the considerable reduction in sales, the brand name KAGOCEL (-18%) held its previous rank two. The total share of the top ten brand names reduced by almost 0.3 p.p. and accounted for 7.5%.

Table 2. The top ten brand names by pharmacy sales

Rank		Brand name	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	3	ESSENTIALE N	1.2	1.2
2	2	KAGOCEL	0.9	1.3
3	4	LINEX	0.8	0.9
4	13	INGAVIRIN	0.7	0.5
5	1	ARBIDOL	0.7	1.3
6	8	ACTOVEGIN	0.7	0.6
7	34	EXODERIL	0.7	0.4
8	15	ALFLUTOP	0.6	0.5
9	12	MEXIDOL	0.6	0.5
10	7	LASOLVAN	0.6	0.6
Total			7.5	7.8

Three INNs of the top ten INN and grouping names held their own in the ranking (table 3). The leader of top ten XYLOMETAZOLINE (+13%) maintained its rank one, and KAGOCEL (-18%) and AMBROXOL (+1%) retained its previous ranks 4 and 6. In contrast, the other names of the top 10 improved their positions in the ranks. INNs PHOSPHOLIPIDS (+26%) and PANCREATIN (+20%) moved up to ranks two and three, respectively, and the composition BIFIDOBACTERIUM INFANTIS + ENTEROCOCCUS FAECIUM + LACTOBACILLUS ACIDOPHILUS (+11%) and IBUPROFEN (+9%) moved up to ranks five and seven. The newcomers BISOPROLOL (+41%), NIMESULIDE (+39%) and BLOOD (+32%) broke into the ranks of the top 10, coming in at the bottom three ranks. The total share of the top ten reduced by 0.4 p.p. and accounted for 10%.

Table 3. The top 10 INN and group names by pharmacy sales

Rank		INN/Grouping Names	Share in total pharmacy sales, %	
3 mon. 2014	3 mon. 2013		3 mon. 2014	3 mon. 2013
1	1	XYLOMETAZOLINE	1.9	2.0
2	3	PHOSPHOLIPIDS	1.3	1.3
3	5	PANCREATIN	1.1	1.1
4	4	KAGOCEL	0.9	1.3
5	8	BIFIDOBACTERIUM INFANTIS + ENTEROCOCCUS FAECIUM + LACTOBACILLUS ACIDOPHILUS	0.8	0.9
6	6	AMBROXOL	0.8	1.0
7	9	IBUPROFEN	0.8	0.9
8	16	BISOPROLOL	0.8	0.7
9	17	NIMESULIDE	0.8	0.7
10	15	BLOOD	0.8	0.7
Total			10.0	10.4

The groups R01 Nasal preparations (+19%), J01 Antibacterials for systemic use (+3%) and M01 Anti-inflammatory and antirheumatic products (+26%) moved up to the first three ranks of the top ten ATC groups ranking from the lower positions (Table 4). Another two groups C09 Agents acting on the rennin-angiotensin system (+36%) and G03 Sex hormones (+22%) improved their positions, moving up to ranks seven and ten, respectively. In contrast, the other five brand names of the top ten dropped their positions in the ranks. R05 Cough and cold preparations (+1%), J05 Antivirals for systemic use (-5%) and N02 Analgesics (+0.4%) moved down to ranks 4 through 6 respectively. A11 Vitamins (+15%) and A07 Antidiarrheals, intestinal anti-inflammatory / anti-infective agents (+22%) moved down one rank, to numbers 8 and 9, respectively. The consolidated share of the top 10 reduced from 40.6% to 38.0%.

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	4	R01	NASAL PREPARATIONS	4.7	4.7
2	3	J01	ANTIBACTERIALS FOR SYST USE	4.2	4.8
3	6	M01	ANTIINFLAM & ANTIRHEUM PROD	4.1	3.9
4	2	R05	COUGH AND COLD PREPARATIONS	4.1	4.9
5	1	J05	ANTIVIRALS FOR SYSTEMIC USE	4.1	5.1
6	5	N02	ANALGESICS	3.6	4.3
7	9	C09	AG ACT RENIN-ANGIOTENS SYST	3.5	3.1
8	7	A11	VITAMINS	3.5	3.6
9	8	A07	INTESTINAL ANTIINFECTIVES	3.4	3.4
10	12	G03	SEX HORM&MODULAT GENITAL SYS	2.8	2.8
Total				38.0	40.6

Conclusion. On the basis of the results for three months of 2014, the retail pharmacy market of the Moscow region brought in RUB 8.994 bln (USD 265.950 mln) in retail prices. The market increased 17% in terms of roubles and 2% in terms of dollars. In pack terms, the market also showed positive growth rates (-9%) and achieved 51.928 mln packs. The average cost of OTC pack in the regional pharmacies according to the results for three months of 2014 was USD 4.95 which was lower than the last year figures (USD 5.29), but higher than average figures in the country (USD 4.12). The average expenses of city residents for medicines in the pharmacies considerably exceeded the national average (USD 36.02 vs. USD 31.72).

REGIONAL DIGEST

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

May 8, 2014, PRIME

Ministry of Justice registered the Order of Ministry for Economic Development regarding price preferences for Customs Union goods

A 15% price preference in public procurement for suppliers of some goods produced in the Customs Union will be valid until the end of 2015. According to the Director of Contract System Development Department of M. Chemerisov, the Order was prepared to create favourable conditions for domestic producers, the development of the national economy, independence from the products of foreign make and for the influx of new technologies in the industry. He noted that the Order established the procedure for granting 15% contract price preferences to the suppliers of goods of Russian, Belarussian and Kazakh origin, as well as the list of goods in respect of which these preferences were established.

May 14, 2014, The Kommersant

Ministry of Trade proposed draft amendments to the Law On Compulsory Medical Insurance in the Russian Federation and to the Budget Code

From 2015 the Federal Compulsory Medical Insurance Fund (FOMS in Russian) can start receiving transfers from the federal budget to provide certain types of high-tech medical care. The medical treatment both in federal and regional health centres will be paid out of subsidies. OMS rates for complete payment for high-tech medical care, and the current balance of the public health system are clearly insufficient. Apart from the "innovative medical activity", other high-tech medical care (VMP) can be funded out of the federal budget. Ministry of Health proposed draft amendments to the Law On Compulsory Medical Insurance in the Russian Federation and to the Budget Code on May 13, 2014.

May 14, 2014, The Vedomosti

According to FAS, a ban to advertise medical products in non-specialized media should relate to medical devices that require a special training

The State Duma agreed to ban advertising of condoms, blood glucose meters and test strips in the non-specialized media For some of them advertising of such devices is a substantial portion of income. Federal anti-monopoly service does not support a total ban on advertising of medical devices, Tatiana Nikitina, the deputy head of the FAS Department for Control over Advertising and Unfair Competition said. According to her, advertising ban in non-specialized media should only apply to medical devices that require a special training, precisely this rule exists now; but, for example, blood glucose meters and blood pressure are important for self-maintenance and health monitoring

May 14, 2014, The Rosbalt

State Duma rejected a draft law to ban advertising of pharmaceuticals in non-specialized media

The State Duma rejected a draft law to ban advertising of pharmaceuticals in the media, except for specialized medical publications. According to the special-purpose Duma Committee, the law currently prohibits pharmaceuticals advertising in respect of prescription only medicines and medicines containing narcotic and psychotropic substances permitted for use for medical purposes. The Committee considered the proposed changes redundant.

May 16, 2014, RIA News

Updated VED will be introduced to the Government before July 15, 2014

Ministry of Health of the Russian Federation intends to introduce an updated list of vital and essential drugs (VED) until July 15, 2014, Minister V. Skvortsova said at a meeting of the Presidential Council on economic modernization and innovative development of Russia. Earlier at the meeting, the head of pharmaceutical company Vitaly Smerdov proposed to revise the VED list to include the domestic products that for some reason hadn't been included in the list so far. Skvortsova previously reported that the list of vital and essential drugs may temporarily remain the same in 2014 as it was in 2013, until the adoption of criteria for its formation.

May 16, 2014, PRIME

Ministry of Industry predicts growth of the Russian pharmaceutical market to RUB 1.5 tln in 2020

Pharmaceutical market volume in Russia will exceed RUB 1 tln in 2016 and RUB 1.5 tln in 2020. The deputy head of Ministry of Industry and Trade Sergey Tsyba presented this projection in the report at a meeting of the Presidential Council for economic modernization and innovative development of the Russian Federation. Currently, the Russian pharmaceutical market is estimated at RUB 827 bln. According to the above forecast, in 2015 this figure will escalate to RUB 882 bln, and to RUB 1 tln 23 bln in 2016. In 2020, the market will grow to RUB 1 tln 498 bln.

May 22, 2014 Remedium

The State Duma supported the deferral of drug procurement decentralization within the 7 Nosologies Program

On May 21, 2014, the State Duma adopted in the first reading a draft law to extend the time-limits of the federal drugs procurement under the 7 Nosologies Program until January 1, 2018. Under the current law, the powers to provide patients with necessary drugs shall be transferred to the regional level on January 1, 2015. The draft law was introduced for consideration by the deputy Olga Borzova on March 14, 2014.

May 27, 2014, The Vedomosti

Experts believe that vaccine may be procured from a single supplier Rostec Corporation

Only in 2014 the government will spend more than RUB 11 bln for the purchase of vaccines. Chemezov, CEO of Rostec, and Minister of Health Veronika Skvortsova appealed to the Deputy Prime Minister Olga Golodets with the letter, in which they offer to make Rostec a sole supplier of immunobiological products for the prevention of infectious diseases until 2017. According to experts, the opportunity to purchase drugs from a single manufacturer is provided by the Law On the Contract System, and there have been cases when the government bought drugs from a single supplier, for example, Moscow Endocrine Plant was a sole supplier of narcotic medicines. However, the effectiveness of such a system remains a controversial issue.

NEWS FROM COMPANIES

May 19, 2014, RBC

German company Berlin-Chemie opened a new pharmaceutical plant in Kaluga. The total amount invested in the project exceeded EUR 40 million

Germany-based Berlin-Chemie AG, a member of the Italian pharmaceutical Menarini Group, opened in Kaluga a new pharmaceutical plant. The total amount invested in the project exceeded EUR 40 million. First Deputy Head of the Government Maxim Akimov, Assistant of Presidential Envoy in the Central Federal District Irina Potekhina, Deputy Minister of Industry and Trade Sergey Tsyb, Kaluga Region Governor Anatoly Artamonov, head of the Berlin-Pharma project Dr. Hansjörg Kilia, as well as representatives of the pharmaceutical industry attended the opening ceremony.

May 20, 2014, The Pharmatsevticheski Vestnik

Polfa plans to buy Saransk drug-maker Biohimic

Polish pharmaceutical company Polfa signed an agreement of intent to acquire the Russian Biohimic (Saransk). Polfa plans to buy a controlling stake in the company. After the transaction, Biohimic will be renamed as Polfa Russia. Polish company is going to modernize the pharmaceutical plant to match the GMP-standards. Biohimic JSC manufactures about 100 pharmaceutical items, mainly for the hospital sector.

May 23, 2014, The Vedomosti

Division of Millhouse capital investment group and drug-manufacturer Pharmstandart intend to acquire a pharmaceutical developer and manufacturer Biocad

Affiliated division of Millhouse investment fund of Roman Abramovich plans to acquire a 50% stake in Biocad Holding Ltd. (owner of Biocad pharmaceutical developer and manufacturer). Another 20% stake in Biocad will be acquired by Russia's largest drug-maker Pharmstandart; the remaining 30% will be kept by the company's founder and CEO Dmitry Morozov, who will retain control over the company. It was reported by Pharmstandart, Millhouse representative John Mann confirmed the information, adding that the deal will be closed after it is approved by FAS. Head of IMS Health Russia and CIS Nikolai Demidov estimated 100% of Biocad at USD 350-450 mln.

If you have questions or comments, please contact:

Vladimir Grigorievich Shipkov, Executive Director of AIPM

Tel: 933 70 40

Information of AIPM in Internet: http://www.aipm.org

Ekaterina Korduban, Director for PR and Remedium Group Development

Tel: 780 34 25, fax: 780 34 26

Information of Remedium Group in Internet: http://www.remedium.ru