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

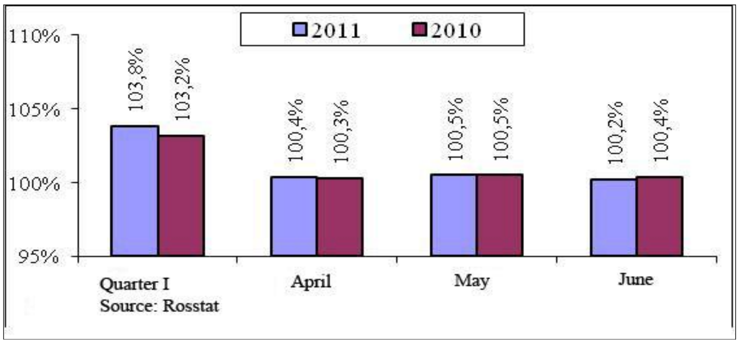
MACROECONOMIC INDICES

Inflation

According to Federal State Statistics Service's data, in June 2011 the Consumer Price Index was estimated as 100.2%. For the period from start of the year, it escalated to 105.0% (in January-June 2010 – 104.4%).

In June, Industrial Producer Price Index was 97.8%, whereas in the month-earlier period it had amounted to 101.1%. For the period from start of the year, it escalated to 107.9% (in January-June 2010 – 105.5%).

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



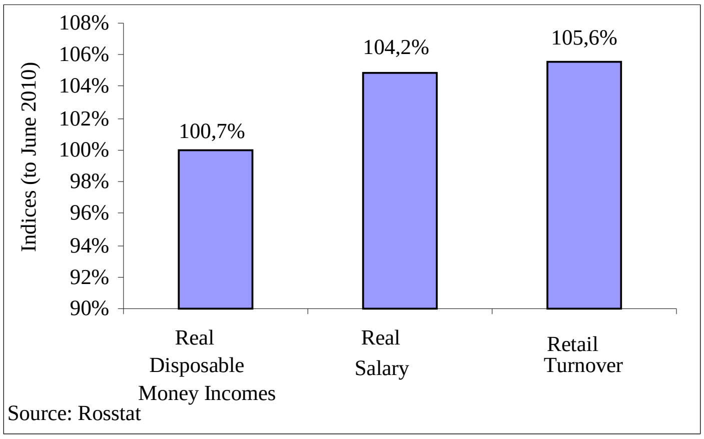
Living standard

According to preliminary Federal State Statistics Service's data, in June 2011 a gross monthly average salary per worker reached RUR 24,601 (USD 876.1) which accounts for 114% compared to June 2010. The real salary in June 2011 accounted for 104.2% as compared with the same period in 2010. In June 2011, the real value of cash incomes accounted for 100.7% as compared with the same period of 2010 (Fig. 2).

Retail turnover

In June 2011 the retail turnover was equal to RUR 1545.7 bln, which in stock accounts for 105.6% as compared to the same period a year ago (Fig. 2).

Figure 2. Real values of cash incomes, salary and retail turnover in June 2011



Manufacture of industrial products

According to Federal State Statistics Service's data, in June 2011 Industrial Production Index accounted for 105.7% compared to the same period in 2010, and 101.1% to the previous month. In January-June 2010, the Index was equal to 105.3% (in the year-earlier period – 110.2%).

Domestic production

According to Ministry of Industry and Trade's data, in January – June 2011 Pharmaceutical Production Index accounted for 96.3% compared to January - June in 2010. In June 2011 it accounted for 86% compared to June 2010 and 89.9% compared to May 2011.

Production volume of pharmaceutical products for the period of January – June 2011 amounted to RUR 63.4 bln.

The Top-10 largest domestic manufacturers by production volume at June-end 2011 are summarized in Table 1. The total production volume by Top-ten manufacturers was estimated as USD 220 mln.

Table 1. Top-ten chemical and pharmaceutical manufacturers by production volume in June 2011

Rating position	Manufacturer	Production volume, $mln
1	Pharmstandart	101,1
2	STADA	25,7
3	Microgen	19,0
4	Pharm-Center	15,9
5	Veropharm	12,5
6	Sotex	11,8
7	Akrihin	10,4
8	Polisan	8,6
9	Materia Medica	7,7
10	Biosintez	7,6

Table 2 provides pharmacy sales data from 10 regions of the Russian Federation. In May 2011, the reduction in retail sales was observed in six analyzed regions, the most pronounced one – in Perm (-11%). Three regions showed the positive performance, Rostovskaya Oblast had zero performance.

Table 2. Pharmacy sales in the regions, 2011

Region	Pharmacy sales, $mln (wholesale prices)			Growth gain, % (roubles)		
	March 2011	April 2011	May 2011	March/ February 2011	April/ March 2011	May/ April 2011
Moscow city	171,7	166,1	146,4	7%	-3%	-10%
St. Petersburg city	47,0	43,1	39,6	0,0%	-8%	-6%
Krasnodarsky Kray	28,1	27,8	28,9	0,2%	-1%	6%
Novosibirskaya Oblast	21,3	21,3	21,0	0,4%	0,1%	1%
Republic of Tatarstan	23,1	25,2	23,2	-1%	9%	-6%
Krasnoyarsky Kray	17,4	15,5	14,6	1%	-11%	-3%
Rostovskaya Oblast	22,7	19,7	19,3	6%	-13%	0%
Voronezhskaya Oblast	17,5	16,3	14,9	5%	-7%	-7%
Perm city	12,3	6,6	5,7	80%	-47%	-11%
Tyumen city	6,3	6,6	6,6	-11%	4%	2%

Advertising

The largest advertisers and pharmaceutical trade 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 2011

Rating position	Company*	Quantity of broadcasts
1	Novartis	7 372
2	Berlin-Chemie Menarini Group	4 738
3	Sanofi Aventis	3 477
4	Reckitt Benckiser	2 686
5	Bayer AG	2 323

Source – TNS Gallup AdFact

Table 4. Top-five trade names in mass media in June 2011

Rating position	Trade name*	Quantity of broadcasts
1	Nurofen	2 142
2	No-Spa	1 407
3	Evalar	1 396
4	Pentalgin-N	1 382
5	Zentiva	1 196

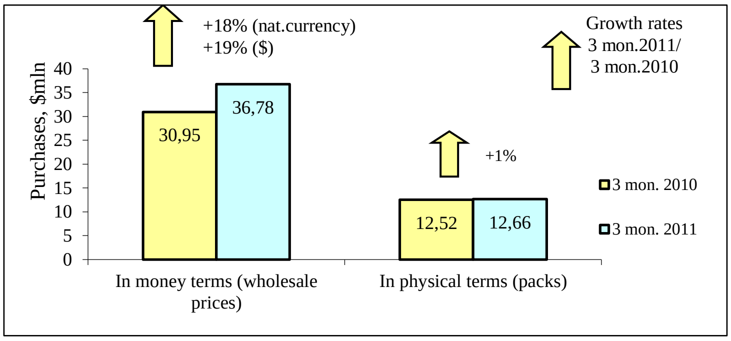
Source – TNS Gallup AdFact

* Only products registered with State Register of Medicines were considered

KAZAKHSTAN HOSPITAL MARKET: 2011 FIRST 3 MONTHS RESULTS

According to the results of the Retail Audit of Over-the-Counter (OTC) drugs in Kazakhstan™, at the end of first quarter 2011, the hospital market in physical terms saw a 1% increase to 12,657 mln packs. In money terms the country market increased more significantly compared with the same period of last year: 18% in terms of Kazakhstan Tenge and 19% in USD. In wholesale prices the market achieved USD 36.783 mln (Tenge 5.386 bln) (Fig.1). The average cost of OTC pack in the hospital sector was USD 2.91, whereas in the year-earlier period its cost was USD 2.47.

Figure 1. Kazakhstan hospital market for 3 months of 2010 – 3 months of 2011



Drugs manufactured in Kazakhstan dominated in the hospital market of the country, their share accounted for 17.5% of overall hospital purchases. However, it should be noted that the share reduced as compared with the same period of past year – at the first quarter of 2010 it accounted for 21.8%. Among foreign companies, the share of OTC drugs made in Denmark (12%) was the highest one in the pharmaceutical market, whereas in a year-earlier period their share was equal to 7%. OTC drugs made in Germany retained 10% of the hospital market. OTC drugs made in Russia accounted for 2% of Kazakhstan hospital market.

At the end of Q1, 2011, the Top-10 corporations rating experienced numerous shifts and took up one newcomer (Table 1). It was Berlin-Chemie (-13%[1]) which despite 10 times reduction for purchases moved up to 10th position. Novartis (-28%) that had been placed on that position earlier showed the pronounced negative performance and fell outside the limits of Top-10. Note that another three manufacturers reduced hospital purchases. They were the leader of the rating Khimpharm (-9%) as well as F. Hoffmann-La Roche (-14%) and Teva (-40%) that moved down to the lower 6th and 9th positions. The other five top-manufactures showed positive growth. On top of that, one of them (Nycomed) managed to maintain its 3rd position, the other one (Sanofi-Aventis) moved down from 2nd to 4th position and the other three (Janssen-Cilag, GlaxoSmithKline and Bayer) moved up to the higher positions. The share of drugs from unidentified manufacturers placed on the second position of the rating also increased.

Table 1. The Top-ten manufacturers by pharmacy sales

Rating position		Manufacturer*	Share in total hospital purchases, %	
3 mon 2011	3 mon 2010		3 mon 2011	3 mon 2010
1	1	Khimpharm	12,9	16,8
2	4	Unidentified manuf.	9,9	5,8
3	3	**Nycomed**	9,8	6,4
4	2	**Sanofi-Aventis**	7,4	7,5
5	7	**Janssen-Cilag AG**	6,9	4,7
6	5	**F. Hoffmann-La Roche Ltd**	4,0	5,6
7	8	**GlaxoSmithKline**	3,3	3,7
8	9	**Bayer Healthcare**	3,2	3,1
9	6	**Teva**	2,7	5,4
10	11	**Berlin-Chemie/ Menarini Pharma GmbH**	2,0	2,7
Total			62,2	61,6

*AIPM members are in bold

Ethyl Alcohol, the newcomer of the rating which purchases grew more than 9 times, topped the Top-10 trade names rating (Table 2). At the same time it forced the last year's leaders Actovegin (+16%) and Curosurf (+33%) to move down the row. The fourth position was taken by another newcomer, Eprex, which moved up to that position due to eight times growth of purchases. Actovegin became the third preparation which for the first time appeared in the Top-10 rating having moved up from 14th position to 8th one. The markets of the other two trade names developed at a fast pace: Herceptine (+51%) and Invega (+22%) which moved up to 5th to 6th positions respectively. At the same time, the trade names showing the low (Natrium Chloridum, Clexane) and negative growth (Cef IV) rates moved down to the lower positions. The total share accumulated by the Top-10 trade names increased 6.5 p.p. and reached 25%.

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

Table 2. Top-ten trade names by pharmacy sales

Rating position		Trade name	Share in total pharmacy purchases, %	
3 mon 2011	3 mon 2010		3 mon 2011	3 mon 2010
1	41	Ethyl Alcohol	4,3	0,5
2	1	Taxotere	3,7	3,8
3	2	Curosurf	3,3	2,9
4	62	Eprex	2,4	0,3
5	10	Herceptine	2,0	1,6
6	7	Invega	2,0	1,9
7	6	Natrium Chloridum	2,0	2,1
8	14	Actovegin	1,9	1,2
9	3	Cef IV	1,8	2,4
10	8	Clexane	1,7	1,7
Total			25,0	18,5

The Top ten INN and generic names rating has considerably updated (table 3). Four newcomers appeared in the rating: Ethanol (which sales increased 9 times), Epoetin alfa (8 times), Trastuzumab (+51%) and Paliperidone (+22%) which took up 2nd, 5th, 8th and 9th positions respectively. Apart from them, the rating progress was observed in the name Aprotinin (+31%) which moved up from 10th to 7th position. At the same time, the names Docetaxel (+16%), Poractant alfa (+33%), Cefepime (-10%) and Sodium Chloride (+8%) moved down to the lower positions. The first position was maintained by the drugs of unidentified composition.

Table 3. The Top-Ten INN and Generic Names by pharmacy sales

Rating position		INN/Generic Names	Share in total hospital purchases, %	
3 mon 2011	3 mon 2010		3 mon 2011	3 mon 2010
1	1	Unidentified	6,4	4,0
2	38	Ethanol	4,3	0,5
3	2	Docetaxel	3,7	3,8
4	3	Poractant alfa	3,3	2,9
5	62	Epoetin alfa	2,4	0,3
6	4	Cefepime	2,2	2,9
7	10	Aprotinin	2,2	1,9
8	17	Trastuzumab	2,0	1,6
9	12	Paliperidone	2,0	1,9
10	9	Natrium Chloridum	2,0	2,1
Total			30,3	21,9

The first three groups of Top-10 ATC groups rating retained their previous positions (table 4). J01 Antibacterials for systemic use (+5%), L01 Antineoplastic agents (-6%) and B05 Blood substitutes and perfusion solutions (-7%) continued to remain the best selling drugs in the hospital market of Kazakhstan. B02 Antihemorrhagics moved up to the fourth position from the ninth one due to 2.4 times purchases growth. B01 Antithrombotic agents (+24%) maintained its firths position in the rating. Three newcomers appeared in the bottom part of Top-10 rating. They were D08 Antiseptics and disinfectants (4.8 times increase in purchases), B03 Antianemic preparations (2.8 times) and N06 Psychoanaleptics (+46%) which took 6th, 8th and 10th positions respectively. Thanks largely to expansion of these groups' shares, the total share accumulated by the Top-10 manufacturers also increased and escalated to 65.9%.

Table 4. The Top-ten ATC Groups by pharmacy sales

Rating position		ATC code	ATC Group	Share in total hospital purchases, %	
3 mon 2011	3 mon 2010			3 mon 2011	3 mon 2010
1	1	J01	Antibacterials for systemic use	18,1	20,4
2	2	L01	Antineoplastic agents	11,3	14,2
3	3	B05	Blood substitutes and perfusion solutions	6,3	8,0
4	9	B02	Antihemorrhagics	5,2	2,5
5	5	B01	Antithrombotic agents	4,8	4,5
6	21	D08	Antiseptics and disinfectants	4,5	1,1
7	4	N05	Psycholeptics	4,3	5,4
8	14	B03	Antianemic preparations	4,2	1,8
9	7	R07	Other respiratory system products	3,6	2,9
10	12	N06	Psychoanaleptics	3,6	2,1
Total				65,9	63,0

Conclusion. On the basis of the results for the first quarter of 2011, the Kazakhstan hospital market showed the positive performance. In physical terms, it increased 1% to 12.657 mln packs. In money terms, its gain accounted for 18% in terms of national currency and 19% in terms of dollars; its volume amounted to 36.783 bln dollars (Tenge 5.386 bln). Compared to the retail market, in physical terms the hospital sector growth rates lagged behind those in the retail sector (+8%), whereas in money terms they, on the contrary, exceeded those in the hospital sector. In the analyzed period the average cost of a hospital pack increased to USD 2.91 vs. USD 2.47 in the year-earlier period.

RUSSIAN FEDERATION REGIONAL HOSPITAL MARKETS: 2011 FIRST 3 MONTHS RESULTS

According to the results of the Hospital Purchase Audit in Russian Federation™, at the end of the first quarter of 2011, 11 regional markets taken individually accounted for 47.7% of the entire hospital sector of the Russian Federation, which is a bit less than in the same period of last year (-51.2%). The biggest market is the market of Moscow which share accounts for 22.9% (Fig. 1). Further follow the markets of Saint Petersburg (5.5%), Kazan (4.6%), Nizhniy Novgorod (3.0%) and Rostov-on-Don (2.4%). The regional markets considerably differ by average cost of a pack of hospital OTC drug. The highest price of hospital OTC pack was registered in Moscow (USD 6.35) and the lowest one in Novosibirsk (USD 2.00). In Saint Petersburg the average cost of an OTC pack was USD 4.42.

Figure 1. Regions' share in the total hospital purchase volume in the Russian Federation in Q1, 2011

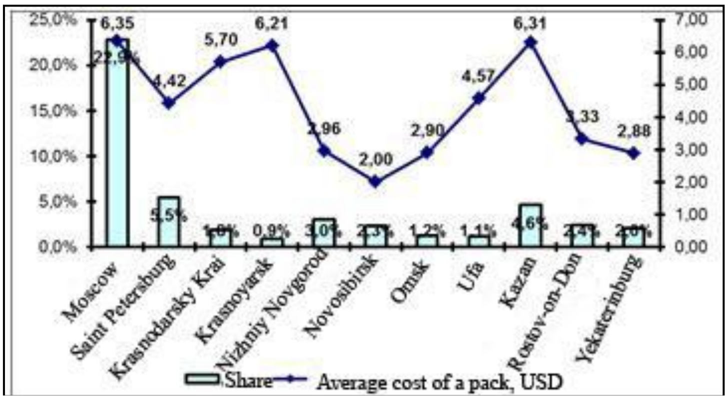


Table 1 provides information of the positions of the top manufacturers in the Russian market which they took in the regional ratings. The leading company of the Russian hospital sector Sanofi-Aventis (takes the second place in the All-Russia rating subsequent to preparations from unidentified manufacturers) is placed on the first position in two from eleven regions under review: in Rostov-on-Don and Krasnoyarsk. It takes the second position in Moscow and Novosibirsk and the third one in two regions (Nizhniy Novgorod and Omsk). The company was placed on the fourth position in St. Petersburg, Krasnodarky Krai and Kazan, on the fifth position in Ufa and only the tenth one in Yekaterinburg. Nycomed, which takes 3rd position in the Russian rating, took the second position in Top-10 of Nizhny Novgorod, the third – in the one of Rostov-on-Don and Krasnodarsky Krai and the fourth position in Yekaterinburg and Krasnoyarsk. In two regions it entered the Top-10 ratings, and only in Ufa it was placed on 48th position. It should be noted that in two cities - Ufa and Kazan - the regional leader didn't enter the All-Russia Top-10 rating. The maximum number of "crossings" with the all-Russia list of top manufacturers is observed in St. Petersburg (in 8 cases).

Table 1. The Top ten manufacturers by hospital purchases (position in regional ratings)

Position in RF rating	Company	Position in regional ratings: Moscow	St. Petersburg	Krasnodarsky Krai	Ufa	Kazan	Yekaterinburg	Nizhniy Novgorod	Rostov-on-Don	Novosibirsk	Krasnoyarsk	Omsk
1	Unidentified manuf.	1	1	2	30	42	1	1	58	1	64	1
2	Sanofi-Aventis	2	4	4	5	4	10	3	1	2	1	3
3	Nycomed	5	10	3	48	13	4	2	3	8	4	13
4	AstraZeneca	4	6	1	20	2	7	11	4	4	5	23
5	Merck Sharp Dohme	6	2	6	28	3	11	9	7	12	19	5
6	Pfizer	3	7	18	29	5	5	24	17	26	35	15
7	Pharm-Center	58	9	85	8	23	17	25	2	17	9	10
8	Glaxo-SmithKline	11	14	11	31	12	25	23	32	25	22	16
9	Abbott	13	3	7	17	14	9	16	29	38	13	33
10	Biotek	147	58	N/A	19	19	61	32	22	N/A	33	85

Yet more significant deviations in the regional ratings were observed with a breakdown of individual trade names (Table 2). However, in five regions under review the leader of all-Russia hospital market Natrium Chloridum takes the top position in the regional rating. In St. Petersburg, Yekaterinburg and Nizhniy Novgorod it is placed on the second position, in Krasnoyarsk – on the seventh position. At the same time, the drug only took up 17th position in the Kranodarsky Krai and Ufa. Glucose (the second place in the all-Russia rating) only entered the Top-10 regional ratings in three cities, it entered the Top-20 rating in three cities and it entered the Top-30 rating in three cities. Only in St. Petersburg the drug took 33rd position. In most regions (in seven ones) Meronem placed on the third position entered the Top-10 rating, and in Krasnodarsky Krai it took the first position. In Nizhniy Novgorod and Krasnoyarsk it entered the Top-20 rating whereas in Ufa it only took 37th position. Note that in four cities – St. Petersburg, Yekaterinburg, Nizhny Novgorod and Krasnoyarsk, the leaders of regional markets didn't enter the all-Russia Top-10 trade names rating. The maximum number of "crossings" with the all-Russia list of top trade names was observed in Nizhniy Novgorod, Rostov-on-Don and Novosibirsk (six positions each), the minimum number - in Ufa and Krasnoyarsk (2 positions).

Table 2. The Top ten trade names by hospital purchases (position in regional ratings)

Position in RF rating	Trade name	Position in regional ratings: Moscow	St. Petersburg	Krasnodarsky Krai	Ufa	Kazan	Yekaterinburg	Nizhniy Novgorod	Rostov-on-Don	Novosibirsk	Krasnoyarsk	Omsk
1	Natrium chloridum	1	2	17	17	1	2	2	1	1	7	1
2	Glucose	10	33	25	19	20	11	9	19	2	29	3
3	Meronem	3	4	1	37	2	10	16	5	5	14	N/A
4	Heparin	17	5	13	13	17	6	8	11	3	86	12
5	Clexan	29	10	5	8	5	5	3	2	4	6	62
6	Actovegin	25	52	9	350	31	N/A	10	3	43	106	22
7	Tienam	8	7	4	126	13	9	7	4	14	17	4
8	Actilyse	22	140	15	1	47	N/A	12	20	N/A	79	5
9	Cefotaxim	113	21	122	90	207	25	29	7	8	231	44
10	Fraxiparine	16	16	73	N/A	16	127	100	39	44	78	23

Considerable variance in the consumption structure of not only individual drugs and INN groups, but of pharmacotherapeutic groups as well is observed depending on the regions (table 3). However, it should be noted that the leader of all-Russia rating – J01 Antibacterials for systemic use tops almost all regional ratings. The sole exception is Ufa where it took 7th position. N05 Psycholeptics placed on the sixth position of Top-10 in Russia became the rating leader of this region. B05 Blood substitutes and perfusion solutions group placed on the second position of All-Russia rating took up the second position in five regions and the third position in three regions. Note that the first group of the All-Russia hospital rating got shortlisted in the Top-ten of all regions under review. Whereas starting from the fourth position, the regional ratings differ considerably. To the fullest extent Top-10 of all-Russia hospital sector is reproduced in St. Petersburg (9 positions match).

Table 3. The Top-Ten ATC Groups by hospital purchases (position in regional ratings)

Position in RF rating	ATC Code	Position in regional ratings: Moscow	St. Petersburg	Krasnodarsky Krai	Ufa	Kazan	Yekaterinburg	Nizhniy Novgorod	Rostov-on-Don	Novosibirsk	Krasnoyarsk	Omsk
1	J01	1	1	1	7	1	1	1	1	1	1	1
2	B05	3	2	5	6	3	3	2	2	2	4	2
3	B01	4	5	3	2	4	2	3	3	3	7	3
4	L01	2	3	11	8	2	7	20	53	69	62	6
5	N01	7	4	4	5	6	5	8	14	8	9	7
6	N05	14	6	2	1	5	41	35	44	4	3	32
7	B02	5	10	15	34	8	8	12	5	32	26	29
8	V08	8	8	6	77	15	4	33	4	12	43	4
9	J06	6	9	41	19	10	11	13	26	20	10	13
10	J07	63	41	64	14	N/A	20	17	N/A	23	N/A	54

Conclusion

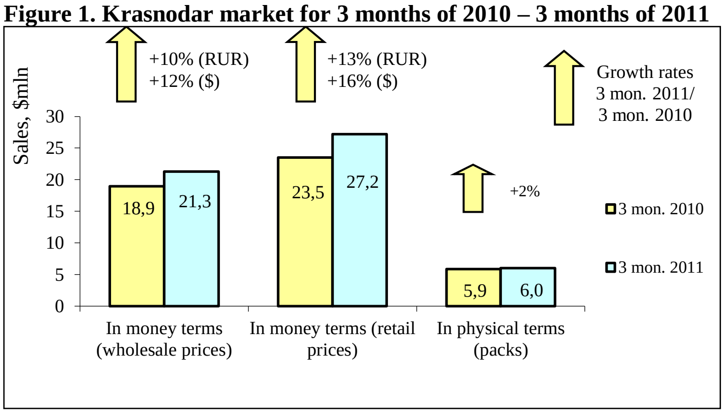
As comparison of the main ratings shows, the Russian hospital sector is marked by the pronounced regional specificity of market profile. However, in most cases the leaders of all-Russia ratings take high positions in the regional hospital markets as well.

KRASNODAR PHARMACY MARKET: 2011 FIRST 3 MONTHS RESULTS

As of January 1, 2011, Krasnodarsky Krai population amounted to 5.229 million people, which accounts for 3.7% of the total Russian Federation population and 38% of the Southern FO (SFO). According to Federal State Statistics Service's data, in the first quarter of 2011 the average salary in the Krasnodarsky Krai amounted to RUR 16,553.7 (USD 570.62), which is 22% lower than the average salary level in Russia (RUR 21,353.9).

According to the results of the Retail Audit of Over-the-Counter (OTC) drugs in Russian Federation™, in three months of 2010, the sales of over-the-counter drugs in pharmacies of Krasnodar in physical terms saw a 2% increase to 5.992 mln packs. In money terms, the regional OTC drugs market increased 10% in rouble terms and 12% in dollar terms and brought in RUR 621.926 mln (USD 21.296 mln) in wholesale prices (Fig.1). The region's market share accounts for 0.7% of the Russian retail pharmacy market. The average cost of a pack in the first quarter of 2011 accounted for USD 4.54 (in the same period of 2010 - USD 4.02). The average sum spent by residents of Krasnodar for purchase of medicines amounted to USD 38.13

Figure 1. Krasnodar market for 3 months of 2010 – 3 months of 2011



French SANOFI-AVENTIS (+16%) became the leader of Top-10 manufacturers in the Krasnodar pharmacy market based on the results of three months of 2011, whereas the leader of last year – Russian PHARMSTANDART (-2%) – only took up 2nd position (table 1). The most dynamical company of Top-10 - SANDOZ (+27%) moved up to the third position making ABBOTT (+4%) and BAYER (+6%) to move down the row. SERVIER (-7%) and NOVARTIS (+4%) placed on 7th and 9th positions of Top-10 also moved to the lower positions. On the contrary, TEVA (+19%) and NYCOMED (+16%) placed on 8th and 10th positions respectively moved up the row. On top of that, the latter became the only newcomer of Top-10 rating.

Table 1. The Top-ten manufacturers by pharmacy sales

Rating position		Manufacturer*	Share in total pharmacy sales, %	
3 mon 2011	3 mon 2010		3 mon 2011	3 mon 2010
1	2	**SANOFI-AVENTIS**	6,1	5,8
2	1	PHARMSTANDART	5,6	6,3
3	7	**SANDOZ GROUP**	4,1	3,5
4	3	**ABBOTT**	4,0	4,3
5	4	**BAYER HEALTHCARE**	4,0	4,2
6	6	**MENARINI**	3,5	3,6
7	5	**SERVIER**	3,5	4,1
8	9	**TEVA**	3,2	3,0
9	8	**NOVARTIS**	2,9	3,1
10	11	**NYCOMED**	2,7	2,5
Total			39,6	40,4

*AIPM members are in bold

The rating of the Top-10 trade names has been updated by half (table 2). The newcomers KAGOCEL (3 times increase in sales), THERAFLU (+72%), SUMAMED (+83%), AMIXIN (2 times growth of sales) and PLAVIX (5 times) entered the regional Top-10 for the first time and took up 4th through 6th positions and 8th through 9th positions. Apart from the newcomers, only one more preparation – KREON 10000 (+39%) – showed the positive growth of sales. Despite expansion of its market share, it moved down the row to 7th position being forced by more dynamic newcomers of the Top-10 rating. The remaining four trade names of Top 10 reduced their sales. They were the leader of Top-ten ARBIDOL (-34%), ESSENTIALE N (-13%) which moved up to 2nd position, as well as OCILLOCOCCINUM (-44%) and DUPHASTON (-17%) which moved down to 3rd and 10th positions.

Table 2. Top-ten trade names by pharmacy sales

Rating position		Trade name	Share in total pharmacy sales, %	
3 mon 2011	3 mon 2010		3 mon 2011	3 mon 2010
1	1	ARBIDOL	1,9	3,1
2	3	ESSENTIALE N	1,0	1,3
3	2	OCILLOCOCCINUM	1,0	2,0
4	47	KAGOCEL	0,8	0,3
5	11	THERAFLU	0,8	0,5
6	17	SUMAMED	0,8	0,5
7	6	KREON 10000	0,8	0,6
8	37	AMIXIN	0,7	0,3
9	138	PLAVIX	0,7	0,1
10	4	DUPHASTON	0,7	0,9
Total			9,1	9,7

As before, ARBIDOL (-34%) tops the Top-10 INN and generic names rating, though its sales reduced by one third (table 3). PANCREATIN (+27%) and XYLOMETAZOLINE (+6%) moved up the row, to 2nd and 3rd positions. The most pronounced rating progress was shown by the newcomers of the Top-10 rating. There are four of them: AZITHROMYCIN (+83%), PARACETAMOL + ASCORBIC ACID + PHENIRAMINE (+81%), AMOXICILLIN + CLAVULANIC ACID (+56%) and TILORONE (+79%). These INNs took 4th, 5th, 8th and 9th positions respectively. At the same time, the other three INNs moved down to the lower positions. Two of them, PHOSPHOLIPIDS (-8%) and ANAS BARBARIAE (-44%), showed the negative performance and took up 6th and 7th positions. Despite 20% growth of sales, INN INTERFERON ALFA-2A moved down from 8th to the bottom position of the Top-10 rating as forced by more dynamic INNs. The total share of the Top-10 INNs, as well as of the two above Top-10 ratings reduced and accounted for 12.7%.

Table 3. The Top-Ten INN and Generic Names by pharmacy sales

Rating position		INN/Generic Names	Share in total pharmacy sales, %	
3 mon 2011	3 mon 2010		3 mon 2011	3 mon 2010
1	1	ARBIDOL	1,9	3,1
2	3	PANCREATIN	1,8	1,6
3	4	XYLOMETAZOLINE	1,5	1,6
4	12	AZITHROMYCIN	1,3	0,8
5	14	PARACETAMOL + ASCORBIC ACID + PHENIRAMINE	1,2	0,7
6	5	PHOSPHOLIPIDS	1,1	1,4
7	2	ANAS BARBARIAE	1,0	2,0
8	15	AMOXICILLIN + CLAVULANIC ACID	1,0	0,7
9	16	TILORONE	1,0	0,6
10	8	INTERFERON ALFA-2A	0,9	0,9
Total			12,7	13,2

J01 Antibacterials for systemic use (+43%) which share accounted for almost 6% of sales became the best selling group in the regional market (table 4). N02 Analgesics (+37%) moved up to the second position of the Top-10 rating. Due to 1.8 times increase in sales, R05 Cough and cold preparations moved up to the third position of Top-10 and became one of two newcomers of the rating. A11 Vitamins (+10%) which moved up from 12th to 10th position became the second newcomer of Top-10. Apart from the above groups, another three groups showed a rating progress. They were L03, R01 and M01 groups that moved up to 4th, 6th and 9th positions respectively. Only three groups which sales reduced took up the lower positions of Top-10. They were the last year leader J05 Antivirals for systemic use (-0.3%), as well as G03 Sex hormones (-3%) and preparations from unidentified pharmaceutical groups. Note that as against the previous ratings, the total share of Top-10 ATC groups increased to 41.5%.

Table 4. The Top-ten ATC Groups by pharmacy sales

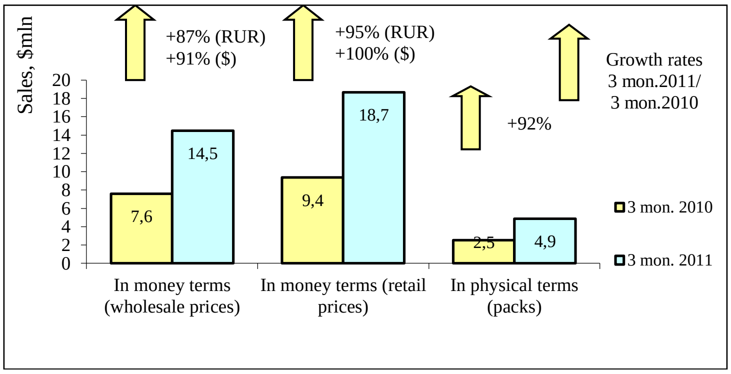
Rating position		ATC code	ATC Group	Share in total pharmacy sales, %	
3 mon 2011	3 mon 2010			3 mon 2011	3 mon 2010
1	2	J01	ANTIBACTERIALS FOR SYST USE	5,8	4,5
2	5	N02	ANALGESICS	4,8	3,9
3	13	R05	COUGH AND COLD PREPARATIONS	4,7	3,0
4	9	L03	IMMUNOSTIMULANTS	4,4	3,4
5	1	J05	ANTIVIRALS FOR SYSTEMIC USE	4,2	4,6
6	8	R01	NASAL PREPARATIONS	3,7	3,4
7	4	G03	SEX HORM&MODULAT GENITAL SYS	3,6	4,0
8	3		UNIDENTIFIED	3,5	4,1
9	10	M01	ANTIINFLAM & ANTIRHEUM PROD	3,4	3,3
10	12	A11	VITAMINS	3,2	3,2
Total				41,5	37,6

Conclusion. On the basis of the results of Q1, 2011, the retail pharmacy market of Krasnodar brought in RUR 794.520 mln (USD 27.205 mln). As compared with the previous year, it saw sales increase of 13% in terms of roubles and 16% in terms of dollars. The positive performance of the regional market was observed in the physical terms (+2%) as well. Note that in the same period of last year the regional market reduced both in physical and roubles terms. In Q1, 2011, the average cost of a pack in pharmacies of the city increased as compared to the previous year (USD 4.54, in 2010 - USD 4.02). The average sum spent by residents of the city for purchase of medicines amounted to USD 38.13. Both indicators considerably exceeded Russia average ones (USD 3.39 and USD 27.95).

SOCHI PHARMACY MARKET: 2011 FIRST 3 MONTHS RESULTS

As of January 1, 2011, the population for Krasnodarsky Krai is 5.229 million people, which accounts for 3.7% of the total Russian Federation population and 38% of the Southern FO (SFO). According to Federal State Statistics Service's data, in the first quarter of 2011 the average salary in the Krasnodarsky Krai amounted to RUR 16,553.7 (USD 570.62), which is 22% less than the average salary in Russia (RUR 21,353.9). According to the results of the Retail Audit of Over-the-Counter drugs (OTC) in Russian Federation™, at 2011 three-months-end the Sochi pharmacy market in physical terms grew 92% to 4.873 million packs. In money terms the market performance was also positive: 87% in terms of roubles and 91% in terms of USD. The market reached RUR 423.420 million (USD 14.477 million) in wholesale prices (exclusive of Additional Pharmacological Support). The city share in the total volume of Russian pharmacy market accounted for 0.5%. The average cost of a pack in the first quarter of 2011 was USD 3.83 (in 2010 - USD 3.69). Per capita expenses for purchase of medicines in pharmacies of Sochi amounted to USD 54.64

Figure 1. Sochi pharmacy market for 3 months of 2010 – 3 months of 2011



On the basis of the results for the first three months of 2011, the drugs produced by Russian PHARMSTANDART which sales grew 2 times in the analyzed period accounted for over 6% of Sochi market (Table 1). The second position was taken by SANOFI-AVENTIS (+72%), despite the reduction of its market share due to growth rates lagging. Note that apart from it, another three manufacturers of the Top-10 rating reduced their shares - NYCOMED (+76%), SERVIER (+57%) and MENARINI (+68%). On top of that, the first one maintained its 5th position, whereas the second and the third one moved down to the lower seventh and eighth positions. The other manufacturers of Top-10, on the contrary, expanded their market shares and showed rating progress. Among them there were two newcomers that entered the Top-10: RECKITT BENCKISER and PFIZER that due to sales growth 4.6 times and 3 times moved up to 3rd and 9th positions respectively. The total share accumulated by the Top-10 manufacturers increased almost 4 p.p. and escalated to 40.4%.

Table 1. The Top-ten manufacturers by pharmacy sales

Rating position		Manufacturer*	Share in total pharmacy sales, %	
3 mon 2011	3 mon 2010		3 mon 2011	3 mon 2010
1	2	PHARMSTANDART	6,3	5,8
2	3	**SANOFI-AVENTIS**	4,9	5,2
3	16	**RECKITT BENCKISER**	4,4	1,8
4	7	**SANDOZ GROUP**	4,3	3,6
5	5	**NYCOMED**	3,8	4,0
6	8	**BAYER HEALTHCARE**	3,6	3,5
7	4	**SERVIER**	3,5	4,1
8	6	**MENARINI**	3,4	3,8
9	13	**PFIZER**	3,4	2,0
10	10	**NOVARTIS**	2,9	2,7
Total			40,4	36,6

*AIPM members are in bold

Only one name of Top-10 rating managed to keep its position taken earlier – as before TERPINCOD (+5%) takes the fourth position (table 2). Due to eight times growth of sales, NUROFEN PLUS became the leader of Top-10 by forcing the less dynamic ARBIDOL (+92%) to the second position. A newcomer of Top-10 LYRICA which sales increased 17 times took up the third position of the rating. One more newcomer, VIAGRA (2 times increase in sales) was placed on the bottom position of the Top-10. Another two preparations showed high growth rates and rating progress related thereto, OCILLOCOCCINUM, which sales increased 3 times, moved up from 8th to 5th position, and THERAFLU having two-fold sales growth moved up from 10th to 8th position. Three trade names with modest growth rates (ESSENTIALE N, ACTOVEGIN and LINEX) moved down to the lower positions.

Table 2. Top-ten trade names by pharmacy sales

Rating position		Trade name	Share in total pharmacy sales, %	
3 mon 2011	3 mon 2010		3 mon 2011	3 mon 2010
1	6	NUROFEN PLUS	3,4	0,8
2	1	ARBIDOL	2,0	1,9
3	109	LYRICA	1,6	0,2
4	4	TERPINCOD	1,5	1,0
5	8	OCILLOCOCCINUM	1,1	0,8
6	3	ESSENTIALE N	1,0	1,0
7	2	ACTOVEGIN	0,9	1,2
8	10	THERAFLU	0,9	0,6
9	7	LINEX	0,7	0,8
10	15	VIAGRA	0,7	0,6
Total			13,8	8,9

Considerable changes observed in the previous rating resulted in the numerous shifts in Top-10 INN and Generic Names rating as well (table 3). On top of that, four INNs of the Top-10: ARBIDOL, XYLOMETAZOLINE, PHOSPHOLIPIDS and PANCREATIN moved down to the lower positions. AZITHROMYCIN (+112%) maintained the bottom position of the rating. The other five INNs showed a rating progress. Following the respective trade name, IBUPROFEN + CODEINE moved up to the first position from the thirteenth one, and PREGABALIN moved up to 3rd position from 136th one, which sales increased 8 times and 17 times respectively. The considerable rating progress was shown by CODEINE + SODIUM + TERPIN HYDRATE (2.8-fold sales growth), PARACETAMOL + ASCORBIC ACID + PHENIRAMINE (2.5-fold) and INN ANAS BARBARIAE (2.6 -fold), which moved up to 4th, 6th and 9th positions respectively.

Table 3. The Top-Ten INN and Generic Names by pharmacy sales

Rating position		INN/Generic Names	Share in total pharmacy sales, %	
3 mon 2011	3 mon 2010		3 mon 2011	3 mon 2010
1	13	IBUPROFEN + CODEINE	3,4	0,8
2	1	ARBIDOL	2,0	1,9
3	136	PREGABALIN	1,6	0,2
4	8	CODEINE + SODIUM + TERPIN HYDRATE	1,5	1,0
5	3	XYLOMETAZOLINE	1,3	1,2
6	9	PARACETAMOL + ASCORBIC ACID + PHENIRAMINE	1,2	0,9
7	4	PHOSPHOLIPIDS	1,2	1,1
8	6	PANCREATIN	1,1	1,1
9	15	ANAS BARBARIAE	1,1	0,8
10	10	AZITHROMYCIN	1,0	0,9
Total			15,6	10,0

The last year leader J01 Antibacterials for systemic use (+84%) which showed modest growth rates moved down two rows (Table 4). This has made it possible for more dynamic N02 Analgesics and R05 Cough and cold preparations to move up the row and take up the first two positions. Preparations of unidentified pharmaceutical groups, which market share increased up to 4%, were placed on the fourth position of the Top-10 rating. On top of that, L03 Immunostimulants (+91%) moved down the row to 5th position. Two newcomers appeared in the bottom part of Top-10 rating. Groups G03 Sex hormones (2.2-fold sales growth) and S01 Ophthalmologicals (3-fold) moved up from 15th and 24th positions respectively and took up two bottom positions of Top-10. R01 Nasal preparations and J05 Antivirals for systemic use which sales in the analyzed period increased 2.2 times moved up the row to 7th and 8th positions. M01 Anti-inflammatory and antirheumautic products (2.1-fold sales growth) maintained its 6th position, though its market share increased. The total share accumulated by Top-ten ATC groups increased by almost 10 p.p. and achieved 44%.

Table 4. The Top-ten ATC Groups by pharmacy sales

Rating position		ATC code	ATC Group	Share in total pharmacy sales, %	
3 mon 2011	3 mon 2010			3 mon 2011	3 mon 2010
1	2	N02	ANALGESICS	8,0	4,7
2	3	R05	COUGH AND COLD PREPARATIONS	6,8	4,2
3	1	J01	ANTIBACTERIALS FOR SYST USE	5,7	5,8
4	7		UNIDENTIFIED	4,0	3,1
5	4	L03	IMMUNOSTIMULANTS	3,6	3,5
6	6	M01	ANTIINFLAM & ANTIRHEUM PROD	3,5	3,1
7	8	R01	R01 NASAL PREPARATIONS	3,5	3,1
8	9	J05	ANTIVIRALS FOR SYSTEMIC USE	3,3	2,9
9	15	G03	SEX HORM&MODULAT GENITAL SYS	2,8	2,4
10	24	S01	OPHTHALMOLOGICALS	2,7	1,7
Total				44,0	34,5

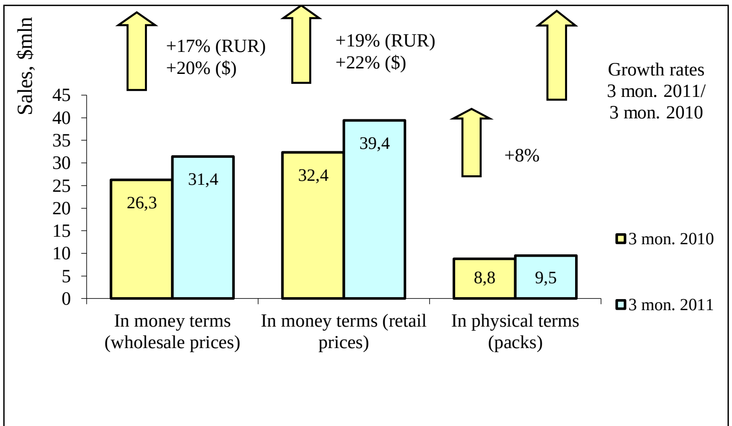
Conclusion. On the basis of the results of the first quarter of 2011, the pharmacy market of Sochi brought in RUR 546.455 mln (USD 18.682 mln) in final consumer prices. The regional market showed positive and pronounced growth rates both in physical terms (+92%) and in money terms (+95% in terms of roubles and +100% in terms of dollars). The average cost of a pack (USD 3.83), and the average sum spent by residents of the region for the purchase of OTC drugs (USD 54.64) were higher than the average indicators in Russia (USD 3.39 and USD 27.95).

ROSTOV-ON-DON PHARMACY MARKET: 2011 FIRST 3 MONTHS RESULTS

According to Federal State Statistics Service's data (as of January 1, 2011) Rostov-on-Don's population was estimated at 4.276 million, which makes 3% of the total Russian Federation population and 31% of the Southern FO (SFO). In January-March 2011 the average salary in the Rostov Region was RUR 14,917.6 (USD 514.22), which is 30% less than the average salary in Russia for the same period.

According to the results of the Retail Audit of Over-the-Counter (OTC) drugs in Russian Federation™, for the first three months of 2011 the pharmacy market of Rostov-on-Don in physical terms increased 8% as against last year and amounted to 9.522 million packs. The market volume in wholesale prices also increased: 17% in terms of roubles and 20% in terms of USD. On top of that, its volume amounted to RUR 918.664 mln (USD 31.449 mln) (fig. 1). The regional market share accounted for 1% of the Russian pharmacy market. The average cost of an OTC pack in the region pharmacies was USD 4.14 (in the same period of 2010 - USD 3.68). The average per capita expenses for purchase of OTC drugs in the first quarter of 2011 were estimated as USD 37.60.

Figure 1. Rostov-on-Don pharmacy market for 3 months of 2010 – 3 months of 2011



On the basis of the results for three months of 2011, SANOFI-AVENTIS (+11%) and Russian PHARMSTANDART (+29%) continue to remain the leaders of the regional market (Table 1). The most dynamic manufacturer of Top-10 SANDOZ which sales increased 1.5 times moved up to 3rd position from 8th one. In this connection, it forced BAYER (+12%) and SERVIER (+16%) down the row. NOVARTIS (+22%) maintains the sixth position taken earlier. In the bottom part of the rating, two manufacturers (MENARINI and ABBOTT) moved down to the lower rating positions, and the other two showed a rating progress. TEVA (+23%) moved up the row to 8th position. Its only newcomer NYCOMED (+41%) took up the tenth position in the Top-10 rating.

Table 1. The Top-ten manufacturers by pharmacy sales

Rating position		Manufacturer*	Share in total pharmacy sales, %	
3 mon 2011	3 mon 2010		3 mon 2011	3 mon 2010
1	1	**SANOFI-AVENTIS**	5,4	5,7
2	2	PHARMSTANDART	5,1	4,6
3	8	**SANDOZ GROUP**	4,4	3,3
4	3	**BAYER HEALTHCARE**	4,3	4,5
5	4	**SERVIER**	3,8	3,8
6	6	**NOVARTIS**	3,8	3,6
7	5	**MENARINI**	3,6	3,6
8	9	**TEVA**	3,3	3,1
9	7	**ABBOTT**	3,2	3,5
10	12	**NYCOMED**	2,8	2,3
Total			39,7	38,1

*AIPM members are in bold

The significant changes took place in the rating of Top-10 trade names (table 2). Only its leader – antiviral ARBIDOL (+13%) – kept its positions unchanged. Two names, ESSENTIALE N (-15%) and OCILLOCOCCINUM (-2%) reduced its sales and moved down to the lower positions. At the same time, seven names of Top-10 managed to retain their positions unchanged. NUROFEN PLUS (+76%) moved up two rows from 4th to 2nd position. Five names moved up the row. They were THERAFLU, LINEX (+56% each), VIAGRA (+43%), ACTOVEGIN (+36%) and NIMESIL (+37%) which took up 4th and 5th as well as 7th through 9th positions. A newcomer of Top-10 SUMAMED which sales increased 2.2 times took up the bottom position of the rating. The total share of the Top-10 increased from 9.5% to 10.4%.

Table 2. Top-ten trade names by pharmacy sales

Rating position		Trade name	Share in total pharmacy sales, %	
3 mon 2011	3 mon 2010		3 mon 2011	3 mon 2010
1	1	ARBIDOL	2,0	2,1
2	4	NUROFEN PLUS	1,3	0,9
3	2	ESSENTIALE N	1,1	1,6
4	5	THERAFLU	1,1	0,8
5	6	LINEX	1,0	0,7
6	3	OCILLOCOCCINUM	0,9	1,1
7	8	VIAGRA	0,9	0,7
8	9	ACTOVEGIN	0,8	0,7
9	10	NIMESIL	0,7	0,6
10	33	SUMAMED	0,7	0,4
Total			10,4	9,5

The sales growth of SUMAMED as noted above allowed the respective INN AZITHROMYCIN (+96%) to considerably improve its rating positions – INN moved up from 19th to 8th position (Table 3). Apart from it, another three names of Top-10 showed the rating progress. PARACETAMOL + ASCORBIC ACID + PHENIRAMINE (+59%) moved up from the sixth position to the second one, IBUPROFEN + CODEINE (+76%) moved up from 10th position to 3rd one and NIMESULIDE (+24%) – from 8th position to 7th one. Note that one more INN LACTOBACILLUS ACIDOPHILUS (+21%) which market developed at a fast pace and despite of that fact lost one rating position moved down to the bottom position of Top-10. Growth rates of two INNs - ARBIDOL (+13%) and PANCREATIN (+3%) – lagged behind the regional market growth, and three INNs (PHOSPHOLIPIDS, PANCREATIN and ANAS BARBARIAE) showed the negative rating progress.

Table 3. The Top-Ten INN and Generic Names by pharmacy sales

Rating position		INN/Generic Names	Share in total pharmacy sales, %	
3 mon 2011	3 mon 2010		3 mon 2011	3 mon 2010
1	1	ARBIDOL	2,0	2,1
2	6	PARACETAMOL + ASCORBIC ACID + PHENIRAMINE	1,4	1,1
3	10	IBUPROFEN + CODEINE	1,3	0,9
4	3	PHOSPHOLIPIDS	1,2	1,6
5	2	XYLOMETAZOLINE	1,1	1,6
6	4	PANCREATIN	1,1	1,2
7	8	NIMESULIDE	1,0	1,0
8	19	AZITHROMYCIN	1,0	0,6
9	5	ANAS BARBARIAE	0,9	1,1
10	9	LACTOBACILLUS ACIDOPHILUS	0,9	0,9
Total			11,9	11,9

No newcomers entered the Top-ten ATC groups rating as compared to the previous Top-10, however, some shifts occurred (table 4). Only R01 Nasal preparations (+21%) placed on 7th position didn't change its position. Three ATC groups of Top-10 showed the rating progress. N02 Analgesics (+48%) and J05 Antivirals for systemic use (+29%) moved up the row to the first and fifth positions respectively. R05 Cough and cold preparations, which sales increased 1.8 times, moved up more considerably, from 10th to 3rd position. The other six ATC groups of Top-10 took up the lower positions, however three of them (J01, M01 and L03) outperformed and expanded their market shares. The total share of Top-ten also increased (by 3.5 p.p.) and achieved 42.8%.

Table 4. The Top-ten ATC Groups by pharmacy sales

Rating position		ATC code	ATC Group	Share in total pharmacy sales, %	
3 mon 2011	3 mon 2010			3 mon 2011	3 mon 2010
1	2	N02	ANALGESICS	6,4	5,1
2	1	J01	ANTIBACTERIALS FOR SYST USE	5,4	5,2
3	10	R05	COUGH AND COLD PREPARATIONS	4,7	3,0
4	3	M01	ANTIINFLAM & ANTIRHEUM PROD	4,3	4,0
5	6	J05	ANTIVIRALS FOR SYSTEMIC USE	4,2	3,8
6	5	L03	IMMUNOSTIMULANTS	4,0	3,9
7	7	R01	NASAL PREPARATIONS	3,8	3,7
8	4		UNIDENTIFIED	3,7	3,9
9	8	G03	SEX HORM&MODULAT GENITAL SYS	3,2	3,6
10	9	A11	VITAMINS	3,0	3,1
Total				42,8	39,3

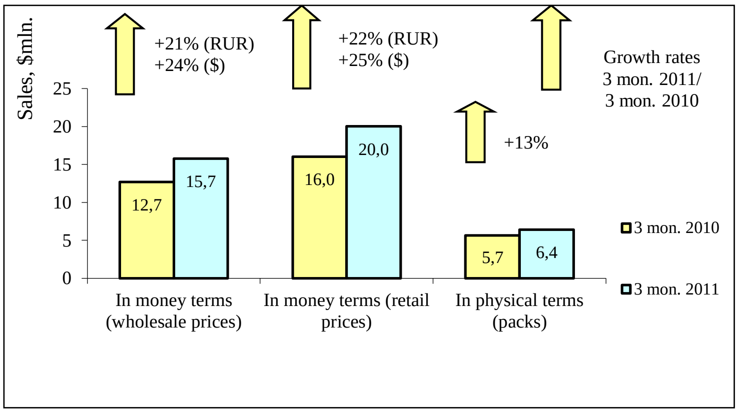
Conclusion. The Rostov-on-Don pharmacy market in three months of 2011 brought in 1.151 bln roubles (USD 39.407 million) in final consumer prices, which is 19% in terms of roubles and 22% in terms of dollars more as compared to the last year. In physical terms the market also showed the positive performance (+8%). Note that in the same period of last year the regional market showed the negative growth rates. In the first quarter of 2011, the average cost of an OTC pack in Rostov-on-Don pharmacies was higher than in the year-earlier period (USD 4.14 vs. USD 3.68). Both the average cost of a pack and the average sum spent by residents of the city for the purchase of OTC (USD 37.60) exceeded the Russia average ones (cost of OTC drug – USD 3.39 and average expenses – USD 27.95).

TULA PHARMACY MARKET: 2011 FIRST 3 MONTHS RESULTS

As of January 1, 2011, Tula Region's population was around 1.550 million people, which accounts for 1.1% of the total Russian Federation population and 4% of the Central FO (CFO). According to Federal State Statistics Service's data, in Q1, 2011 the average salary in the Tula Region amounted to RUR 15,842.6 (USD 546.11) which is 26% less than the average salary in Russia.

According to the results of the Retail Audit of Over-the-Counter (OTC) drugs in Russian Federation™, at the end of three months of 2011 the pharmacy market of the city in physical terms saw a 13% increase to 6.390 million packs. The market performance in money terms showed the positive growth rates both in terms of roubles (+21%) and in terms of dollars (+24%) and brought in RUR 459.389 mln roubles (USD 15.746 million) in wholesale prices (exclusive of Additional Pharmacological Support). The city share in the total Russian pharmacy market accounted for 0.5%. The average cost of a pack in Tula pharmacies was USD 3.13 (in the year-earlier period USD 2.83). The average per capita expenses for the purchase of OTC drugs amounted to USD 40.71.

Figure 1. Tula pharmacy market for 3 months of 2010 – 3 months of 2011



In three months of 2011 the rating of the Top-ten manufacturers by pharmacy sales didn't change in composition, but underwent some shifts (table 1). Reduction in the drug's share of unidentified manufacturers allowed the companies MENARINI (+15%), SANOFI-AVENTIS (+13%) and PHARMSTANDART (+25%) to move up the row and take the first three positions. NOVARTIS (+16%) и SANDOZ (+31%) also moved up to the higher 6th and 7th positions. Three manufacturers with relatively low sales growth: BAYER (+13%), ABBOTT (+10%) and GEDEON RICHTER (+14%) moved down to the bottom part of Top-10 – the companies took up the three bottom positions of the rating. The total share of Top-ten manufacturers reduced by 3 p.p. and achieved 41.7%.

Table 1. The Top-ten manufacturers by pharmacy sales

Rating position		Manufacturer*	Share in total pharmacy sales, %	
3 mon 2011	3 mon 2010		3 mon 2011	3 mon 2010
1	2	**MENARINI**	5,6	5,9
2	3	**SANOFI-AVENTIS**	5,4	5,8
3	4	PHARMSTANDART	5,0	4,8
4	1	UNIDENTIFIED MANUF.	4,6	6,1
5	5	**SERVIER**	4,5	4,7
6	8	**NOVARTIS**	3,4	3,6
7	10	**SANDOZ GROUP**	3,4	3,1
8	7	**BAYER HEALTHCARE**	3,4	3,6
9	6	**ABBOTT**	3,3	3,6
10	9	**GEDEON RICHTER**	3,2	3,4
Total			41,7	44,7

*AIPM members are in bold

3 new OTC drugs appeared in the rating of Top-10 trade names (table 2). They were NIMESIL (+67%), LASOLVAN (+85%) and MEXIDOL (+35%), which took up 6th, 7th and 9th positions respectively. The rating progress was also showed TROPICAMID which sales increased 2 times, VIAGRA (+51%) and THERAFLU (+39%), which moved up to 2nd, 4th and 8th positions respectively. At the same time, three trade names of Top-10 (ESSENTIALE N, CONCOR and LINEX) moved down to the lower 3rd, 5th and 10th positions. Antiviral ARBIDOL reserved and strengthened its positions due to 50% sales growth rates.

Table 2. Top-ten trade names by pharmacy sales

Rating position		Trade name	Share in total pharmacy sales, %	
3 mon 2011	3 mon 2010		3 mon 2011	3 mon 2010
1	1	ARBIDOL	2,0	1,6
2	3	TROPICAMID	1,6	1,0
3	2	ESSENTIALE N	1,0	1,1
4	8	VIAGRA	0,8	0,6
5	4	CONCOR	0,8	0,8
6	17	NIMESIL	0,8	0,5
7	21	LASOLVAN	0,7	0,5
8	10	THERAFLU	0,7	0,6
9	13	MEXIDOL	0,7	0,6
10	6	LINEX	0,6	0,7
Total			9,7	8,0

ARBIDOL (+50%) continues to remain the leader of the Top-10 INN and generic names rating (table 3). The INNs which showed the rating progress achieved top five finishes. TROPICAMIDE (+99%) moved up to the second position from the seventh one. BISOPROLOL (+28%) and PHOSPHOLIPIDS (+23%) moved up the row, to 3rd and 5th positions respectively. NIMESULIDE (+45%) moved up even further, from 8th to 4th position. At the bottom part of Top-10 there are INNs which moved up to the higher positions. There are two of them: PARACETAMOL + ASCORBIC ACID + PHENIRAMINE (+43%) and AMBROXOL (+71%), which for the first time entered the Top10. They moved up from 9th and 15th positions to 8th and 10th ones respectively. Only three INNs of Top-10 occupied the lower positions. On top of that, two of them: ENALAPRIL (-6%) and XYLOMETAZOLINE (-17%) reduced their sales in the region.

Table 3. The Top-Ten INN and Generic Names by pharmacy sales

Rating position		INN/Generic Names	Share in total pharmacy sales, %	
3 mon 2011	3 mon 2010		3 mon 2011	3 mon 2010
1	1	ARBIDOL	2,0	1,6
2	7	TROPICAMIDE	1,6	1,0
3	4	BISOPROLOL	1,3	1,2
4	8	NIMESULIDE	1,2	1,0
5	6	PHOSPHOLIPIDS	1,2	1,2
6	5	PANCREATIN	1,1	1,2
7	3	ENALAPRIL	1,1	1,4
8	9	PARACETAMOL + ASCORBIC ACID + PHENIRAMINE	1,0	0,9
9	2	XYLOMETAZOLINE	1,0	1,5
10	15	AMBROXOL	1,0	0,7
Total			12,5	11,6

As compared to the previous year, the composition of Top-10 ATC-group rating didn't change (table 4). However, only one of the INNs managed to retain its position unchanged: G04 Urologicals (+26%) occupied the ninth position. High sales growth rates allowed three groups to upgrade their ratings. They were the leader of Top-10 R05 Cough and cold preparations (+67%) and M01 Anti-inflammatory and antirheumautic products (+33%) and Ophthalmologicals (+59%) that moved up to 3rd and 7th positions respectively. Most groups of Top-10 (six groups), on the contrary, moved down to the lower rating positions despite their positive growth rates. As well as in the two above ratings, the total share of Top-10 pharmaceutical groups increased and accounted for 39.9%.

Table 4. The Top-ten ATC Groups by pharmacy sales

Rating position		ATC code	ATC Group	Share in total pharmacy sales, %	
3 mon 2011	3 mon 2010			3 mon 2011	3 mon 2010
1	7	R05	COUGH AND COLD PREPARATIONS	4,8	3,5
2	1	C09	AG ACT RENIN-ANGIOTENS SYST	4,8	5,4
3	4	M01	ANTIINFLAM & ANTIRHEUM PROD	4,7	4,3
4	2	N02	ANALGESICS	4,5	4,6
5	3	J01	ANTIBACTERIALS FOR SYST USE	4,5	4,3
6	5		UNIDENTIFIED	3,9	4,0
7	10	S01	OPHTHALMOLOGICALS	3,6	2,7
8	6	R01	NASAL PREPARATIONS	3,2	3,8
9	9	G04	UROLOGICALS	3,0	2,9
10	8	A11	VITAMINS	3,0	3,4
Total				39,9	39,0

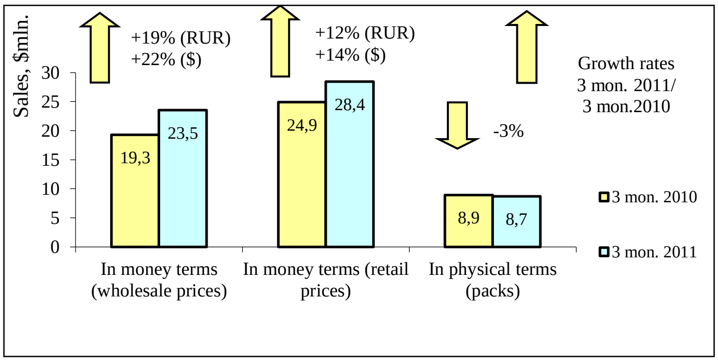
Conclusion. The Tula pharmacy market in three months of 2011 brought in 584.316 million roubles (USD 20.027 million) in retail prices. As compared with the same period of last year, the market saw sales increase of 22% in terms of roubles, and 25% in terms of dollars. In pack terms the market also showed the positive growth rates (+13%). In 2011, the average cost of an OTC pack in the regional pharmacies was higher than in the year-earlier period (USD 3.13 vs. USD 2.83), but lower than the national average (USD 3.39). Per capita expenses for the purchase of medicines in the city amounted to USD 40.71, which is more than the national average (USD 27.95).

VORONEZH PHARMACY MARKET: 2011 FIRST 3 MONTHS RESULTS

As of January 1, 2011, Voronezh Region's population was around 2.335 thousand people, which accounts for 1.6% of the total Russian Federation population and 6% of the Central FO (CFO). According to Federal State Statistics Service's data, in the first quarter of 2010 the average salary in the Voronezh region was RUR 15244.8 (USD 525.5), which is 29% less than the average salary in Russia.

According to the results of the Retail Audit of Over-the-Counter (OTC) drugs in Russian Federation™, in three months of 2011 the volume of regional pharmacy market increased by 19% in terms of roubles and 22% in terms of dollars to 686.534 million roubles (USD 23.508 million) in wholesale prices, as compared to the same period of 2010 (exclusive of Additional Pharmacological Support). In pack terms the market reduced 3% and amounted to 8.690 mln packs. Thus, the market share of the region accounted for 0.7% of Russian pharmacy market. The average cost of an OTC pack increased to USD 3.27 vs. USD 2.79 in the same period of 2010. The average per capita expenses for purchase of OTC drugs in the pharmacies in the first quarter of 2011 were estimated as USD 33.56.

Figure 1. Voronezh pharmacy market for 3 months of 2010 – 3 months of 2011



On the basis of the results for the first quarter of 2011, the rating of the Ten-top manufacturers ranked by pharmacy sales in Voronezh was topped by PHARMSTANDART (+40%) (Table 1) At the same time, it made SANOFI-AVENTIS (+12%) to move down to the second position. SERVIER (+21%) kept its third position. The other three manufacturers also kept their positions unchanged: TEVA (+21%), NOVARTIS (+17%) and GEDEON RICHTER (+16%), which occupied three bottom positions of Top-10. Due to one third growth of sales, BAYER moved up two rows to 4th position. As the same time, less dynamic MENARINI (+15%) and NYCOMED (+22%) moved down the row. Its only newcomer SANDOZ (+51%) took up the seventh position in the Top-10 rating.

Table 1. The Top-ten manufacturers by pharmacy sales

Rating position		Manufacturer*	Share in total pharmacy sales, %	
3 mon 2011	3 mon 2010		3 mon 2011	3 mon 2010
1	2	PHARMSTANDART	5,8	4,9
2	1	**SANOFI-AVENTIS**	4,8	5,1
3	3	**SERVIER**	4,8	4,7
4	6	**BAYER HEALTHCARE**	3,7	3,3
5	4	**MENARINI**	3,6	3,7
6	5	**NYCOMED**	3,6	3,5
7	13	**SANDOZ GROUP**	3,0	2,4
8	8	**TEVA**	2,8	2,8
9	9	**NOVARTIS**	2,7	2,8
10	10	**GEDEON RICHTER**	2,6	2,7
Total			37,3	35,9

*AIPM members are in bold

The larger half of the rating - the first seven top trading names – kept their earlier positions in Top-10 Trade Names rating (table 2). Antiviral ARBIDOL (+88%) became the best-selling drug in Voronezh pharmacies which due to its high sales rates strengthened its dominance in the market. ESSENTIALE N (-3%) and ACTOVEGIN (-2%) occupied the second and the third positions in Top-10, however due to reduction in sales, their market shares slightly declined. The following four positions were maintained by OTC drugs with outstripping growth rates. Thus, three bottom positions of the rating were occupied by the newcomers: LASOLVAN, which sales increased 2 times, INGAVIRIN, which sales grew 6.6 times, and CARDIOMAGNYL - 2.2-fold growth.

Table 2. Top-ten trade names by pharmacy sales

Rating position		Trade name	Share in total pharmacy sales, %	
3 mon 2011	3 mon 2010		3 mon 2011	3 mon 2010
1	1	ARBIDOL	2,2	1,4
2	2	ESSENTIALE N	1,0	1,3
3	3	ACTOVEGIN	1,0	1,2
4	4	OCILLOCOCCINUM	0,9	0,9
5	5	MEXIDOL	0,9	0,9
6	6	PREDUCTAL MV	0,8	0,8
7	7	VIAGRA	0,8	0,7
8	22	LASOLVAN	0,7	0,4
9	176	INGAVIRIN	0,6	0,1
10	37	CARDIOMAGNYL	0,6	0,3
Total			9,5	7,9

More significant changes took place in Top-10 INN and generic names rating as distinguished from the above rating (table 3). Three newcomers (AZITHROMYCIN, AMBROXOL and combination PARACETAMOL + ASCORBIC ACID + PHENIRAMINE) appeared in the Top-10, and the leader of rating changed - ARBIDOL (+88%) displaced PANCREATIN (+14%) to 2nd position. Apart from that, some other shifts took place in the Top-10 rating. Due to outstripping growth rates NIMESULIDE (+37%) occupied the higher 8th position. At the same time, the other two INNs moved down to the lower positions. They were BLOOD (-2%) and EMOXIPIN (+21%) placed on 5th and 10th positions. PHOSPHOLIPIDS (+5%) and TRIMETAZIDINE (+15%) maintained their positions unchanged.

Table 3. The Top-Ten INN and Generic Names by pharmacy sales

Rating position		INN/Generic Names	Share in total pharmacy sales, %	
3 mon 2011	3 mon 2010		3 mon 2011	3 mon 2010
1	2	ARBIDOL	2,2	1,4
2	1	PANCREATIN	1,4	1,4
3	3	PHOSPHOLIPIDS	1,2	1,4
4	12	AZITHROMYCIN	1,1	0,8
5	4	BLOOD	1,1	1,3
6	6	TRIMETAZIDINE	1,0	1,0
7	16	AMBROXOL	1,0	0,6
8	9	NIMESULIDE	1,0	0,8
9	11	PARACETAMOL + ASCORBIC ACID + PHENIRAMINE	1,0	0,8
10	7	EMOXIPIN	1,0	1,0
Total			11,8	10,5

J01 Antibacterials for systemic use (+22%) continued to remain the leader in the Top-10 ATC Groups rating in the region (table 4). Improving their position in the rating by one row, N02 Analgesics (+26%) and M01 Anti-inflammatory and antirheumatic products (+23%) occupied the second and the third positions. The fourth, sixth and tenth positions were occupied by the newcomers of the rating: Group R05 Cough and cold preparations (+87%), J05 Antivirals for systemic use (+49%) which sales grew 2.3 times and L03 Immunostimulants (+49%). Four groups of Top-10 (preparations of unidentified pharmaceutical groups, as well as C09, A11 and N06) occupied the lower positions in the rating. The total shares of all ratings increased. The latter was not the exception – the total share of the Top-10 ATC groups expanded from 35.7% up to 38.6%.

Table 4. The Top-ten ATC Groups by pharmacy sales

Rating position		ATC code	ATC Group	Share in total pharmacy sales, %	
3 mon 2011	3 mon 2010			3 mon 2011	3 mon 2010
1	1	J01	ANTIBACTERIALS FOR SYST USE	4,7	4,6
2	3	N02	ANALGESICS	4,7	4,4
3	4	M01	ANTIINFLAM & ANTIRHEUM PROD	4,4	4,2
4	11	R05	COUGH AND COLD PREPARATIONS	4,3	2,7
5	2		UNIDENTIFIED	4,2	4,6
6	20	J05	ANTIVIRALS FOR SYSTEMIC USE	3,9	2,1
7	5	C09	AG ACT RENIN-ANGIOTENS SYST	3,2	3,7
8	6	A11	VITAMINS	3,2	3,4
9	7	N06	PSYCHOANALEPTICS	3,0	3,4
10	15	L03	IMMUNOSTIMULANTS	3,0	2,4
Total				38,6	35,7

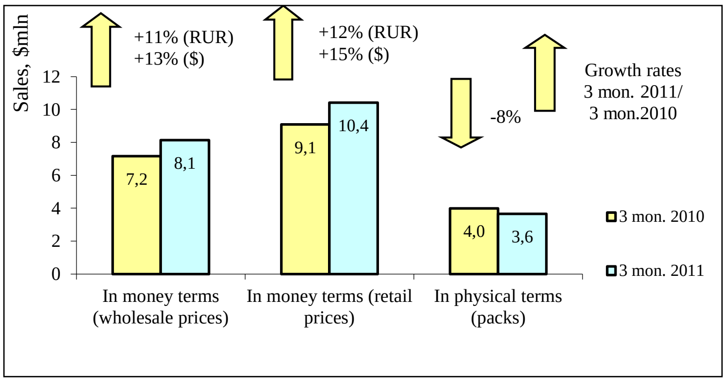
Conclusion. On the basis of the results of the first quarter 2011, the pharmacy market of Voronezh brought in RUR 830.725 mln (USD 28.446 mln) in final consumer prices, which is 12% (in terms of roubles) and 14% (in terms of dollars) more as compared to the past year. In pack terms the market reduced by 3%. The average cost of a pack grew as compared to the same period of 2009 (USD 3.27 vs. USD 2.79). Per capita expenses spent by residents for the purchase of medicines in Voronezh amounted to USD 33.56 which is notably more than on the average in Russia (USD 27.95).

KURSK PHARMACY MARKET: 2011 FIRST 3 MONTHS RESULTS

As of January 1, 2011, Kursk Region's population was around 1.125 million people, which accounts for 0.8% of the total Russian Federation population and 3% of the Central FO (CFO). According to Federal State Statistics Service's data, in the first quarter of 2011 the average salary in the Kursk region amounted to RUR 14,094.4 (USD 485.85), which is 34% less than the average salary in Russia.

According to the results of the Retail Audit of Over-the-Counter (OTC) drugs in Russian Federation™, for three months of 2011 the volume of city pharmacy market in physical terms reduced 8% and amounted to 3.647 million packs. The sales volume increased 11% in terms of roubles and 13% in terms of USD in comparison with the same period of the previous year and reached 237.395 million roubles (8.129 million dollars) in wholesale prices (exclusive of Additional Pharmacological Support). Therefore, the region's share accounts for 0.3% of the Russian pharmacy market. The average cost of an OTC pack increased to USD 2.86 (in the year-earlier period USD 2.28). The average per capita expenses for purchase of OTC drugs in the pharmacies in the first quarter of 2011 were estimated as USD 25.18.

Figure 1. Kursk pharmacy market for 3 months of 2010 – 3 months of 2011



Russia-based PHARMSTANDART became the leader of Top-10 manufacturers rating by pharmacy sales in the region based on the results of the first quarter of 2011 due to one-fourth growth of sales (table 1). At the same time, it made the last year leader SANOFI-AVENTIS (+12%) to move down to 2nd position. SERVIER (+1%) moved down two rows from the third to fifth position allowing MENARINI (+26%) and NYCOMED (+31%) to move up. Apart from SERVIER, another two manufacturers GEDEON RICHTER (-0.2%) and BAYER (-4%) lost two rating positions each and moved down to 8th and 10th positions respectively. At the same time, KRKA (+8%) and SANDOZ (+40%), on the contrary, moved down to the higher 6th and 7th positions respectively. On top of that the latter became the only newcomer of Top-10 rating.

Table 1. The Top-ten manufacturers by pharmacy sales

Rating position		Manufacturer*	Share in total pharmacy sales, %	
3 mon 2011	3 mon 2010		3 mon 2011	3 mon 2010
1	2	PHARMSTANDART	5,5	4,9
2	1	**SANOFI-AVENTIS**	5,3	5,3
3	4	**MENARINI**	5,0	4,4
4	5	**NYCOMED**	4,5	3,9
5	3	**SERVIER**	4,2	4,7
6	7	**KRKA**	3,3	3,4
7	12	**SANDOZ GROUP**	3,2	2,6
8	6	**GEDEON RICHTER**	3,1	3,4
9	9	**STADA**	3,0	3,1
10	8	**BAYER HEALTHCARE**	2,8	3,2
Total			40,0	38,8

*AIPM members are in bold

The Top-Ten trade names rating experienced considerable transformation (table 2). A wide range of newcomers showing the pronounced positive progress entered the rating for the first time. Thus, the sales of OTC drug LASOLVAN increased 2.1 times, and those of GLIBOMET – 4.6 times. This allowed them to move up to 3rd and 9th positions respectively. The markets of DIABETON MR (+66%) and THERAFLU (+27%) which entered the Top-10 for the first time and occupied 7th and 10th positions also developed at a swift pace. Apart from the newcomers, the higher positions were occupied by another three names of Top-10: the leader ARBIDOL which sales increased 2 times as well as CEREBROLYSIN (+26%) and LINEX (+25%) which moved up to 5th and 8th positions. Two names CONCOR (-7%) and ESSENTIALE N (-0.2%), which had negative sales growth rates, managed to maintain their earlier positions. Only one trade name of the Top-10, ACTOVEGIN (+11%), moved down the row to 6th position.

Table 2. Top-ten trade names by pharmacy sales

Rating position		Trade name	Share in total pharmacy sales, %	
3 mon 2011	3 mon 2010		3 mon 2011	3 mon 2010
1	3	ARBIDOL	1,9	1,0
2	2	CONCOR	0,9	1,1
3	21	LASOLVAN	0,9	0,5
4	4	ESSENTIALE N	0,9	1,0
5	7	CEREBROLYSIN	0,7	0,6
6	5	ACTOVEGIN	0,7	0,7
7	22	DIABETON MR	0,7	0,5
8	10	LINEX	0,6	0,6
9	144	GLIBOMET	0,6	0,1
10	13	THERAFLU	0,6	0,5
Total			8,6	6,6

Despite the noticeable update of the previous rating, only one newcomer entered the Top-ten INN and generic names rating – AZITHROMYCIN moved up from 15th to 7th position (table 3). Apart from that, two INNs of the Top-10 managed to retain their earlier positions: BISOPROLOL (-2%) kept its second position and PANCREATIN (+3%) retained its fifth position. ARBIDOL that due to 2-fold sales growth moved up to 1st position from 7th one became the leader of Top-10. The other two INNs showed the rating progress: AMBROXOL (+73%) and PARACETAMOL + ASCORBIC ACID + PHENIRAMINE (+28%), which occupied 3rd and 6th positions. Four INNs with modest (PHOSPHOLIPIDS and NIMESULIDE) and negative sales growth (ENALAPRIL and XYLOMETAZOLINE) occupied the lower positions.

Table 3. The Top-Ten INN and Generic Names by pharmacy sales

Rating position		INN/Generic Names	Share in total pharmacy sales, %	
3 mon 2011	3 mon 2010		3 mon 2011	3 mon 2010
1	7	ARBIDOL	1,9	1,0
2	2	BISOPROLOL	1,5	1,7
3	9	AMBROXOL	1,4	0,9
4	3	ENALAPRIL	1,0	1,5
5	5	PANCREATIN	1,0	1,1
6	10	PARACETAMOL + ASCORBIC ACID + PHENIRAMINE	1,0	0,8
7	15	AZITHROMYCIN	1,0	0,7
8	6	PHOSPHOLIPIDS	1,0	1,1
9	8	NIMESULIDE	0,9	1,0
10	4	XYLOMETAZOLINE	0,9	1,2
Total			11,6	11,0

N02 Analgesics (+13%) became the best-selling group in the region (table 4). R05 Cough and cold preparations (+53%) moved up from the fifth position to the second one, and J01 Antibacterials for systemic use (+26%) – from the fourth position moved up to the fourth position. The fourth and eighth positions were occupied by the newcomers of Top-10 A10 Drugs used in diabetes and L03 Immunostimulants which sales increased 3.7 and 2.1 times respectively. Three groups (M01, C09 and R01), on the contrary, reduced their sales and occupied the lower positions whereas N06 Psychoanaleptics (+7%) managed to maintain its 9th position in the rating.

Table 4. The Top-ten ATC Groups by pharmacy sales

Rating position		ATC code	ATC Group	Share in total pharmacy sales, %	
3 mon 2011	3 mon 2010			3 mon 2011	3 mon 2010
1	2	N02	ANALGESICS	5,7	5,6
2	5	R05	COUGH AND COLD PREPARATIONS	5,5	4,0
3	4	J01	ANTIBACTERIALS FOR SYST USE	5,3	4,7
4	27	A10	A10 DRUGS USED IN DIABETES	5,1	1,5
5	1	M01	ANTIINFLAM & ANTIRHEUM PROD	4,5	5,7
6	3	C09	AG ACT RENIN-ANGIOTENS SYST	4,3	5,3
7	6		UNIDENTIFIED	3,4	3,6
8	25	L03	IMMUNOSTIMULANTS	3,1	1,6
9	9	N06	PSYCHOANALEPTICS	3,1	3,2
10	8	R01	NASAL PREPARATIONS	2,9	3,4
Total				42,8	38,6

Conclusion. On the basis of the results of the first quarter in 2011, the pharmacy market of Kursk brought in RUR 304.190 mln (USD 10.415 mln) in final consumer prices, which is 12% (in terms of roubles) and 15% (in terms of dollars) more as compared to the past year. In pack terms the market reduced by 8%. The average cost of a pack grew as compared to the same period of 2010 (USD 2.86 vs. USD 2.28). Per capita expense amounted to USD 25.18 which is less than on the average in the country (USD 27.95).

REGIONAL DIGEST

Additional Pharmacological Support/Procurement of Necessary Drugs, Government Control

June 4, 2011, RBC Daily

Procurement of medicines to treat patients with especially serious diseases under the Seven Nosologies Programme to be provided by regional authorities

The Ministry of Tatiana Golikova has submitted to the State Duma the proposal to delegate the above functions to the regional authorities. The proposal was executed in the form of amendments to the law On Fundamentals of the Russian Federation legislation on citizens' health protection which is expecting the second reading at the lower house of Parliament. The document passed the first reading at the end of May.

According to Ministry of Public Health and Social Development, funds allocated from the State Budget for procurement of high-cost medicines should be transferred in terms of subsidies to the regions which shall take it upon themselves to arrange and conduct bidding process.

According to Mr. Sergey Kolesnikov, Deputy Chairman of State Duma Committee for Health Protection, the Ministry of Public Health and Social Development substantiates its initiative to delegate the powers by "complexities of administration" of the programme. According to his version, the authors of amendments propose to introduce a new scheme as early as in January 2012, when most provisions of the law shall come into force.

Experts agreed on the point that if the regional authorities proceed with procurement of high-cost medicines, the noticeable price reductions on medicines lots can hardly be expected.

July 5, 2011, The Vedomosti

Deputies propose to leave open the possibility of visiting practitioners by medical representatives of pharmaceutical companies

The draft law passed in a first reading by the State Duma doesn't allow the practitioners to receive workers of pharmaceutical companies within working hours (except for the administrative staff authorized to this effect) and prohibits the practitioners to participate in any events arranged by one pharmaceutical manufacturer (apart from clinical trials). Because of this the practitioners won't be able to receive information on new drugs, in fact the original drug is only produced by one pharmaceutical manufacturer, FAS stated in its proposals to the second reading.

To solve this problem the deputies offer a compromise: to allow the practitioners to participate in the meetings arranged by one company, but only if such meetings are general for all practitioners and have the character of an educational session. The State Duma Committee for Health Protection is indeed considering such amendment, but the decision for convening the meeting shall be taken by Head of the company, said Ms. Tatyana Yakovleva, a member of the Committee.

July 6, 2011, The Vedomosti

GUP Stolichnye Apteki may be transferred into private hands

Moscow intends to privatize "commercial activities" of the state unitary enterprise (GUP) Stolichnye Apteki, and to transfer the warehouse complex and social district pharmacies under the supervision of State Budgetary Institution (SBI) subject to the general jurisdiction of Moscow Department of Health Care, as stated in the GUP's List specifying the forms of reforming, privatization etc. to be accepted by the city government.

According to DSM Group, in 2010 Stolichnye Apteki was the Russia's sixth largest pharmacy chain ranked by sales (RUR 6.2 bln). And the Moscow's second largest pharmacy chain ranked by sales outlets following 36.6 pharmacy chain, said Sergey Shulyak, CEO of DSM Group. Now GUP Stolichye Apteki has 242 operating sales outlets and 18 non-operating ones, but the premises thereof are under the economic jurisdiction of (in fact on lease at zero rate) Stolichnye Apteki, said an anonymous player in the pharmacy market. According to him, Moscow plans to put up 190 pharmacies for sale, the other 70 to transfer under the supervision of SBI.

July 8, 2011, The Novaya Gazeta

Large-scale audits of pharmaceutical companies may result in the repartition of the medicines procurement market

"Even if this is a repartition of the market, it takes place at the instigation of the government", said Mr. Nikolay Bespalov, Chief of Analytics Department, Pharmexpert Market Research Center. "This is proved by the activities of Rostechnologii Company which takes an interest in distribution". In June it has become known that Rostechnologii intends not only to manufacture, but also distribute medical devices through its partner - the largest pharmaceutical distributor in Russia, SIA International, as was announced by the same state corporation.

"Despite of the fact that the investigators are examining hundreds of contracts totalling to over RUR 60 bln, the population won't be left without medicines", said Mr. David Melik-Guseinov, CEO of Cegedim Strategic Data Company in Russia, to the Novaya Gazeta. The process was caused by non-transparency of state procurement, lack of regular monitoring and audit. "Note that in Russia the facts that the prices for medicines fixed in state purchase contracts exceeds those put in commercial retail became commonplace, but then the ongoing monitoring should automatically detect such facts which results in audits", said David Melik-Guseinov.

July 11, 2011, The Moscow News

State Duma advanced the adoption of Law "On Citizens' Health Protection" to autumn

Adoption of the controversial Law "On Fundamentals of the Russian Federation legislation on citizens' health protection" drafted and lobbied by this authority regardless of objections of many representatives from medical industry has been at least deferred. At the end of last week, at the last plenary sitting of the spring session, the deputies unexpectedly postponed the second and the third readings of the draft law to autumn.

The reschedule was formally initiated by Ms. Olga Borzova, Chairman of State Duma Committee for Health Protection, who continually spoke in support of Law "On Fundamentals of the Russian Federation legislation on citizens' health protection". The main fact that affected the relation of lawmakers to the document drafted by workers of the Ministry of Public Health and Social Development was the pressure of United Russia party, believe overseers. "The concession made by the State Duma and Government for the most argumentative members of the public makes no difference, apart from cold-technical. If the draft law is adopted in autumn, it will come in force from January 1, 2012, according to the schedule", commented Mr. Yuri Krestinskiy, Director of Institute of Public Health Development, the reschedule of readings to the Moscow News. "For the first time the new law shall open prospects for real switching to the full tariffs of Compulsory Health Insurance (CHI) and approach in such a way the cancellation of budgeted funding. Very many will never willingly compromise on this point", said Krestinskiy. According to him, in the first place this is an issue for head doctors of largest institutions under municipal and federal control.

July 18, 2011, The Kommersant

Pharmaceutical manufacturers proposed the Ministry of Public Health and Social Development to move amendments to the law "On the Circulation of Pharmaceuticals"

Association of Russian Pharmaceutical Manufacturers (ARPM) proposed to introduce a 180 calendar day transition period when reregistering the medicines which would start from the date when corrected documents are received. The circulation of medicines with previous marketing authorizations within this period would be allowed. According to the acting legislation, the manufacturer should suspend the circulation of medicines in the market concurrently with receipt of new marketing authorizations. "The manufacturers have to destroy tons of packing and sometimes even batches of medicines produced according to the old documents", explained Mr. Dmitriev.

The proposals of AIPM relate to the simplification of Marketing Authorization Procedure. In particular, it is suggested to introduce inconsiderable changes into the Registration Dossier without Executive Summary of Scientific Centre for Evaluation of Medical Products which receipt may take up to 90 days. The Association considers a written acknowledgement of receipt of Marketing Authorization to be needless, as the delivery of mail may last for several months: "information placed on the official website of the Ministry of Public Health and Social Development would be sufficient for an applicant". The spokesman for Ministry of Public Health and Social Development said that the proposals of pharmaceutical companies shall be considered in coming days.

NEWS FROM COMPANIES

July 8, 2011, Mosreg.ru

Pfizer and ChemRar to develop innovative drugs

The companies intend to explore the possibility of accelerated development and market launch of some innovative drugs of Pfizer Company undergoing stages of development using techniques such as transfer of technologies and licenses with the assistance of outside funding. Based on the above arrangements, the companies plan to jointly develop the pharmaceutical drugs and vaccines within a wide range of high-priority therapeutic directions particularly topical for the Russian Federation such as cardiovascular, cancer and infectious diseases.

July 13, 2011, The Vedomosti

CIA International sold a 20.9% stake in Pharmacy Chain 36.6 OJSC to Hybrid Investments Capital Corporation (Hi Capital)

Hi Capital purchased a 20.9% stake in Pharmacy Chain 36.6 OJSC from the pharmaceutical distributor CIA International, said Ms. Valeria Solok, Director General of Pharmacy Chain. As of June 30, 2011, CIA International owned 22.6% stake in Pharmacy Chain 36.6, as stated in the List of Affiliates. Ms. Solok refused to specify the sum of transaction. Yesterday, at closing of MICEX 20.9% stake of the company cost RUR 1.95 bln. The website of Hi Capital states that it bought 21.9 mln shares (20.88%) from CIA. The joint press release of three companies says that the transaction is closed.

July 27, 2011, RIA OREANDA

VTB develops co-operation with Pharmstandart Group

Further to the development of decades-long co-operation, VTB Bank established a new documentary credit limit for Pharmstandart Group in the amount of RUR 3.9 bln for one year.

Within the credit limit allocated for the subsidiaries of the Group located at different regions of the country, it is planned to provide performance guarantees with respect to Drugs Supply Contracts under the Public Procurement Program, issue guarantees securing performance of contracts in PRC, as well as opening of letters of credit and issue VAT repayment guarantees.

Information source: IMS Health
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