

Embassy of India
Warsaw

THE PHARMACEUTICAL INDUSTRY IN LITHUANIA: **A MARKET SURVEY**

Prepared by the Indian Baltic Chamber of Commerce
Vilnius

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LITHUANIA BASIC DATA



Land area - 65,300 sq km

Population - 3.33m (January 2011)

Main towns: Vilnius (capital) 560,000; Kaunas: 349, 000; Klaipeda: 183, 000

Languages: Lithuanian is the oldest **living Indo-European language**, **closely related to Sanskrit**, and is the first language of over 80% of the population; there are sizeable minorities of native Russian- and Polish-speakers..

Currency: Litas (LTL) divided into 100 centas and pegged to the Euro at €1= LTL 3.45

Advantage Lithuania

2. Lithuania's major market development goal is to become the Northern Europe Service Hub by 2015. As of 2011, it already has:

- 90% of population with secondary or higher education
- 40% of population with higher education
- 50% speak two foreign languages
- 46 higher education institutions
- 40% of population with education in science and technology
- 92% operations done via e-banking
- 88% declare their income tax online
- 2000 transportation routes to 40 countries
- Global leadership in mobile e-signature
- World's fastest upload Internet in 2009-2010
- World's 5th and Europe's No. 1 fiber broadband penetration
- Europe's highest fiber optic density
- EU's 2nd greatest GSM penetration
- World's highest density in mobile telephone subscribers
- Europe's densest network of public Internet access points
- Low costs – among ten least expensive European countries
- Great living – among the best locations for quality of life in the EU

BACKGROUND

3. Lithuania was annexed by the Soviet Union in 1940, regaining its independence in 1991; it then moved swiftly to adopt a free-market economy. In each of the five elections since independence, the electorate has voted against the incumbent government, primarily because of dissatisfaction with the state of the economy, as well as political corruption. Lithuania has had 15 governments since independence.

Political structure

4. Lithuania is a parliamentary republic with a 141-seat unicameral Seimas (parliament), which sits for a four-year term. The president is directly elected for a period of five years.

Policy issues

5. Privatization is largely complete, although the government wants further asset sales to bolster public finances.

Taxation

6. The flat personal income tax is presently 21% and corporate profit tax 15%. Employers pay social security contributions at 31% of salary. Value-Added Tax (VAT) is 21%.

Foreign trade (2010):

7. Exports: US\$ 20.9 bn; Imports: US\$ 22.3 bn (48% of GDP, as against 65% in 2008 before the crippling recession of 2009 when output contracted 15%)

Major exports 2010	% of total	Major imports 2010	% of total
Mineral products	21.5	Mineral products	29.3
Machinery & equipment	10.0	Machinery & equipment	13.1
Chemicals	9.1	Chemicals	12.3
Transport equipment	7.3	Transport equipment	6.3

DIRECTION OF TRADE

Leading markets 2010	% of total
Russia	13.2
Latvia	10.0
Germany	9.7
Poland	7.2
Leading suppliers 2010	% of total
Russia	30.1
Germany	11.2
Poland	10.0
Latvia	6.4

8. After several years of credit-fuelled explosive growth following accession to the European Union in 2004, the Western economic meltdown of 2009 impacted Lithuania severely, pushing unemployment to over 15%. Real wages declined sharply. Despite Lithuania's European Union accession, its trade with its Central and Eastern European neighbours, particularly Russia particularly, accounts for a growing percentage of total trade.

LITHUANIA ANNUAL INDICATORS

	2007	2008	2009	2010	2011 (est)
GDP					
Nominal GDP (US\$ m)	39,092	47,299	36,925	36,057	36,719
Nominal GDP (LTL m)	98,669	111,483	91,526	93,907	100,223
Real GDP growth (%)	9.8	2.9	-14.7	-0.2	2.9
GDP per cap (PPP) US\$	17,893	18,924	16,361	16,774	17,644
Population and income					
Population (m)	3.4	3.4	3.3	3.3	3.3

Unemployment (%)	4.3	5.8	13.7	18.0	16.4
Exports of goods & services (% change)	3.0	11.6	-12.7	14.0	5.0
Imports of goods & services (% change)	10.7	10.3	-28.4	13.0	6.0
Consumer price rise (%)	5.7	10.9	4.5	1.3	3.5
Current account (US\$ m)					
Trade balance	-5,874	-5,739	-1,077	-1,250	-1,420
Goods: exports fob	17,162	23,768	16,481	20,120	21,460
Goods: imports fob	-23,036	-29,507	-17,558	-21,370	-22,880
External debt (US\$ m)					
Debt stock	29,424	31,720	28,694	27,650	26,345

World Bank Doing Business

9. World Bank Ease of Doing Business 2011 Report ranks Lithuania 23/183 countries (India 134/183)

Country Rankings (1-10)

Ease of...	2010 rank
Doing Business	3
Starting a Business	9
Dealing with Construction Permits	6
Registering Property	2
Getting Credit	5
Protecting Investors	10
Paying Taxes	5
Trading Across Borders	6
Enforcing Contracts	5
Closing a Business	4

PHARMA BUSINESS IN LITHUANIA

- 13 pharmaceutical industry companies
- 72 wholesalers
- more than 50 European and world pharmaceutical companies represented
- 4 largest companies have 2/3rd market share
- 1500 pharmaceutical outlets

Organisations of manufactures of medicines

- 1) Association of Ethical Pharmaceutical Companies (EFA), www.efa.lt
- 2) Association of Manufacturers of Drugs (VGA), www.vga.lt
- 3) Association of Pharmaceutical Industry of the Republic of Lithuania (VGA).

Wholesale pharma companies with name of main drug (including generic name)

1. SERETIDE (FLUTICASONE) GlaxoSmithKline
2. ZYPREXA (OLANZAPINE) Ely Lilly
3. NEBILET (NEBIVOLOL) Berlin-Chemie Menarini
4. BETALOC ZOK (METOPROLOL) AstraZeneka
5. PLAVIX (CLOPIDOGREL) Sanofi-Aventis
6. SYMBICORT (BUDESONIDE) AstraZeneka
7. MONOPRIL (FOSINOPRIL) Bristol Meyers Squibb
8. PRESTARIUM (PERINDOPRIL) Servier International
9. NEORECORM ON (EPOETIN BET) Roche
10. TERTENSIF (INDEPAMIDE) Servier International

The Pharmaceutical Market

11. Lithuania has one of the smallest economies in Central and Eastern Europe. However, the per capita figure is average for the region. The economy contracted sharply in 2009 due to a collapse in domestic and external demand, but Lithuania is recovering. Healthcare spending will remain steady. Lithuania currently spends a moderate percentage of GDP on healthcare. Just under three quarters of expenditure is in the public sector, and since 1997 this has been almost entirely through the Compulsory Health Insurance Fund.

12. The Lithuanian market for pharmaceuticals is comparable to Latvia in value terms and similar to Croatia in per capita terms. The market is expected to expand at a low CAGR over the next few years. The pharmaceutical market was hit particularly hard by the economic crisis; however, the growth rate should pick up as the economy recovers and imports strengthen.

13. A large proportion of the market is supplied by imports, principally from the EU-27. Lithuania has an impressive generics sector, which is expected to remain strong.

14. By 2014, Lithuania's drug market expenditure is expected to reach LTL1.81bn (US\$654mn). The introduction of drug price capping on non-reimbursable medicines and amendments to Lithuania's reference pricing scheme are intended to control the cost of medicines for consumers and the state.

15. Lithuania boasts one of the most significant biotechnology industries in the region. A small number of commercial enterprises specialise in the development of biotechnological healthcare products. In addition, Lithuanian biotechnology research centres have been successful in their chemical and biochemical research of protein, enzymes and nucleic acid for pharmaceutical application.

16. In 2007, construction began of the first Baltic medical and pharmaceutical valley in Vilnius, which will bring together pharmaceutical companies, scientists, and educational institutions for the purpose of creating new medicines and diagnostic methods, and finding more effective cures for diseases.

17. According to a recently-published scientific paper “Health in Financial Crises: Economic Recession and Tuberculosis in Central and Eastern Europe”, the Baltic States are vulnerable to an increase in tuberculosis (TB) cases and deaths as a result of the economic downturn. The research studied the relationship between lost economic productivity and excess TB cases and mortality, comparing the situation following the collapse of the Soviet Union with the current economic downturn.

18. Lithuanian pharmaceutical market players can be divided into three segments: retailers (pharmacy), wholesalers and manufacturers. Retailers and wholesalers are referred to as traders.

DRUGSTORE AND WHOLESALER SEGMENT

Key players in the Lithuanian pharmaceutical market are:

1. “Eurovaistinė” and “Eurovaistinė” (wholesale)
2. Camelia (wholesale)
3. Amber Pharmacy and drugstore Norfa (wholesaler Limedika)
4. Litfarmos pharmacy (retail)
5. Tamro (wholesale)

The seven biggest retail networks have 80% market share

Eurovaitines (241 shops)
Camelia (130 shops)
Baltic Group (320 shops)
Family (138 shops)
Apotheca (120 shops)
Farma (35 shops)
Amber (121 Shops)

19. There are a few Lithuanian manufacturers of medicinal products (Sanitas, Aconitum etc.), but their drug output is low (range and quantity)

HOW TO ENTER THE LITHUANIAN MARKET

20. The controlling authority is the State Medicines Control Agency of the Ministry of Health (drug registration, clinical trials, drug advertising, pharmaceutical companies, control, etc.) while the State Patient Fund under the Ministry deals with compensatory medications, invoicing, appointment, compensation for compulsory health budgeting and distribution, etc.

20. The requirements for pharmaceutical products and their manufacturers seeking to register their products in Lithuania controlled by the State Medicines Control Agency are at **www.vkt.lt**

MAIN PRODUCERS OF PHARMACEUTICAL PRODUCTS

22. Leading pharmaceutical manufacturers (suppliers) are mainly foreign companies with branches in Lithuania. Berlin-Chemie, Pfizer, GSK, Servier, Krka, Sanofi-Aventis supply essential medicines in the Lithuanian market. The big players are:

- SANITAS www.sanitas.lt
- LIUKS
- SICOR BIOTECH www.sicor.lt
- KORIO LABORATORIJA www.bitininkas.lt/kurimas
- ŠVENČIONIŲ VAISTAŽOLĖS www.svenherbs.com
- NORFACHEMA www.achemosgrupe.lt/im-chem-norfachema.htm
- MEDICATA FILIA
- ACONITUM www.aconitum.lt
- ACORUS www.acorus.lt
- VALENTIS www.valentis.lt
- A.KARVELIO TERAPIJOS-FITOTERAPIJOS ENTERPRISE
Herbal processing
- HERBA HUMANA www.arbatos.lt
- BALVOČIŪTĖS J. ŪKIS (herbal medicine)
- BIOSOLA www.biosola.lt

MULTINATIONAL PHARMA COMPANIES WITH SUBSIDIARIES IN LITHUANIA

- ASTRAZENECA LIETUVA www.astrazeneca.lt
- GLAXOSMITHKLINE LIETUVA www.gsk.lt
- SANDOZ LIETUVA (HEXAL AG) www.sandoz.lt

WHOLESALEERS OF PHARMACEUTICAL PRODUCTS

- 1) RIFARMA www.rifarma.lt (medicines and medical goods)

- 2) ARMILA www.armila.com (medicines, medicinal substances, medical instruments, medical supplies)
- 3) ARMEDIKA www.armedika.lt (medicines)
- 4) TAMRO www.tamro.lt (medicines and medical goods. In 2003 formed a group called the "Family Pharmacy")
- 5) ENTAFARMA www.entafarma.lt (Pharmaceutical marketing services. Represents HEXAL AG (Germany), VITABIOTICS (United Kingdom), LDP (France), OPTIMA HEALTH LTD. (United Kingdom), NEOMEDIC LTD. (United Kingdom) and LEPICOL LTD. (United Kingdom)
- 6) MAUDA www.camelia.lt ("Camellia" groups of companies; medicines and medical products)
- 7) RAIVILA www.gerivitaminai.lt (wholesale Bulgarian (Ramcopharm) and Portuguese (Prisfar) food supplements)
- 8) UAB "Cirpus medica" www.corpus.lt (drug registration and distribution, represents foreign manufacturers)

ASSOCIATION OF ETHICAL PHARMACEUTICAL COMPANIES <http://www.efa.lt>

23. This agency brings together sixteen pharmaceutical companies with registered offices. They claim to develop new, patent-prescription medicines, are recognized by the International Federation of Pharmaceutical Manufacturers Associations (IFPMA) and follow the pharmaceutical marketing code of practice.

Links for professionals:

MEDICINAL PRODUCTS FOR HUMAN USE

Community register of medicinal products for human use

<http://ec.europa.eu/health/documents/community-register/html/alfregister.htm>

BALTMEDICA (VILNIUS 15-17 SEP 2011)

Lithuanian Exhibition Centre, Vilnius, Lithuania

24. Baltmedia is a recommended International Exhibition of medical and laboratory equipment, pharmaceuticals, dentistry and optics. It showcases the rapidly progressing scenario of the pharmaceutical industry of Lithuania. Alongside Lithuanian companies a large number of International companies will provide the global overview of this sector with new innovations and research techniques that are already on or in the anvil.

25. CEOs & top executives, purchase executive, manufacturing engineers of pharmaceutical companies, R&D professionals, pharma machinery suppliers & distributors, pharma consultants, scientists, government experts are the target audience.

ADVICE TO INDIAN COMPANIES

26. As a member of the European Union, Lithuania is obliged to follow EU-mandated processes and procedures. Indian companies should consider establishing manufacturing units in the two Free Economic Zones that offer substantial benefits:

- a) 0% corporate tax during the first 6 years and only 50% of corporate tax over the next 10 years
- b) 0% tax on dividends
- c) 0% real estate tax

27. Lithuania also has four industrial parks that can offer greenfield territory from 15 to 219 ha (depending on investor requirements), all necessary physical infrastructure, tax incentives.

28. The Embassy of India in Warsaw and the Indian-Baltic Chamber of Commerce (IBCC) in Vilnius will be pleased to offer advice and support. Please contact:

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