

BUYER SELLER MEET (BSM) / BUSINESS DELEGATION TO CIS COUNTRIES

(RUSSIAN FEDERATION, TURKMENISTAN & UKRAINE)

17th November 2018 to 1st December 2018

- 1) **Name of the Event:** CIS DELEGATION TO RUSSIA, TURKMENISTAN & UKRAINE
- 2) **Purpose of the Event:**

Russia has been an important trading partner & market for India and has been holding No. 1 position for Pharmaceutical Exports for many years. Russian Pharma market had recorded a negative growth of 27% and had reached \$ 15.9 bn in 2015. However the market has grown by 3.14% in 2016 and has touched \$ 16.4 bn. The estimated size in 2017 is \$ 20.4 billion with a growth of almost 25%. Forecast for 2018 speak of 10% growth and the size touching \$ 22.6 bn.


Indian Pharmaceutical exports to Russian Federation is around USD 500 million.

Russia & the CIS Region has been a traditional Market for India. Of late there has been a tremendous decline in the Russian market due to the Government's stress on self-reliance in the Pharma Sector and promoting domestic manufacturing to cross at least 50:50 status by 2020.

It is observed from export Statistics that Indian Pharma Exports has declined since 2002. It is therefore imperative that this market has to be explored for opportunities and cannot be left out. Russia has been a biggest market for the Pharma Sector in the CIS Region and cannot be left out and requires regular participation. Our APIs & raw materials, Nutraceuticals & Herbals could be more aggressively promoted in these markets and project the potential of our Indian Pharma Industry.

- 3) **Country :** Russian Federation (Moscow & Kazan), Turkmenistan (Ashgabat) & Ukraine (Kiev).
- 4) **Date of Event:** 17th November 2018 to 1st December 2018.
- 5) **EC approval (in brief):** This event was approved under MAI scheme. (F.No.K-11020/65/2018-E&MDA, Dt: 03.08.2018)
- 6) a) Approved : 57 lakh
b) Release of 1st installment (in Rs.) : Rs.28,50,000
c) 2nd installment, if any (in Rs.) : NIL
d) Remaining amount pending for release (in Rs.) : Rs.1,03,051/-
- 7) **Brief description of the event:**

 **BSM in Kazan & Moscow (17th November - 24th November 2018)**: Pharmexcil with the support of Ministry of Commerce & Industry & Embassy of India, Moscow organized BSM in Kazan & Moscow, Russian Federation. A Business Forum meeting was held in Kazan on 20th December 2018 where around 60 Companies from Kazan participated in the BSM. Similarly a BSM was organised in Moscow on 22nd December 2018 and around 100 Russian companies including press/media, Ministry of Health Officials, Senior Officials from Chelyabinsk Region, Moscow Region, Tatarstan Region & other participated in BSM at Moscow. These BSMs have helped the Indian participants to explore new business partnerships especially for the APIs, Nutraceuticals, Herbal supplements Sector etc.

 **BSM at Ashgabat (26th November - 28th November 2018)**: Pharmexcil with the support of Ministry of Commerce & Industry & Embassy of India, Ashgabat, Turkmenistan organized BSM at Ashgabat on 27th November 2018. About 70 Companies, distributors, dealers, etc from the

Ashgabat Region participated in the BSM. Meetings were also organised Turkmen Pharma, one of the biggest importers of Medicines in Turkmenistan and Ministry of Health Officials.

🚩 **BSM at Kiev (29th November - 1st December 2018)** : Pharmexcil with the support of Ministry of Commerce & Industry, Embassy of India in Kiev, Ukraine & Ukrainian Association for Ayurveda & Yoga organized BSM on 29th November 2018 at Ukraine. During major companies from the Herbal, Ayurveda, Nutraceuticals, Food Supplement Section attended this BSM. Majority of the Indian participants were from this Sector, who have benefited from this BSM.

🚩 Pharmexcil with the support of Indian Embassy in Kiev, Ukraine along with Indian Pharmaceutical Manufacturers Association (IPMA) organised a BSM - cum - Conference on 30th November 2018 wherein around more 150 participants from the Ukrainian Pharma importers, Distributors, Pharmacy chains etc participated. The conference was also graced by our Ambassador along with Ministry of Health Officials, Regulators etc.

8) Details of Indian Participants:

- i) Number of Participants : 23
- ii) Brief profile of each participants : Details Enclosed
- iii) Participants response : Good

9) Details of Buyers/Visitors :

- i) Number of Overseas buyers : Over 250 companies (All the three countries together)
- ii) Number of Visitors : Over 200
- iii) Visitors feedback : NA

10) Business generated:

- i) No. of enquiries : 300 plus. Good leads have been received by the Indian participants and we understand that steps are being taken to register their products by the participants.
- ii) No. of MOUs Signed : NIL
- iii) On spot Orders Booked : Around USD 10 to 20 Million from the Herbal & Nutraceuticals Sector.
- iv) Total Business generated : USD 60 to 100 Million

11) Brief note on export potential of the country/product:

RUSSIAN FEDERATION (KAZAN & MOSCOW)

Russia's economic recovery has returned the market to its former position as a key emerging growth driver. Innovative drug makers will remain averse to the high levels of risk within the market and as such generic medicine sales, in house manufactured, will be the major beneficiary of this growth.

Russia Pharma market has recorded a negative growth of 27% and reached \$ 15.9 bn in 2015. However the market has grown by 3.14% in 2016 and has touched \$ 16.4 bn. The size of the market in 2017 is \$20.1 billion with a growth of almost 22.4%. Forecast for 2018 speak of 2.8% growth and the size touching \$20.7 bn.

- In August 2018, the Russian Ministry of Industry and Trade prepared the draft Pharma 2030 strategy, which aims to increase Russian medicine exports by 10 times by 2030, relative to 2017.
- In July 2018, the Russian government announced plans to increase VAT from 18% to 20%, with additional revenues set to be funneled towards financing infrastructure, healthcare and education. While the exact allocation of additional funds between these sectors is unknown, it is reported that this increase will generate annual revenues of RUB600bn (USD8.79bn).

- The Russian pharmaceutical market is one of the largest globally and is the largest market on an absolute basis in the Central and Eastern European (CEE) region. Russia's pharmaceutical expenditure per capita, at USD 140 in 2017. It is 17th highest among 32 CEE countries.
- Pharmaceutical sales in 2017 was at USD20.1bn, and is said to have grown over 22.42%. By 2022, it is forecast to reach USD24.1bn, with a five-year compound annual growth rate (CAGR) of 3.7%.

India's Exports Of Pharmaceuticals to RUSSIA in \$ mn							
Category	2014-15	2015-16	GR%	2016-17	Gr%	2017-18	GR%
Bulk drugs	14.46	17.43	20.54	29.17	38	55.15	89
Formulations	399.12	343.54	-13.93	339.31	Nil	394.7	16.35
Ayush	9.44	9.23	-2.13	10.53	13	12.03	14
Herbal products	0.26	0.59	131.29	0.77	40	0.88	14
Surgicals	1.53	3.23	0.00	3.67	11	6.0	63.47
Total	424.80	374.02	-11.95	384	3	468.74	22.24
Source: DGCIIS							

TURKMENISTAN (ASHGABAT)

Turkmenistan is a highly unattractive market, even in comparison to its neighboring frontier markets in the Central Asia region. While the adoption of new pharmaceutical legislation bodes positively for the market, legislation is still basic and implementation remains heavily reliant on the Ministry of Health. The country's pricing policy is opaque and the over valuation of the **Manat** will pose additional challenges to drugmakers, wholesalers and retailers alike.

Turkmen pharmaceutical market is almost completely reliant on imported medicines, not to mention the aforementioned currency issues impacting the cost of imports; it is assumed that the market has a strong preference for generic medicines. While 'new' (or innovative) medicines may be registered in the country according to the new Law 'On Drug Provision', affordability remains extremely low, making the purchase of any non-generic medicines highly unlikely.

The size of the market in 2017 was \$111 million and is Likely to record a negative growth of almost 5% in 2018. India has a market share of 15.3% of the total Turkmenistan.

At the present juncture, Turkmenistan does not even issue VISAs for visitors and it is extremely difficult to do business. Moreover, even modes of Transportation like Couriers, etc is also not accessible. Banking Sector also seems to be in problems, which is since improving.

India's Exports:

India's Pharmaceutical exports to TURKMENISTAN \$ Million						
Category	2015-16	2016-17	2017-18	GR%	contbn%	Contbn to Region
BULK DRUGS	0.39	0.45	0.22	-50.65	1.41	0.34
DRUG FORMULATIONS	16.12	16.53	13.76	-16.77	86.44	2.22
AYUSH	0.80	1.16	0.95	-17.78	6.00	4.68
Surgicals	0.30	0.34	0.50	46.08	3.14	4.44
Vaccines	1.02	1.93	0.48	-75.10	3.01	3.21
Total	18.64	20.41	15.91	-22.04	100.00	2.17

UKRAIN (KIEV)

Opportunities for Pharma companies in Ukraine will be determined by the success of the government's healthcare reform agenda. Increasing public funds have been allocated toward medicine reimbursement and healthcare services, and the imminent implementation of the National Health System is likely to boost access to services.

Ukraine's Pharma market in 2017 was of the size \$ 2.54 billion and is likely to grow to \$ 2.86 billion by 2018 with a growth of 12.5% after successive high rates of negative growths between 2014 & 2016. The market is forecasted to reach \$ 3.94 billion by 2022. This is mainly due to Ukraine's economic issues and steep depreciation of its currency vis-vis USD.

- In June 2018, the first stage of healthcare reform began with a change in primary healthcare financing resulting in additional funding of UAH8.05bn (USD300mn) for H218.
- In July 2018, the Ministry of Health approved an expansion of the 'Available Drugs' medicine reimbursement program, with an average decrease in price of 6.5%.
- In July 2018, the Ministry of Health held a round table with the Association of International Pharmaceutical Manufacturers (AIPM) to discuss the main aspects of the medicine advertisement bill.

Generic medicine sales will be the fastest subsector of Ukraine's pharmaceutical market due to the heavy preference for these lower-value drugs. The government's healthcare reforms, including the introduction of rudimentary medicine reimbursement, will ensure sustained robust growth within the subsector as access to medicines increases.

India's Exports:

India's Pharmaceutical exports to UKRAINE \$ Million						
Category	2015-16	2016-17	2017-18	GR%	contbn%	Contbn to Region
BULK DRUGS	1.71	2.01	3.43	70.44	3.57	5.23
DRUG FORMULATIONS	64.52	75.09	85.25	13.54	88.84	13.75
AYUSH	2.16	2.08	2.55	22.87	2.66	12.53
Herbal Products	0.08	0.10	0.14	40.05	0.14	12.74
Surgicals	1.07	1.80	2.77	54.28	2.89	24.67
Vaccines	0.00	2.84	1.82	35.84	1.90	12.18
Total	69.53	83.91	95.96	14.36	100.00	13.09

12) Outcome analysis by Council:

BSM / Delegation to Kazan & Moscow, Russian Federation:

Ministry of Industry & Trade of Tatarstan had been actively involved in the framing of the Council's delegation programme with active participation from the Ministry of Health & other Ministries. Visits for the delegation were organised to Tatarstan Investment Development Agency to highlight the facilities given by them for setting up Pharmaceutical joint ventures in the Region. Visits were also arranged to the Research & Education Centre for Pharmacy under the Kazan Federal University, Institute of Fundamental Medicine & Biology, Institute of Pharmacy.

Important part of the delegation was a visit of the delegation to the manufacturing Unit named Tatkhimpharmpreparaty in Kazan Region.

Council is of the opinion that in view of the 2020 & 2030 programmes planned by the Russian Government, a strategy could be worked out by carrying out contract manufacturing the Pharmaceutical formulation Production in Tatkhimpharmpreparaty. We understand that Registration of products with the Ministry of

Health & all approvals are easier for the local Russian Companies, which could benefit the Indian Pharma Industry via local contract manufacturing.

There exists a good scope for APIs, Herbal Medicines, Herbal supplements, Food supplements, Ayurvedic Medicines, etc and the MSME from this Sector should concentrate on this aspect.

BSM / Delegation to Turkmenistan (Ashgabat) :

Embassy of India in Turkmenistan during its interaction stressed that Pharma has been one of the very important market. India has a market share of around 15% of the total Turkmenistan Pharma. Around 90% Turkmenistan Pharma consists of Imports. The scope for Herbal Supplements, Food Supplements, etc in Turkmenistan is good for Indian Pharma.

There are around 10 to 15 Major Private Pharma Distributors in Turkmenistan and the majority of the Pharma Trade is controlled by the Government.

BSM / Delegation to Ukraine (Kiev):

During the BSM on 29th November 2018, majority of the Herbal Sector including Nutraceuticals, food supplements etc received tremendous response from the Ukrainian Sector, which is well organised and the Registration process for this Sector is relatively easier and faster. Though the Registration process for the Pharmaceuticals Sector is tougher and the authorities ask for PICs requirements. The conference of Pharma Sector organised by Pharmexcil, Embassy of India & Indian Pharmaceutical Manufacturers' Association (IPMA) provided an opportunity to interact directly with the Health Ministry Officials, Registration Department etc

13) Photos



Press conference during Tatarstan - Indian Biopharmaceutical Forum at Korston Club Hotel during 19th November 2018 to 20th November 2018.

Mr. Aleksey Savelchev, Deputy Minister, Ministry of Industry & Trade of the Republic of Tatarstan, Russia, Shri Udaya Bhaskar, Director General, PHARMEXCIL, Shri Raghuveer Kini, Executive Director, PHARMEXCIL



Group photo of Indian delegates along with Senior Officers of Pharmexcil and Embassy of India, Moscow at Tatarstan Investment and Development Agency



Inauguration of India - Russia Pharma Business forum at Moscow Russia during 22nd November 2018 From left to right Mr. Timur Samatov, Deputy Minister, Republic of Tatarstan, Russia, H.E. Mr. D.B. Venkatesh Varma, Ambassador of the Republic of India to the Russian Federation & Shri Raghuv eer Kini, Executive Director, PHARMEXCIL



Inauguration of India - Russia Pharma Business forum at Moscow Russia during 22nd November 2018.



Inauguration of India - Russia Pharma Business forum at Moscow Russia during 22nd November 2018 at Hotel Renaissance Moscow Monarch Centre, Moscow, Russia.



Group Photo of Indian Delegates with H.E. Mr. Azar A. H. Khan, Ambassador of the Republic of India to the Turkmenistan.



Group Photo of Indian Delegates during BSM on 27th November 2018 at Hotel Yydlyz, Ashgabat, Turkmenistan



H.E. Mr. Partha Satpathy, Ambassador of the Republic of India to the Ukraine, inaugural address during BSM at Hotel Ramada Encore Kiev on 29th November 2018.



Mr. Raghuveer Kini, Executive Director, PHARMEXCIL making presentation on Indian Pharmaceutical Industry during BSM at Hotel Ramada Encore Kiev on 29th November 2018.



BSM at Hotel Ramada Encore Kiev on 29th November 2018
