

## **Business Delegation to Armenia, Belarus, Russia and Uzbekistan 11<sup>th</sup> -22<sup>nd</sup> November 2019**

### **Purpose of the Event:**

1. **Country** : Armenia, Belarus, Russia and Uzbekistan
2. **Date of the Event** : 11<sup>th</sup> – 22<sup>nd</sup> November 2019
3. **EC Approval (in Brief)** : The event was approved under MAI scheme
  - a) **Assistance approved** : 1,33,00,000 INR
  - b) **First Instalment released** : 66,50,000 INR
  - c) **Second Instalment (due)** : 66,50,000 INR

4. **Brief Description of the Event** :

- **BSM in Yerevan, Armenia (11<sup>th</sup> -12<sup>th</sup> November 2019):** Pharmexcil with the help of Embassy of Indian, Yerevan and Pharma Union, Yerevan organized Buyer Seller meet with Indian Pharma Industry at Hotel Ani Plaza, Yerevan on 11<sup>th</sup> November 2019. The event brought over 90 delegates representing Armenian pharma companies and Govt. officials.

The event was inaugurated by Hon'ble Minister of Health of RA, Mr. Arsen Torosyan.

The inauguration was attended by **Mr. Tigran Khachatryan, Hon'ble Minister of Economy of RA, Mr. Tigran Khachatryan, Hon'ble Minister of Economy of RA and H.E. Mr. K D Dewal, Ambassador of India in Armenia** along with representatives of Indian Pharma Industry and Armenian Pharma Industry.

Mr. Arsen Torosyan, Hon'ble Minister of Health of RA welcomed the Indian and Armenian Delegates and hoped that the event like this will shape the new relationship between India and Armenian industry. Hon'ble Minister hoped that the trade will improve the healthcare industry of both the countries. Hon'ble Minister also acknowledged the Indian Pharma Industry's strength in producing high quality medicines at affordable price.

Mr. Tigran Khachatryan, Hon'ble Minister of Economy of RA appreciated the forum as a significant initiative for the economic corporation between Armenia and India. Hon'ble Minister hoped that the forum will provide serious potential for future collaboration between India and Armenia in Pharma Industry.

Mr. Levon Melikyan, Head of the Scientific Center of Drug and Medical Technology gave presentation on the Regulatory Framework in Armenia and answered the various questions/doubts of the delegates from India and Armenia.

The event got the wide media coverage with the Top New channels in Armenia covering the Pharma Forum.

Some of the Highlights of the media coverage can be seen at the below links:

- <https://b24.am/economy/79271.html>
- <http://nt.am/am/news/275227///?hayworld=>
- <https://www.aravot.am/tag/pharmexcil/>
- <https://www.panorama.am/am/news/2019/10/22/Չհնէրիկ-դեղեր/2185033>

- **BSM in Minsk, Belarus (13<sup>th</sup> -15<sup>th</sup> November 2019):** Pharmexcil with the help of Embassy of Indian, Minsk and Technics and Communication, Minsk organized Buyer Seller meet with Indian Pharma Industry at Hotel Marriott on 13<sup>th</sup> November 2019.

The event was attended by more than 60 delegates from Belarus along with the Head of Pharma Chamber and Govt. Officials from regulatory body. The event witnessed over 150 meetings. The officers from the Regulatory Department gave clarity on the regulatory process in Belarus.

- **BSM in Moscow, Russia (18<sup>th</sup> -19<sup>th</sup> November 2019):** Buyer Seller Meet in Moscow was schedule on 18<sup>th</sup> November 2019 at Hotel Moscow Marriot Aurora. The event was organized with the support of Embassy of India, Moscow and IntelMed , St. Petersburg. Over 60 delegates from Russia participated in the BSM.

**Mr. Anand Shankar**, Second Secretary, Embassy of India, Moscow welcomed the delegates from both the countries. Mr. Shankar highlighted the significant points about Indian Pharma.

Director of the Investment Board of PERM region gave the presentation of the opportunities available for doing business in PERM region. Various government schemes providing great opportunities for setting up base in PERM region were discussed with the Indian Delegates. The pharma trade relation between India and Russia was discussed at long length. India accounts for 5% of the total pharma import of Russia, showing that there is much more to cover.

JWG: -----

- **Expo Cum BSM in Tashkent, Uzbekistan (21<sup>st</sup>-22<sup>nd</sup> November 2019):** Pharmexcil with the support of Embassy of India, Tashkent and ETG, Tashkent organized two day Exhibition in Tashkent. The Exhibition was very successful, over 200 pharma delegates from Uzbekistan visited the exhibition. The exhibition was inaugurated by H.E. Mr Santosh Jha, Ambassador of India in Uzbekistan. H.E. Mr. Jha highlighted the growing opportunities for Indian Pharma in Uzbekistan and opportunities for Joint Ventures and Collaboration between Indian and Uzbek pharma companies. Mr. Jha discussed about the growing acceptability of Indian pharma products in Uzbekistan and Uzbekistan need of getting affordable yet quality products from India.

Mr. Kariev, Head of Agency on Development of Pharmaceutical Industry, MoH Republic of Uzbekistan give presentation on the Regulatory frame work of the Uzbekistan. Mr. Kariev highlighted the importance of setting up Joint Venture and small packing industry in Uzbekistan.

## 5. Details of Participants

- I. **Number of Participants** : 28
- II. **Brief profile of each participants** : Profile Enclosed
- III. **Participants Response** : Very Good

#### 6. Details of Visitors

- I. **Number of overseas visitors** : Over 400 (All 4 countries)
- II. **Visitors Feedback** : NA

#### 7. Business Generated

- I. **No. of Enquires** : Over 250 leads generated by Indian Companies
- II. **No. of MOUs signed** : 28
- III. **On spot order** : 8
- IV. **Potential Business Generated** : 55 Mn USD (app.)

### BRIEF NOTE ON EXPORT POTENTIAL OF THE COUNTRY/PRODUCT

#### **ARMENIA :**

Country's economic growth trajectory is expected to moderate, it is forecasted to grow above historical levels and thus be conducive to healthcare system development. This is further boosted by international support for improvement initiatives.

Market was of \$ 177 million in 2018 and is expected to grow by 16% each year

- In May 2019, ARKA reported that Armenia and USAID extended two existing bilateral agreements that aim to support improvements in the former's governance and public administration and that have now also received USD8.5bn in additional funding.
- In April 2019, the Initiatives for Development of Armenia (IDeA) Foundation unveiled a new platform that aims to support healthcare innovation and sustainability.

#### Strength

- Government support for domestic pharmaceutical industry
- Underdeveloped market provides for a relatively high growth potential
- Some multinationals already have representative offices in the country
- Market entirely reliant on imported patented medicines

#### Weaknesses

- Market size limited by small population

- Limited Public Sector Funding

### Opportunities

- Regulatory harmonisation and tariff-free trade within the Eurasian Economic Union (EAEU) will lead to greater access to markets within the region( Advantage for JNs and subsidiaries)
- Introduction of a compulsory health insurance scheme potentially to enable greater access to healthcare services and medicines
- Armenia-EU deal will lead to greater policy and regulatory harmonisation, increasing regulatory transparency

### Pharma Trade

Pharmaceutical imports reached USD137mn in 2018. For the current year, forecasts say imports to grow by 15.3% and reach USD158mn. The figures are forecast to grow over the next five years at a compound annual growth rate (CAGR) of 12.8% to reach (USD250mn by 2023).

### India's exports

India Pharma exports to ARMENIA by Category \$ Million					
Category	2015-16	2016-17	2017-18	2018-19	Change%
Bulk Drugs & Drug Intermediates	0.02	0.06	0.06	0.05	-6.12
Drug Formulations & Biologicals	0.71	0.48	0.66	0.64	-2.45
Ayush	0.02	0.01	0.02	0.04	54.39
Herbal Products	0.00	0.00	0.00	0.00	-100.00
surgicals	0.08	0.15	0.09	0.12	38.25
Vaccines	0.01	0.07	0.00	0.02	6832.30
Total	0.85	0.77	0.83	0.88	5.70

## **BELARUS**

Belarus' pharmaceutical market is expected grow at a rate above average. The introduction of a basic reference pricing methodology will improve transparency of the market, but may also result in downward price revision. The country's domestic pharmaceutical industry continues to expand rapidly, driven by contract manufacturing agreements and joint ventures.

In 2018 market touched \$ 1.18 billion and is expected to touch \$ 1.19 bn with a growth of 5.8% each year till 2023.

### Strengths

- Continued double-digit local currency growth over a number of years with some accounted for by genuine demand increase.

- Extensive universal healthcare system supports a significant state drug purchasing sector yet it leaves a lot of room to improve.
- Government commitment to providing incentives to attract contract manufacturing.
- Pharmacies sell more of foreign-made medicines as they earn better margins.

### Weaknesses

- Low per capita spending on pharmaceuticals with healthcare funding also negatively impacted by recent recession.
- Poor access to treatment in rural areas.

### Opportunities

- Government's commitment to modernising the healthcare system.
- Increased demand for high-end products in urban environments.
- Authorities' support for local manufacturing could provide investment opportunities.
- Future potential for economic liberalisation and opening of economy as EU ties increase.
- Introduction of pilot reference pricing system increasing transparency.

Belarus is seeking to boost its domestic pharmaceutical industry to reduce its reliance on foreign-made drugs given their increased price due to a weakened currency. The government of Belarus set a target for local production to account for 55% of the market by the end of 2020 - a significant rise from the 25-30% seen in 2012. According to government reports in January 2018, domestic production accounts for over 50% of the market. There has been significant investment into the country's domestic drug production industry, with particular focus on generic medicines, over the past year.

Generic products dominate Belarus's pharmaceutical market and will also continue to steadily increase their market share within prescription sales, from 82.6% in 2018 to 84.1% by 2028, with low prices precluding faster growth.

The proposal for a Eurasian Economic Union (EAEU) medicine market aims to increase accessibility to safe, effective and quality healthcare and medicines, through the elimination or minimisation of administrative barriers between the member states. Talks have been ongoing for many months with a view to initiating a single medicine marketplace for Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia; however, there have been constant delays and disagreements over the regulations. In November 2016, the Eurasian Intergovernmental Council agreed on a package of documents to launch the single medicines market. Discussions regarding common legislation are on, this development greatly increases the possibility of a fully functional single market in the short term.

It is this formation that might pose difficulties for India's exporters as it would be difficult to compete with fast developing Russian industry which will gain local status and may shrink the available generic opportunity.

India's exporters need to necessarily setup units in the Eurasian economic union either independently or in JVs.

## India's Imports

India Pharma exports to BELARUS by Category \$ Million					
Category	2015-16	2016-17	2017-18	2018-19	Change%
Bulk Drugs & Drug Intermediates	3.67	6.28	3.28	4.24	29.46
Drug Formulations & Biologicals	11.55	9.85	8.67	11.54	33.06
Ayush	0.35	0.08	0.45	0.16	-64.76
Herbal Products	0.00	0.00	0.01	0.00	-66.63
surgicals	0.28	0.32	0.45	0.40	-11.38
Vaccines	0.07	0.00	0.00	0.00	
Total	15.92	16.54	12.86	16.34	27.11

## RUSSIA:

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 2019 speak of 2.8% growth and the size touching \$ 20.7 bn.

### Strengths:

- Largest market among Central and east European countries.
- Long-term growth in pharmaceutical consumption for the industry, due to the absolute population size, demographic trends and economic development.
- Strong market growth for generic drugs will continue as low purchasing power and a desire to moderate government pharmaceutical expenditure persist.
- Pharmacy chains account for 65-70% of the pharmacy market, thereby providing drug makers with volume purchasers for their products.
- Amongst the highest disease burden per capita of non-communicable diseases, providing a significant demand for chronic disease medicines.

### Weaknesses:

- The government's drug pricing, reimbursement and purchasing policies are complex and opaque, with a history of sudden changes in policy without consulting manufacturers.
- The enforcement of patent laws and other regulations will likely remain weak, while the courts are a costly and unreliable last resort.
- Plans designed to increase the share of domestically produced pharmaceuticals pose risks for firms exporting to Russia.

Russia has taken several initiatives to increase domestic production. One such initiative is the amendment to the law governing the registration of medicines, effective since January 1 2016. As of this amendment, from 2017, medicines must be produced locally in their final dosage form to be registered as a domestic medicine. This is a key development given the country already applies a very harsh domestic bias in state medicine tenders, whereby a non-domestic product will not be considered for tender if there are two-such domestic products available.

### **Generic Market:**

The generic market size is estimated at \$ 8.2bn in 2017 and is said to have grown by 27% accounting for 41% of the total market. By 2022 the market is expected to touch \$ 11.2bn with a Cagr of 6.3%.

India's exports of Generics to Russia during 2017 has grown by 21%, less than the generic domestic sector size(27%as described above) indicates domestic production is fact catching up and India's exports may not be able to retain the present share.

### **Statistics:**

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: DGCIS							

### **UZBEKISTAN:**

Improving access to healthcare will remain a policy priority for the Uzbek government. International aid also helps uzbek govt in this direction. The expanding and ageing population, as well as increased income from a low base, are the possible drivers of the market. However, due to high levels of out-of-pocket spending on healthcare and pharmaceuticals, access to high-end and costly health products will remain predominantly limited to affluent population segments, while making the overall market sensitive to economic growth and consumer confidence.

Uzbekistan is highly reliant on pharmaceutical imports, given the nascent nature of its domestic industry. Pharma market was of the size \$ 640 million in 2017 and is expected to touch \$424 million negatively growing during 2018. Market is expected to touch \$ 888 million by 2022 with a cagr of 6.6%

### Strengths:

- Strong and Sustained market but of a low base.
- Government's commitment to increase access to health care
- Emerging State finance primary care centre.
- Well-developed state developed immunisation program

### Weaknesses:

- Poorly enforced intellectual property rights and deficient regulations.
- Low per capita spending and low purchasing power

### Opportunities for India

- Opportunities for Generic drug makers. As India has wide range and can offer at affordable prices.
- Growing relationship between the governments.
- Donor Organisations are modernising Hospitals and health care.
- Their Local infrastructure & technology being of Inferior quality, India's entrepreneurs are likely to have good opportunities for investment and/or offering technical assistance.

### Generic Market:

Sales of generic drugs reached a calculated value of USD316 mn in 2017, and are expected to decrease to USD209 mn in 2018. In 2017 generic medicines accounted for just under half of the market (49.5%) in value terms and an overwhelming share in volume terms. Generic drugs dominate the pharmaceutical market due to cost considerations and availability, and also account for virtually all of domestic production. Generic market is expected to touch \$ 437 million by 2022 with a cagr of 6.2%

The leading sources for imported medicines are Russia, Germany, Ukraine, India and Hungary.

### Statistics:

India's exports to Uzbekistan \$ million				
Category	2016-17	2017-18	2018-19	Change%
Bulk Drugs & Drug Intermediates	0.51	1.44	1.07	-25.73
Drug Formulations & Biologicals	36.97	44.23	58.78	32.92
Ayush	1.77	1.52	1.58	3.87
Herbal Products	0.03	0.03	0.05	80.98
surgicals	1.11	0.84	1.88	122.93
Vaccines	4.27	6.29	2.68	-57.35
Total	44.66	54.35	66.04	21.52