

**Embassy of India
Damascus**

A short note on Syrian pharmaceutical industry

Syrian government has paid special attention to healthcare, which is provided free of cost to the people. Government spending in healthcare is about 4.5% of the GDP. Medical index of the country is fairly high. For a population of about 18.2 million (2004), there are 364 (2003) full-fledged government hospitals besides a good number of military hospitals and a large number of primary health care centers, that has altogether over 23,000 hospital beds. In addition, there are 76 (2003) private hospitals, 8,100 private clinics, and more than 8,000 pharmacies to cater to need of the people. In 2005, there were 24,473 registered doctors taking the doctor/patient ratio to 1:744 and hospital bed/person ratio to 1:743.

2. Syrian pharmaceutical industry has gone through a series of changes in the last 15 years that have transformed it dramatically. Few years ago, this sector was dominated by two state owned companies (Thameco and Saydalaya) and a few small private companies that could not meet more than 10% of the country's demand. The pharmaceutical industry has, during the last 15 years, changed into a buoyant sector with around 55 manufacturing companies that not only cater to about 85% of the country's demand but also started exporting to neighbouring countries. The short-fall in domestic demand is met by import. The estimated size of the Syrian pharmaceutical market is over US\$ 300 million at wholesale prices and the growth rate of the market is 4%. Besides, the Syrian medical equipment market has been estimated to be worth US\$ 35 million per year.

3. Owing to the involvement of major industrial houses and trading groups in the pharmaceutical industry, private capital inflows have increased significantly. For instance, Avenzor is part of the major business conglomerate Nahas Group while majority shareholding in MPI is with Abdul Rahman Al-Attar Group. Most of the leading pharmaceutical companies are based either in Aleppo or in Damascus. Alpha, Asia, Oubari and Amrit are among the leading companies based in Aleppo while MPI, Avenzor, Thameco and Unipharma are located in Damascus. There are, however, no subsidiaries of foreign companies since it is not allowed under the current Syrian laws. Foreign manufacturing companies are allowed to open 'scientific offices' that are allowed to conduct marketing activities for their products, irrespective of whether they are imported or produced under license. With 55 manufacturing companies in the country, Syria has the largest number of pharmaceutical companies, compared to other Arab countries, even though its domestic market size is smaller than many others.

4. Among the weaknesses of the industry is its total reliance on imports of active ingredients. In fact, around 87% of total input is of foreign origin, mainly from China, India and west European countries. Indian exports of bulk drugs and fine chemicals has gone up from Rs. 269 million in 1999-2000 to Rs 813 million in 2004-05 (DGCI

Kolkata statistics). According to Dr Hicham Al-Kassem, Board Member of Avenzor, production of active materials is not going to start in the country at least in the medium-term since investments required are very high and any manufacturer would need a large local market as a starting base, which Syria does not have. Another major weakness, more worrying for the long-term, is the lack of research and development, presumably because of lack of effective control on patent protection.

5. While import of drugs that are manufactured in Syria is restricted, items not produced in the country can be brought in freely. The main import of drugs is in the sector of serums, vaccines, cancer treatment medicines, insulin etc. Manufacturing of insulin is expected to start soon. However, according to current regulations, its import would then be banned for a limited period of six months only from the date of first production. Saydalaya enjoys the monopoly of import of manufactured drugs, although the Government is expected to open this market to the private sector soon.

6. A specific characteristic of the Syrian pharmaceutical industry is the strict quality control exercised by the Ministry of Health. The Ministry, which formulated the 'Good Manufacturing Practice Guidelines' in association with the WHO in 1994, enforces strong quality control and has the authority to close outright any plant that does not abide by its standards. Syrian pharmaceutical companies have invested heavily on plants and equipment. Superior quality machinery/equipment have been imported from industry leaders such as Bausch & Stroebel, Fette, Glatt, Diosna, Romaco, Brevetti, Munters, MG2, Stilmas, GIC etc. The Ministry also sets the price of any drug that is produced and sold in Syria with the aim of making medicines easily available to the society. The prices are set according to a formula that includes all production and marketing costs, plus a 20% profit margin. Prices of licensed products are usually set at around a 50% premium.

7. Syrian pharmaceutical industry has matured reasonably fast. Besides producing their own generic drugs, many companies are now manufacturing under licenses from renowned foreign companies. For instance, Unipharma is producing drugs under license from Pfizer, Abbott Laboratories, Synthelabo Group, Glaxo, Smith Kline and Bayer. Oubari & Com's licensors include Aventis, Weimer Pharma and Dr Mann. Alpha produces drugs under license from Bristol-Myers, Squibb and Eli Lilly. MPI secured licenses from Hoffman La Roche, Novartis, AstraZeneca, Pharmacia-UpJohn and Innotherra. Nahas Group's Avenzor holds license from Aventis, Pfizer, Altana, GSK, Ethypharm France and Bene. Investments in procuring high quality plants & machinery coupled with strict enforcement of quality control by the Government have helped Syrian manufacturers in securing licenses from big name companies. Production of antibiotics and veterinary medicines are, however, still restricted to the Government through its two state owned companies.

8. Every year, four specialized international fairs related to the pharmaceutical industry and health are organized in Syria. These are Health Care Damascus (March), Health Care Aleppo (April), Syrian Medicare (June) and Cosmetic Expo (July). In addition, there is the Damascus International Fair in September. While Health Care fairs are mainly for hospital supplies and medical equipment, Syrian Medicare concentrates on medical, pharmaceutical, dental, hospital and laboratory

equipment and supplies. Cosmetic Expo specializes in cosmetics, beauty products, perfume, and other health care items. While a large number of foreign companies participate in these fairs regularly, Indian participation remains almost non-existent, though in the recently concluded 'Medicare' fair, three Indian companies namely BOSCO, Campbell and Aum Impex Pvt Limited participated.

9. As mentioned earlier, Syria produces 85% of its requirement of drugs & medicines. Syrian companies seem to have realized that the development of exports was the only tool available for further growth of the industry. Exports of pharmaceutical products began in 1997 and have since gradually increased, though the level remains modest (US\$ 12 million in 2004). According to the country's Pharmaceutical Scientific Committee, Syrian exports go to 41 countries. However, the bulk (90%) of the exports goes to five destinations. Iraq alone was the destination for almost half of Syria's exports. Other important destinations are Yemen, Sudan, Algeria, Armenia, Ivory Coast, Nigeria, Somalia etc. Syria has started making inroads to the Saudi Arabia market (US\$ 565,000 in 2004). Other markets include UAE, Lebanon, Turkey and Djibouti. Stabilization of the security situation in Iraq will probably provide another big market for Syrian drugs. Syrian advantages in marketing its products come from its low production cost as well as strict quality control. The Greater Arab Free Trade Agreement (GAFTA) liberalizing the inter-Arab trade, should reinforce Syrian presence in the Arab world. However, the greatest impediment in boosting Syrian pharmaceutical exports is that many of the best quality drugs that are produced are under foreign licenses can not be exported because of contractual restrictions.

10. Indian companies may play a greater role in further development of the Syrian pharmaceutical industry. Since Syria is completely dependent on import of active ingredients (bulk drugs), Indian pharmaceutical manufacturing companies may co-operate more with their Syrian counterparts. Syria is a member of the GAFTA, and has already signed a draft Association Agreement with the EU. It is also working for the WTO membership. Therefore, Syria is likely to have a greater access to the international market in the future. Indian companies may consider collaborating with the Syrian companies for production of drugs & medicines under license from India. The license for production could be for Syrian domestic market and/or export to other Arab countries. The Embassy has in the past received serious enquiries in this regard from top companies in Syria. Indian companies may also consider establishing plants for production of drugs on joint-venture basis for export to neighbouring countries. In view of its reputation of high quality control, drugs produced in Syria have greater acceptance in the Arab countries. In order to attract foreign investments, the government has announced a number of incentives, including tax holidays, duty-free import of plants, machinery and raw materials, yearly repatriation of profit as well as capital repatriation in case a project is abandoned at a later stage. Syria has already joined the International Investment Protection Agreement and issued sovereign guarantee against nationalization or expropriation of foreign investments. Though Indian pharmaceutical companies are doing good business in this country, there are opportunities for further involvement for mutual benefit.

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