

**Singapore star:**

George Radda talks about the Biomedical Research Council

**Bidding wars:**

Medicines go up for grabs at an auction in New York

**Team effort:**

Drug companies toy with new research group configurations

Russia pledges \$4 billion for Pharma-2020 plan

Russia's biomedical industry is woefully underdeveloped, accounting for only 0.2% of the world market. But plans are afoot to change that. Speaking at the opening of a new birth center in Ryazan on 11 March, for example, Prime Minister Vladimir Putin stated that the government wants to boost Russia's presence on the world biopharma stage to 3–5% in the next decade. And he emphasized that the country already possesses the necessary academic and research institutions to achieve that. "We need to come up with measures to stimulate demand for Russia-made biotechnological products and remove barriers that often prevent businesses from working," he said.

To that end, Russian leaders announced in March that they have approved 120 billion rubles (\$4 billion) for a strategic investment program aimed at developing the country's massively import-dependent pharmaceutical and medical supplies industries.

Dubbed Pharma-2020, the program—which was adopted two years ago although financing was only approved by the government last month—will attempt to boost output of local medicines, in gross sales terms, from nearly 25% last year to 50% by 2020. In addition, the program calls for ensuring that 90% of vital medicines are domestically produced, retooling some 160 companies to good manufacturing practice standards, establishing ten research and development centers that will focus on creating innovative products and boosting exports to \$100 million.

Like nearly all of Russia's state-driven initiatives, Pharma-2020 sets seemingly unattainable targets. Still, some insiders believe it is realistic. "Everyone acknowledges that it's an ambitious program, but, considering the amount of construction work going on right now, and the state funds being allocated, then this task is manageable," says Nikolai Beshpalov, an analyst at Pharmexpert, a Moscow-based market research center.

Others have reservations. "I perceive the program as a document and not much more. The strategy is written, the concept approved, but there are more acute problems that could be solved today without strategies and concepts, such as the low level of domestic products in



Medicine from Moscow: Putin offers a remedy for Russia's lagging biomedical sector.

state purchases," says Viktor Dmitriev, director of the Association of Russian Pharmaceutical Manufacturers, based in Moscow.

The government remains the largest purchaser of medicines, accounting for 30% of all drug orders and 85% of medical equipment orders last year, according to the Ministry of Industry and Trade. But, as Dmitriev points out, domestically produced medicines accounted for only 8% of state-purchased drugs.

Putin, who has described Russia's dependence on imported medicine as "dangerous," has even tried wooing foreign investors, and, given the growth prospects in Russia's nearly \$18 billion drug industry, he won't need to try hard. One report by Moscow's National Distribution Company, one of Russia's largest medical distributors, found that the average Russian spent \$82 on medicine last year, compared with \$250 for the average EU citizen.

Pharmexpert forecasts 10% annual growth in the pharmaceuticals market over the decade. Meanwhile, PMR, a British-American research firm based in Poland, estimates that output of generic medicines will grow at an annual rate of 20% over the next three years, compared with 6% growth forecast for the Central European market.

PMR also estimates that foreigners will invest some €1 billion (\$1.4 billion) in Russia's pharmaceutical industry in upcoming years. Output will gravitate toward "biosimilars and high-standard generic" drugs, PMR wrote in a 23 March report, as global companies will not be "particularly eager to move the manufacture

of their blockbusters to Russia." The firm said the share of innovative drugs will probably remain small.

Russian businessmen, however, want to prove otherwise. Binnopharm, a Russian producer, is establishing a techno-park, Biocity, outside Moscow where it will try to find a synergy between pharmaceuticals, nanotechnology and biotechnology. "Binnopharm is eager to attract international companies to joint projects in order to localize high-tech production, including transferring know-how and state-of-the-art, world-class technology," says company chief executive Igor Varlamov. On 5 April, the company signed a contract with the Belgian drug company UCB—according to which Binnopharm will produce five of UCB's cardiologic and neurologic products by the end of next year.

No doubt, there will be plenty of barriers to Pharma-2020. Logistics remains a headache, patent protection leaves much to be desired and counterfeit drugs—which comprised 5–7% of the market last year, according to the Moscow-based Higher School of Economics, a public-private institution—is thriving.

"Of course it's not just enough to develop production. Other aspects need to be developed as well, such as legislation on patents, more effective system for refunding the cost of medicines for the population, and so on," says Beshpalov. "But there's a certain hope that the necessary work will be done on all aspects of the pharmaceutical market."

Gary Peach