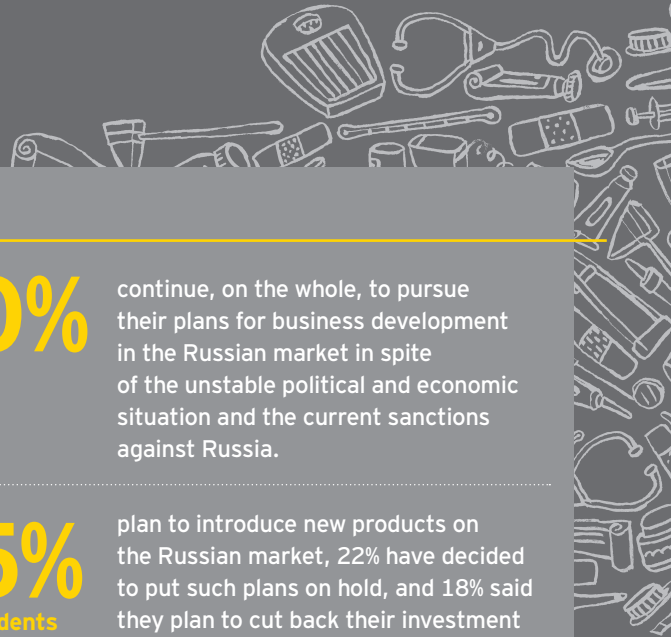


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Building a better
working world

The Russian pharmaceutical industry amid economic sanctions



In April and May 2015, EY did a survey to determine how the Russian pharmaceutical industry has been affected by the current political and economic situation and the government's import substitution initiatives. The survey findings are based on the responses of leading drug manufacturers and distributors operating in Russia.

Key findings:



80%
of those surveyed

continue, on the whole, to pursue their plans for business development in the Russian market in spite of the unstable political and economic situation and the current sanctions against Russia.



25%
of respondents

plan to introduce new products on the Russian market, 22% have decided to put such plans on hold, and 18% said they plan to cut back their investment plans in Russia.



58%
of respondents

think they may raise prices on pharmaceuticals in the VED list within current restrictions. A third of the respondents believe that by localizing drug production in Russia, they can improve their company's financial indicators in the wake of the ruble's devaluation.



62%
of survey participants

are considering raising prices on pharmaceuticals not included in the VED list as a key means of minimizing financial losses.

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Survey findings:



72%
of companies

believe that mandatory drug licensing in Russia would increase the time required to put such drugs on the market, making them less affordable for consumers. Sixty percent of those surveyed saw risks that mandatory licensing would lower the quality, effectiveness and safety of pharmaceuticals.



20%
of survey
participants

are willing to consider the possibility of manufacturing pharmaceuticals in EurAsEC and CIS countries, including Belarus, Kazakhstan and Azerbaijan.

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"Despite the unstable political and economic situation, most large pharmaceutical companies operating in Russia continue to pursue their plans for business development in Russia. The pharmaceutical community is concerned, however, about such initiatives as the legalization of parallel imports and mandatory drug licensing. According to their authors, these initiatives should result in greater competition and lower prices on the domestic market, but market players are afraid that, far from bringing down prices and making pharmaceuticals more affordable, the initiatives will in fact worsen the investment climate and increase the quantity of counterfeit and poor-quality pharmaceuticals on the Russian market. In these conditions, a balanced and well-planned state policy to stimulate the development of the Russian pharmaceutical industry by creating a multilevel system of preferences will help the country maintain the growth in drug manufacturing that has been achieved in the last five years."

