

# CEPI Brief N° 21

## Strategic positioning study of the “Medicine for Human Use” branch

### FOREWORD

The health care sector has constantly been granted particular attention by the public authorities, thus attesting to the interest given to the protection both of the individual and of the family.

The present study proposes to offer the operators a set of topics to be considered with a view to accelerating the development of the pharmaceutical industry in Tunisia.

### NATIONAL SITUATION

The “Medicine for Human Use” branch was comprised, in 2003, of 73 laboratories employing 3 700 people and 50 wholesaler distributors employing 1 000 people.

Out of the 27 laboratories, an only one is partly state-owned, 4 belong to multinational groups and 22 are owned by the local private sector.

Fifty six% of the laboratories are located in Greater Tunis, Sfax and Sousse.

In 2003, the production value reported 183 million Tunisian dinars (MTND), as against 144 MTND in 1999, that is an average annual growth rate of 6%. National production accounted for 42% of the country’s consumption in 2003.

The pharmacy market reported 409 MTND in 2003. Its breakdown into therapeutic classes is given in the following table:

Therapeutic class	Value in MNTD	Part in %
Anti-infectious	72.9	19.4
Digestive system	59.5	14.5
Cardiology	49.8	12.2
Nervous system	48.3	11.8
Respiratory system	41	10.0
Locomotor system	35.6	8.7
Dermatology	26.1	6.4
Gynaecology	19.1	2.6
Hormones	10.6	2.6
Sense organs	20.8	5
Blood	8	2

Anti-parasitic	1.5	0.3
Solutions for hospitals	0.3	0.1
Agents for diagnosis	1.5	0.3
Other products	8.1	2
<b>Total</b>	<b>409.4</b>	<b>100%</b>

The value of the national consumption of medicine reported an increase from 346 MTND in 1999 to 440 MTND in 2003, that is an average annual increase of 6%.

Health expenditure per inhabitant increased from 76 TND per person in 1990 to 320 TND in 2003, that is an annual increase of 12% for 13 years.

In 2003, imports totalled 264 MTND, of which 89% were made by PCT (state-owned body in control of pharmaceuticals), that is 236 MTND. The following table gives the breakdown of imports per therapeutic class:

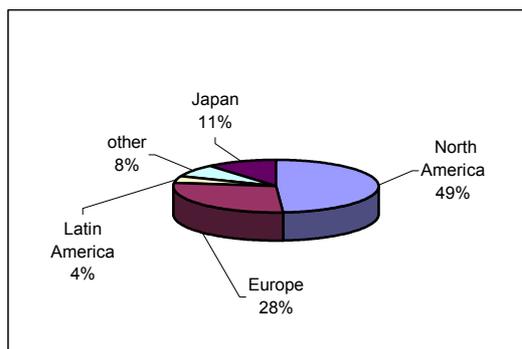
Therapeutic class	Value in MNTD	Part in %
Anti-infectious	72.9	19.4
Digestive system	59.5	14.5
Oncology	49.8	12.2
Nervous system	48.3	11.8
Haematology	41	10.0
Cardiology	35.6	8.7
Solutions	26.1	6.4
Respiratory system	19.1	2.6
Hormones	10.6	2.6
Locomotor system	20.8	5
Gynaecology	8	2
Agents for diagnosis	1.5	0.3
Dermatology	0.3	0.1
Ophthalmology	1.5	0.3
Other	8.1	2
<b>Total</b>	<b>236</b>	<b>100%</b>

Source : PCT

### INTERNATIONAL SITUATION

In 2003, the world market was estimated as 492 MTND. It increased by 115% for the period 1903/2003. North America accounts for 49% of the world market, as against 49% for Europe, 11% for Japan and 12% for the rest of the world.

## World market according to geographic zones



The major therapeutic classes are cardiovascular, antibiotic, central nervous system and oncology products, accounting for 58% of the total market.

The top 20 international pharmaceutical groups hold a third of the international market. Pfizer ranks first, with a turnover of 47 billion USD, followed by Glaxo Smith Kline, with 31 billion USD.

## INTERNATIONAL COMPARISON

- Five reference countries have been selected for purposes of the international comparison; these are Turkey, Poland, Spain, Italy and France.
- The analysis of the benchmarking table reveals that:
  - life expectancy in Tunisia is not too much behind that reported in European countries;
  - the rate of infant mortality is on the decrease, though remaining 5 times higher than that of European countries;
  - the share of health expenditure in GDP was of 5.6% in 2003, which places Tunisia at a quite acceptable level and close to that of Turkey;
  - the rates of child vaccination against diphtheria, tetanus, whooping-cough and measles are quite comparable with those of major European countries.

## PRIORITY OBJECTIVES

- promote exports to improve the foreign trade balance in matter of medical products;
- gradually boost the rate of use of the industrial equipment of national manufacturers of pharmaceutical products;
- contribute in reorganising pharmaceutical distribution.

## SHORT AND MIDDLE-TERM RESULTS EXPECTED

- ⇒ reaching an export turnover of 50 MTND in pharmaceutical products, within the next five years;
- ⇒ reducing the unused production capacity by 20%, within a two-year time-period;
- ⇒ increasing the laboratories sales figures by 20%, within the next three years;
- ⇒ increasing the sales of generic products by 20% in volume and by 11% in value with respect to the national pharmaceutical production.

## DEVELOPMENT STRATEGIES

The development strategy revolves around 11 main actions. Its objective is to allow Tunisian pharmaceutical industry to successfully meet the challenges attending upon Tunisia's integration in the European economic space. It also aims at facilitating a gradual implementation of new measures accompanying a nascent industry.

The recommendations related to the implementation of this strategy are as follows:

### Actions within the enterprises

1. increasing the market share of products over which Tunisian laboratories have gathered full control;
2. boosting Tunisian exports of pharmaceutical products; it would also be interesting to consider the manufacture of pharmaceutical products on behalf of foreign laboratories;
3. enhancing the marketing aspect of Tunisian laboratories;
4. facilitating the emergence of larger size Tunisian laboratories;
5. developing joint manufacture by Tunisian laboratories.

### Institutional actions

- reorganising the distribution system;
- amending the regulations related to generic products in order to facilitate their distribution;
- defining a system of revision related to the sale prices of pharmaceutical products;
- exploring the potential offered by biotechnology.

## SETTING UP ENTERPRISES AND BUILDING PARTNERSHIPS

The study has allowed the identification of two project files to be promoted on the level of the profession.