

# Interview with Makis Papataxiarchis, Executive Director, Johnson&Johnson Romania

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**In order to provide our readers with a general idea of the current state of the Romanian pharmaceutical and healthcare sectors, can you first of all elaborate on the key particularities of this market?**

Romania has been a member of the EU since 2009, is a potential member of the eurozone from 2015 onwards, and is currently using the help of the IMF to leave the recession behind. When evaluating Romania though, one needs to consider its broader macro-economic context, taking into account the impact of the IMF presence, which implies stability, reform, and a pressure for economic sustainability on the one side, as well as an increased pressure on budget deficits on the other side.

Going further in depth, the Romanian healthcare system has numerous difficulties but it also represents an opportunity. To begin with, Romania scores the lowest on healthcare expenditure as a percentage of GDP, and has difficulties in efficiently spending its public healthcare money. To make it more interesting, Romanian patients rely almost entirely on the state (the average salary of a patient is 350 EUR), and many physicians choose to leave the country looking for better work conditions abroad (the average salary of a physician is 500 EUR per month).

Furthermore, Romania faces many cost containment measures to control the current budget deficit even if the average expenditure on medicine per capita is the second lowest in Europe, after Bulgaria. Because of this, no new treatments have been introduced since 2008, and patients are waiting for more than 70 new molecules from over 30 companies.

Generics on the other hand that have a much easier access to market than the innovative products, and are expected to see a higher increase in uptake than innovative products.

Romania also has upsides though; it has successfully managed to keep a stable RON/EUR exchange rate, which is extremely important. Additionally, the country has managed to return to positive growth numbers after a very difficult 2009 and 2010. In terms of market, the Romanian pharmaceutical market has experienced a double digit growth over the past few years, while IMS expects this to continue through the years 2015-16. This is 3 to 4 times more than the average growth rate of other European countries but we are still much below in terms of investment in healthcare in Europe (second lowest after Bulgaria as mentioned above).

Last but not least, the education level of the Romanians is very high, and there is a real talent in the country. Romania has all the key ingredients in terms of growth, demand, talent, and so on. That is why it is now time to find, together with all stakeholders, the necessary resources so that the Romanian people can receive the treatment they deserve. I see Romania as a country of opportunity, as people here deserve more and deserve the best. We have to find ways to provide these people with more and new therapeutic solutions of the best quality.

**Taking over as general manager must have meant that you arrived in a rather challenging context just 7 months ago. What priorities did you set to cope with this difficult external environment?**

Normally, in a country of so many opportunities, I would not expect to see such a deficit in the quality of treatment and such a low life expectancy overall. Priorities came naturally: we have to improve the quality of healthcare services and treatments that Romanians have access to. And this has to do with social responsibility, rather than making business. This is why we, as well as many other innovative companies, are present here in this market. It is why we invest significantly, and why we try to reshape healthcare in Romania together with the country's policymakers. It is important to make sure that the Romanian patients have access to the appropriate treatments. My personal ambition, not only as head of J&J's pharma business but also as ARPIM board member in Romania, is to prepare the conditions for a better health policy.

**Worldwide, J&J is obviously present in a wide range of therapeutic areas. Can you elaborate on the local portfolio the company has brought to Romania, and how J&J went about addressing the unmet medical needs of the patients here?**

J&J has focused many efforts on addressing the unmet medical needs of haematology and oncology patients in Romania. We further have an important presence in virology and HIV, as well as in Central Nervous System and speciality psychiatry. These are the 3 key areas at the moment. For the future, the upcoming areas are immunology and infectious diseases. Romania for example has the largest incidence of Hepatitis C.

**Not all MNCs have been tapping into the potential to engage in clinical trials in Romania. Is this an area J&J Romania is active in?**

Through our independent body Global Clinical Operations, J&J invest a lot in clinical trials in Romania. We conduct a large number of clinical trials with many clinical centers in Romania, starting from phase I and including crucial phases such as phase III.

**Taking a look at where Romania's pharma industry is heading now, at the pharma forum in March this year, you raised an interesting point. While others were commenting that companies such as Pfizer, Sanofi and Labormed had been laying off people, you instead expected a growth in employees of 35% in the Romanian pharma industry. What justifies this optimism?**

It is important to look at Romania's macro-economic environment. The government debt as a percentage of GDP, for example, is the most attractive in Europe and stands at only 34%. In countries like Germany, Greece and Hungary, these figures run up to 76%, 134% and 72% respectively. This translates into a more stable macroeconomic environment.

In addition, while most companies may not openly communicate about their intentions, the level of investment, even in employment, generally follows the growth ratio of the market, which has been the highest in the region for the past 5 years, because of the large untapped potential of this market. Even leaving growth numbers aside though, and only taking into account the high healthcare unmet need, it is obvious that investment in healthcare has to increase in order to reach acceptable EU standards.

In the same line of thinking, Cegedim estimated the growth for the next 5 years at 7.5%, while IMS projects a CAGR of 11%. Is there any executive that would say "I will keep my level of employees stable or at the same level"?

**The high talent that is available in the Romanian labor market also creates a context of competition to attract the best people. What is your strategy in this regards?**

We work in business and we like competition. Many of our employees are physicians, and have a comprehensive understanding of our therapeutic proposals. This is a real legacy we must respect and protect. We have a specific organizational culture that strives towards developing our talents, and we have international standards that we implement in Romania. The most important strategy though is our great portfolio and R&D investment. People feel proud to represent such important therapeutic options, since they get the chance to really help patients around them and offer them a better life.

**An often heard challenge is to make treatments available to the entire country, including the difficult-to-address rural areas. Are there steps you can take to enhance country-wide**

## **coverage?**

Looking at the general facts of Romania, only 11 out of the 21 million people in the country have proper access to medicines. The others, especially in the rural areas, have a real problem. There are people that need to travel 200 km to receive proper treatments, but the infrastructure of the country does not yet support this. The travel times in Romania are much longer than in many Western countries, and the latest insolvencies or bankruptcies generated by the long payment terms do not help either since they decrease the number of available pharmacies.

Under the circumstances described above, we have put many efforts into making sure that our team reaches all physicians that need our treatments for their patients and we are always striving to improve our coverage.

**As you cannot go improve the infrastructure yourself, what are going to be your priorities to act as a strategic partner in the coming 5 years? Where do you want to take the operations here in that sense?**

The main issue is that Romania needs more vision, consistency and continuity. It is very difficult to change the approach of authorities towards healthcare. Our main goal in the next 5 years is to work towards a predictable environment, where we can plan our investments and to improve the quality of treatments in our therapeutic areas.

Under this umbrella, of course we support initiatives that can improve the current healthcare system, such as the implementation of the new electronic prescription control system, which is set to increase the efficiency and effectiveness of the overall system. At the end of the day, the pharmaceutical industry in Romania has supported the healthcare system by financing it with record numbers of EUR 1.15 bn in 2010 (that means 1% of the total GDP of Romania).

Representing a company of high values and excellent treatments, and through my role at the leading board of ARPIM, we are here to make the medical community grow in the appropriate way, to teach them and train them. We are there to give them the knowhow, which they can then implement in their own way. It is a win-win situation.

**What is your final message to the readers of Pharmaceutical Executive worldwide?**

We are here for the Romanian patients to have access to the best available treatments. We are here to help, to contribute and to improve the Romanian healthcare services. We would like to take the opportunity of being present in this very interesting country, to do more for the sustainability of the system, and ensure a better future for the entire Romanian population. We just need more improvements and support in terms of predictability and transparency.

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