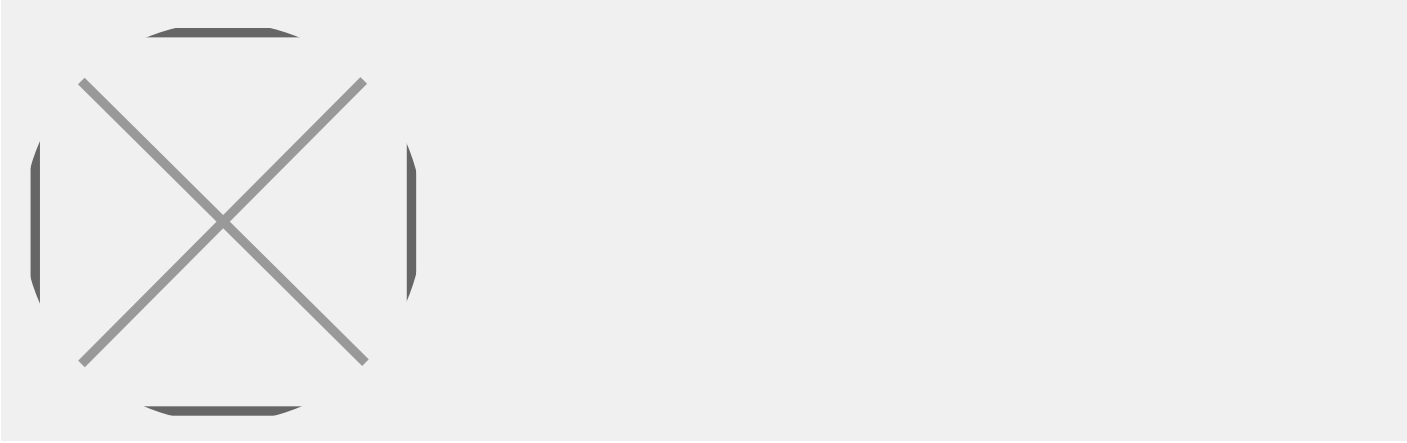
Interview with Christian Lajoux, President of Sanofi-Aventis France & President of LEEM, Sanofi Aventis France



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As president of LEEM, what will be your legacy and what legacy would you like to instill in the organization?

A legacy of re-industrialization in the French pharmaceutical and health care industry since it seems that the industrial aspects have been overlooked in recent years.

I would also like to engage in a new dialogue with the French Authorities and create a common commitment with the health industry.. I think today a new form of dialogue and engagement between the executive branch (ministries) and major research institutes in the country is underway.

Another important issue since the beginning of my mandate has been everything concerning corporate social responsibility and sustainable development, where I would like to see further development.

How do you manage the various social plans associated with the current period and in what direction are we heading?

There is a profound transformation in the international health care industry and France, as a great prominent country in this industry, is naturally being affected by these changes. Indeed, we are Europe’s leading drug producer and the largest exporter.

In order to respond properly to the current changes in the industry, four years ago we identified the main changes that the industry is facing. I remember feeling isolated when I pointed to some of the challenges, such as the sustainability of revenues that didn’t have the strength to sustain the industrial growth in the long term.

Besides that, I realized early on that the pharmaceutical industry of tomorrow would not only be chemical but also biotechnological. Hence, we paid attention early to the fact that there must be a very strong collaboration between public and private research. It takes a very strong synergy between all the health industries; that is to say, future therapeutic advances will not only come from drug makers but also companies as General Electric, Siemens and so on. Tomorrow progress will come from the complete and integrated research of a specific disease and, will be made particularly by the FEFIS, which includes both the pharmaceutical industry and the other sectors related to health.

We had to identify the signs of change. Then, we could not stand still in its face. Therefore, we invited the industry to take action to implement the restructuring reforms that were needed. A number of these reforms have actually gone into effect through retraining programs, and in some cases by the reduction of job positions, such as sales representatives, for example.

Then there is a need to reinvest heavily in research because even if France is the largest producer we are unfortunately not at the forefront of research. Some of our neighbors, for example England or Sweden, are much more involved in research and have strong cooperation between the public and private sectors that are makes them more advanced than us in the field of biotechnology. So, our work has not only been to reform the classic structure of the drug industry, but to get involved and encourage the areas of the healthcare industry that will be important fields in the future.

In terms of industrial capcities in France, we need to manage an enormous chemical industry, essentially production, and ensure its evolution.But it also has to voluntarily open up to biotechnology and at the same time develop its research capabilities.

The first point that you mentioned is ultimately a project of re-industrialization. That does not contradict what is happening with including site closures and site displacement to Eastern Europe or to China? How do you implement a plan of re-industrialization while manufacturers are in agreement that there is ultimately very little investment in France?

First, I insist that France is a nation of chemical production including production of major blockbusters. In the 80s there was a political agreement about European pricing and the opening of industrial sites. That is why large international groups such as Astra Zeneca, Pfizer, GSK have many production sites in Europe. Today, it is clear that the loss of patent leads to the closure of production plants. However, there is little abrupt closure of sites. These have mostly been sold to manufacturers. So there is a pharmaceutical tradition and expertise in the pharmaceutical area that

allows manufacturers to resume activity and expand this activity to areas that are very close to the pharmaceutical industry, including cosmetology.

We must also consider biotechnology; there is a need to reinvest in the research where we have fallen behind. It is clear today that the CSIS aims to reinvest in research. And it is only if reinvested in that can we redevelop the sites of production of biotechnology in the country. When we say to reinvest in research is not to do as we did several years ago with the big research sites with over 1000 people but to create mixed private/public platforms and find ways to repatriate French researchers who have gone to work abroad. A good example of what it takes to do this is the work of Professor Marc Peschanski.

Reindustrialization will require the development of research. One notices that over the last 20 years we have had a policy of production but not a policy of research.

How long will it take before this policy is put in place?

This policy will certainly take 5 to 10 years to implement. Be aware that this is a long-term policy. We now have a certain profile; our chemical production will not collapse overnight. There is continuity and proximity between research in the biotech and biomanufacturing sites whereas before you could very easily have your research site in Cincinnati and your production site in Germany or France.

The history of the French pharmaceutical industry is strongly linked to Sanofi or at least accompanies it. As the national emblem, what is the responsibility of your group in the development of the pharmaceutical industry?

It is our responsibility to be very present at the poles because it is an asset of the French sector. We must also find the ability to interact with the smaller firms and with public research. The history of Sanofi has demonstrated over the past 30 years that it was possible for France to compete with international giants that already existed, there was the possibility for a small French enterprise to create an international giant.

Contrary to popular belief, including business schools, there is no economic model; Sanofi was the ‘antimodel,’ meaning that Sanofi works according to models of large international groups, however, one realizes that in the pharmaceutical industry it is necessary to break models and to reinvent. This will match very well because Sanofi is very comfortable with the policies of clearing and discovery and transformation

In France what actions were taken in this direction?

For the CSIS, Sanofi and GSK invested 25 million euros each in this foundation. In addition, Sanofi is transforming a large chemical production site for biotech site in Vitry-sur-Seine. Sanofi has also

been investing in a dengue vaccine plant. For a large international company firmly established in France it is our duty to work with small biotechnology companies.

It there therefore not the risk of seeing Sanofi ignore the French market and focus on emerging markets?

Sanofi is not a hexagonal company; we operate in France and in emerging markets. And if was not the case we never would have become an internationaldiversified company.

What is today the importance of France to the group?

In 2004, when the merger with Aventis in France took place, France comprised 18% of Sanofi-Aventis' sales, which is huge. Indeed, Pfizer was at the time holding 11% of the U.S. market. Today, the situation normalized, France became the second largest market after the United States. Since 2005 the market growth of the drug is significantly slowed. Generic drugs are the main cause.

What will drive growth in this market if there is one?

Communities in charge of drug reimbursement will require much more targeted drug distribution. Certain drugs that in the past would have been blockbusters will not be because of more specific targeting than in the past.

However, there remain unmet needs and it is therefore always possible to discover a blockbuster. In the field of Alzheimer's disease for example, if we find an effective drug there are strong opportunities that it will become a blockbuster.

We will increasingly move toward a medical specialty, we will treat a patient rather than disease. We're going towards preventive and individualized medicine, and the corollary of all this are biotechnology.

Will the job change significantly?

It has already changed. I have been in the pharmaceutical industry for 40 years and when I look back I am not far from vertigo. I think the current period is an accelerator of change and this is positive. Industries had their own health crisis for all the reasons we have discussed and at the same time we have suffered the global crisis. This has certainly been healthy, and has helped to change a number of concepts and ideas.

What is the difference between a company that will remain viable in the French market and one that will not be? And is this the end of a contract that pays with Social Security?

I do not believe in the specificity of the French market, it is comparable to many other markets. It is better now to think in terms of European market. It is a stable, open, and generous market, and

social security plays a stabilizing role. There are strong similarities between the so-called mature markets, and within this framework, the challenge of France is not a reimbursement system but whether it remains a great country for life sciences or not. There are indicators that blur the message: we are the largest producer and biggest exporter. We are in fact a giant with feet of clay. It is important to get involved in rebuilding the structures of pharmacy research if we wish to remain a great country.

Competition is not only in India or China, it is also our neighbors, Germany and England for example. And the generic market is still strong. If we know how to produce these drugs at very competitive costs and maintain their quality, there is the possibility to participate in the renovation of the drug industry.

Former Eastern European countries have historically had great chemists and clinical trials and I think that these countries may reappear tomorrow.

No giant knows how they will replace their blockbusters. Are they also giants with feet of clay?

The pharmaceutical companies will not replace blockbusters. The other issue that we must ask ourselves is the fact that even if a medication is not a blockbuster research costs are essentially the same. If we make a medicine used by 300 000 people or 1 million, costs of research will be the same. Then we ask if the price of the medication will increase to compensate for this? It will be absolutely necessary to examine if there is time to protect the drug. In my opinion, generics will no longer exist in 5 years because they were generated by the blockbusters, and this model will no longer exist.

A few words about the FEFIS: It comprises 900 companies and 2,300 sites that are spread over the territory. It includes 210 000 direct jobs and 500 000 indirect jobs and 60 billion euros of turnover. We live in a world that is very disparate and dominated by drugs. We must reinvigorate the collaborative research between the public and private sectors, even when there is an international group that should work with public research.

There are many very small businesses that do not have access to the status of the SMEs. And some of them claim industrialization.

There is a need to rehabilitate our academic training structures to the changing industry. Indeed few schools train in biotechnology. From an international perspective I wish that we would no longer speak of France as a small player in Europe but that we would have the visibility that people know for example that the biotech is in Lyon, or Grenoble. Our country must be readable at the international level.

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