

Interview: Abdelmajid Belaiche - CEO, Moroccan Pharmaceutical Industry Association (AMIP)



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The CEO of Morocco's oldest pharma association discusses the latest regulatory changes in Morocco and their impact on its members, as well as the position of Moroccan pharma in the African and European context.

You have significant experience in the pharmaceutical industry in Morocco. What have been the key steps in the development of this industry?

What strikes me the most is how incredibly fast generic medicine has developed since the early 1990s: consequently, access to treatments and to medicine was also greatly improved.

The Medicine Pricing Fixation Decree has been the most important event over the last years. It introduced a transparent price-setting mechanism for medicine, whether imported or locally manufactured, generic or branded drugs. Today prices of products are benchmarked according to prices in France, Belgium, Portugal, Spain, Turkey and Saudi Arabia –and the country where the product comes from is also taken into account. This system has become predictable, which is a clear improvement from the way it used to be, when price grids mostly depended on cronyism.

The Department of Medicine has been strongly criticized for its management of medicine pricing. There have been very harsh reports on those pricing issues. One in particular –published in November 2009 and conducted by a parliamentary commission, concluded that drugs were too expensive.

To answer to this report, AMIP released its own report, underlining the fact that abnormal pricing of some drugs does not reflect a broken system as a whole: rather, each pricing error should be corrected as it is discovered. Our report explained various things. First, the pharmaceutical industry does not set prices; it is the administration that is responsible, and did not do it properly. Secondly, the parliamentary commission report used a sample of 29 drugs and compared them to Tunisian pricing. We sampled 500 drugs and compared them with France: 75 percent of the sample drugs were cheaper in Morocco than in France –as opposed to only 25 percent of them being more expensive than the same drugs in France.

However, the report set a process in motion, aimed at pricing reform. It led to the proposal published in April 2014, which suggested reducing prices of all medicine that were higher than the six country-benchmark and keep prices set at the benchmark or lower. A list was published in the official journal. As from June medicines were relabeled. The whole process was extremely complicated, and we had to do it very quickly. It had a tremendous toll that we did not even evaluate yet.

AMIP agrees with the price cuts: they make sense in a country like Morocco, where people have difficulties accessing medicine. Medicine is not expensive in Morocco, but its citizens are poor. In this context, the cuts are very just.

**What is the situation with the implementation of Ramed (Régime d'Assistance Médicale)
? Will it change the situation?**

Yes, because the system now deals with almost eight million people. I'm not saying that the Ramed is perfect – there are still lots of issues such as the delayed delivery of cards, getting the right people in the system, and other administrative issues – but overall the system is in place, covering independent workers as well as students.

Lots of positive things have been achieved with access, but the most difficult part of the reform for the pharmaceutical industry to accept was the transfer of margins to pharmacies. In the past, pharmacists had a 30 percent margin on medicine sales. But on the first bracket benefit, which applies to 99 percent of the volume of medicines sold in Morocco today, was increased to 34 percent under the reform: four percent of the margin was taken away from manufacturers and distributors. The pharma sector has suffered more from these lowered margins than from the price cuts. We understand that the government wanted to help rehabilitate a sector that is struggling, but perhaps 12,000 pharmacies in a country the size of Morocco is too high a number in the first place.

After these reforms, do you think that the next few years will be more prosperous for the industry?

I believe that the worst part is behind us after the price cuts and transfer of margins. 2014 was really an '*annus horribilis*.' We hope that in 2015 things will start to look up again, as the adjustments that have been made should improve access, which will automatically lead to higher consumption and better sales figures. We are certain that by 2016, the market will be back at its previous level and may even increase in size.

Local companies will also start to look abroad, which should have a positive impact on their bottom lines. Because the market here is quite small, manufacturers are only operating at 40 percent of their capacity: the local market does not provide enough capacity on its own for the industry to grow. Some companies are already exporting, and we see some nice breakthroughs, with companies exporting to elsewhere in Africa and the Middle East, and even to Europe and the US.

Morocco is profiling itself as a gateway to Africa. Could you tell us a bit more about the goals of this policy?

Geographically, Morocco is the African country closest to Europe – Spain is only 14km away. Furthermore, French culture is still a very important part of many African countries, something that is shared by Morocco too, which meant that our companies were more easily able to set foot in French-speaking African countries than in Portuguese or English-speaking ones. But today manufacturers are targeting East Africa. Thanks to a developing economic liberalism – as opposed to what is happening in Algeria for instance – Morocco became the second biggest pharmaceutical industry in Africa right behind South Africa. Morocco can play a role that other countries can't. Laboratories from India, the Persian Gulf, the Middle East, and even from Korea want to make Morocco their entry point to Africa.

Our goal is to achieve with pharma what has already been achieved in the automotive and aerospace sectors. We have the assets to achieve this: medicine from Morocco is checked according to European standards – indeed, our medicine control agency is part of the European network of control agencies. This network has a European and global reputation for quality. We also have very good human resources, with highly skilled professionals in the local industry.

What will be the large projects for AMIP in 2015?

Our biggest priority is to implement faster processing of registrations for new medicines. The ministry recently committed to reducing approval times to seven months: some market approvals

had taken as long as three years in the past. At some point, regulations called for the submission of a bioequivalence report, despite no law outlining the rules on bioequivalence – it made no sense. There was a blockage that really restrained the industry and prevented its development. It was an untenable situation.

But today the ministry and the minister are listening to us better. They have committed to setting up faster processing for marketing authorizations. They also committed to listening to us and to sit at the negotiating table to tackle issues together. And that's one of our priorities. Another project we have is industrial acceleration, as well as the revision of the contrat programme – the industry's strategic development agreement.

What message would you like to send about Morocco and the part it has to play in the pharmaceutical world?

If Africa and Middle East are stormy oceans, Morocco is an island of stability. After the Arab Spring, Morocco successfully transitioned towards democracy. Moroccan society is as open-minded as it is open to investments. Our youth studied in top schools and is highly skilled, but because of the high unemployment rate it remains under-valued. We don't have oil but we have human resources.

Lastly, we are strategically located! There are ongoing discussions to link Morocco and Spain via a bridge or tunnel, since 14km is nothing in the end. Morocco is the natural gateway to Africa, both geographically and culturally. Imagine that at the beginning of the 20th century people in Timbuktu prayed in the name of the Sultan of Morocco! There have been trade connections between Morocco and Africa for a very long time. It explains why lots of Moroccans settled in other African countries and started families over there. Moroccans are neither sedentary nor chauvinistic. We are open to the west as much as we are to Africa.

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