Theodore Tryfon – President, Panhellenic Union of Pharmaceutical Industry (PEF), Greece



"As the association representing local pharmaceutical manufacturers of mainly generic products, we have launched our own campaign to build a stronger trust for generic brands and promote the added value that our products bring to our society."

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As the President of the Panhellenic Union of Pharmaceutical Industries (PEF), Theodore Tryfon shares the mission of the association, the main challenges plaguing the sector, as well as the measures in place to mitigate the difficult economic times and elevate the Greek brand in the upcoming years.

As an introduction to our global executive readers, please provide an overview of the Panhellenic Union of Pharmaceutical Industries (PEF), as well its main responsibilities and function.

The Panhellenic Union of Pharmaceutical Industries (PEF) is a representative body of generic pharmaceutical manufacturers that develop and produce mainly branded generics in 27 state-of-the-art production units in Greece. PEF's mission is to facilitate an effective and well-functioning pharmaceutical market that promotes growth on an international scale. We are committed to reducing the dependency on imported medical products through elevating the level of excellence and quality of pharmaceutical products in Greece at the lowest possible cost. We aim to propel the advancement of pharmaceutical sciences at large for the benefit of the patients and improve quality of life for all citizens.

Currently, the Greek pharmaceutical industry invests EUR 30 million annually in over 80 research programs through a strong collaboration with academia for the collective goal of increasing the

competitiveness of the industry. We oversee different areas such as employment, taxation, exports and R&D investments that pertain to the interests of our members, especially as they navigate through the difficulties of the current economic crisis. Our responsibilities include building a sustainable relationship with the government and other relevant stakeholders involved in the progress of the Greek economy and acting as the main voice at the forefront of the needs of our members.

As a means of mitigating the crisis, increasing generic penetration has been exactly "what the doctor ordered" for the pharmaceutical industry; however, there have been plenty of challenges plaguing this sector. What do you identify as the main obstacles for the generic sector?

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The framework for generic policy in Greece falls within the general framework of establishing a sustainable pharmaceutical policy at large, therefore it is important that this is understood clearly first as it was built on parameters that are evocative of the challenges faced by the industry. In Greece, public pharmaceutical expenditure has decreased by 60 percent since 2009, where it used to have the highest spending per capita of any country in the Eurozone. However, the current level is actually 20 percent lower than the EU average and has returned the country's budget back to levels last seen in 2003. What is vital to understand is that within the closed budget of EUR 1.945 billion in 2016 there have been numerous new more expensive products entering the market that were not included in 2003. Greece is called upon to refrain from exceeding the EUR 1.945 billion budget at a time when all new products are included, uninsured patients have also been included, and the country is facing an unprecedented need to cover the influx of migrants. Within an environment where resources are very limited, the main challenge for the government lies on finding the best possible way to ensure that patients have access to therapies, the financial viability of social security organizations, the quality of affordable drugs for the population, as well as creating local added value through pharmaceutical products.

The government has a closed budget of EUR 2.6 billion, for which it spends approximately EUR 1.945 billion on the out-patient market, and EUR 570 million on the in-patient hospital market. Therefore, it is imperative that under such financial constraints, a framework must be set up that can produce the highest added value, taking into consideration employment and level of investments that are returned to the economy. The three pillars of a sustainable pharmaceutical policy are anchored on three factors: access, affordability, and local added-value.

Within this context, a higher penetration of generic pharmaceutical products means an increase in savings for the healthcare system. Moreover, in an economy with about 25 percent unemployment, having a greater generic presence means an increase in local production, as most of the players in the generic sector are indigenous Greek companies. Many of the generic multinationals are not incentivized to produce here as prices are severely low and they face many hindrances in the process. Currently, market penetration stands at 22 percent in volume and the latest memorandum mandates the increase of this penetration to 60 percent, which is an ambitious goal as the shift cannot happen without structural reforms.

What are some of the measures in place to encourage higher generic penetration?

As the association representing local pharmaceutical manufacturers of mainly generic products, we have launched our own campaign to build a stronger trust for generic brands and promote the added value that our products bring to our society. A similar awareness campaign should however be sponsored by the official authoritative bodies to the public. Subsequently, stringent and enforceable protocols to encourage physicians and pharmacists to prescribe generics and inform patients of equally efficient pharmaceutical products at a lesser cost should be put in place.

In more concrete terms, what are some elements of the education campaign for patients in place to shift preconceived notions about generics and ultimately build trust for generic usage?

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It is not an easy feat to change consumer perceptions about certain products. Nonetheless, generics have already been circulated in the Greek market for over 50 years and many Greeks already use them – both pharmacists and patients – although often without knowing that the products they are consuming are generics. Thus, the problem essentially does not lie on trust, but on brand recognition and enhancing the level of education for generics. At the crux of this campaign is sending a reminder to the patients that these are the products that they have already relied on for many years. The campaign aims to reinforce brand confidence and to instill in people’s mind that these products stand at the forefront of Greece’s production capabilities. For many countries, the shift to generics have been conducted and executed by the ministry of health and the local FDA through implementing a coherent generics policy based on prescription monitoring and control and a system of incentives for the use of generics among physicians, pharmacists and patients. We recognize the key take-aways from other countries and are realistic in our expectations that our goals will only be actualized in a period of at least three to five years.

Given that the production capability in Greece is seen as a potential growth sector, what are some of incentives in place to foster this economic activity in Greece? What do you see as Greece's competitive advantage, especially when placed in comparison with countries of similar production profiles in the likes of Romania, Hungary, Czech Republic, etc.?

The realities of today's economic conditions create both disincentives and incentives for companies looking to produce in Greece. Among some of the main hindrances are low prices, delays in the market authorization processes, small market share and high taxation burdens. Nonetheless, these factors are counter-balanced by the know-how and technology available in the country. Though Greece does not par in the level of R&D to some EU countries, the manufacturing processes here are more sophisticated and the research departments are extremely well organized with meticulous quality control mechanisms.

Greece's technological capabilities are a key building block in creating differentiation for the future, as Greek companies continually strive to innovate in specific elements such as dosage forms, delivery systems and in technicalities in different devices. Incremental innovation through technology will be the main driver of growth for this sector.

How does the "Made in Greece" brand resonate domestically and internationally?

Pharmaceutical products are the second largest exports in Greece to a variety of different destinations across the globe. Though Greece is not recognized as one of the most well-known pharmaceutical producers in the world, we belong in a category wherein many countries abroad recognize that pharmaceutical development and production in Greece pars with the European standards overall and therefore signifies high quality.

As an ambassador of the organization that represents many local indigenous talent, how are you fostering the Greek entrepreneurial spirit and encouraging your members to create sustainable business models to withstand the crisis?

Greek companies must increase their presence abroad through exports; this is the most robust way to create a sustainable economic model. Creating synergies between local and multinational companies in terms of development, production and commercial aspects is also key. For example, as the cost of developing a certain product is very expensive, it is best for Greek companies to partner with either local or multinational companies in order to do so. Instilling the values of openness and collaboration is the best way to create sustainable thinking, and consequently sustainable businesses.

Moreover, it is important to note that the idea behind Greek entrepreneurship cannot solely be denoted by market value. It is imperative to recognize that many Greek businesses are strongly rooted in family tradition and have as much sentimental as commercial value. Therefore, today's reality conveys somewhat of a paradox, in that there is a strong will for local companies to continue operating amidst difficult economic conditions. The issue is not necessary to create incentives for local companies, but the focus should be primarily on helping the family-built businesses operate under difficult conditions. It is not even a consideration for these businesses to leave given their long-standing history and generations' worth of attachment to the business, which is a typically Mediterranean characteristic. Therefore, when discussing and evaluating the landscape of local Greek companies, it must be conceptualized that commercial returns are not the bottom line. Instead, we must be cognizant of the traditions and the familial pride that is covertly embedded into the business model.

Ultimately, what do you identify as the main priorities of the organization moving forward? what is your overarching final message to our global executive readers about the current state of the Greek pharmaceutical market?

In essence, our main priorities revolve around planning and executing structural reforms for a holistic pharmaceutical policy, which would ensure the sustainability of our businesses. We advocate for the reduction of the payback measure, which has been introduced as a reform system to maintain the pharmaceutical budget but has enforced an unsustainable burden on our member companies. The focus is on controlling volume for new-entry, high-priced products through ensuring that they go through the proper quality assessments and budget-impact evaluations. These different processes and mechanism will set the foundation of a generic policy framework that is sustainable and has longevity.

To an extent, the state of the pharmaceutical industry is related to the state of the economy in many countries, including Greece. Especially for local companies, in order to have access to finance, the operations and activities of the local plants must be strong first. The level of taxation has been problematic for the country, especially given the fact that limited budgets are more conducive to excessive rebates and paybacks. Nonetheless, we are optimistic that the situation will stabilize within the next two years, by the end of 2018, whereby a more structured pharmaceutical policy can be actualized in theory and in practice.

Despite a very difficult period of nine years of crisis, the Greek economy would gain a more organized structural basis whereby more reforms are in place and there is a better understanding of the relationship between the cost of labor and the production output. Moreover, the end of fiscal

austerity period will ultimately bring an increase in the incentives for R&D and enable each sector to have a fuller grasp of their core competencies and plan better futures.

As the pharmaceutical sector is seen as one of our economy’s growth areas, we are confident that both multinational and local companies will continue investing in Greece if we continue to navigate through the challenges through collaboration and foresight. This is especially true for local companies who are already working closely with universities with bright scientific teams in order to continue to develop innovation and differentiation for products and build a competitive advantage for Greece.

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