Interview: Darodjatun Sanusi – Executive Director, GP Farmasi, Indonesia



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Darodjatun Sanusi, Executive Director of GP Farmasi (National Association of Local Companies in Indonesia), explains the opportunities and challenges that his members are facing as well as the future directions that the industry should take to further enhance its capabilities and continue its growth.

As Executive Director of GP Farmasi, can you explain to our readers the role of GP Farmasi within the industry and how is it defending its members' interests?

GP Farmasi's main functions are about serving and protecting our members. We are acting as the bridge between companies and the government to convey their ideas, opinions and best practices. We are also protecting certain areas from over-regulation as the government is increasing the regulations to improve the quality and requirements of the sector.

Moreover, Indonesia is still building its capabilities and, as the country is already a PIC/S' member, there are very high standards in the industry. Therefore, GP Farmasi is consolidating the current capabilities in line with the future projection of the industry. We are trying to align the government evolution with the industry strategic objectives. Expanding on our role, we are also supporting innovation, the industry's economy, and its growth through several initiatives.

Indonesia is one of the biggest markets in the region and its pharmaceutical industry currently represents a value of USD 5.5 billion and is expected to grow to USD 12 billion

in 2020. What do you think companies should do to fully encompass such growth?

We are already designing the roadmap of the pharmaceutical industry in order to achieve this target. Indeed, we are planning to increase the role of local companies by helping them to drive its internationalization; we are aiming to increase the exports of the local industry up to 30 percent of its production.

We are fully aware that in order to be able to obtain such growth we have to advance towards the Indonesian self-sufficiency of raw materials, which currently represents 95 percent of the Active Pharmaceutical Ingredients (APIs) consumed in the country. We first want to focus on biological products, especially biopharmaceuticals, and vaccines and then we would like to enlarge our scope with chemicals APIs.

What are the main challenges that your members are currently facing in this environment?

The national pharmaceutical companies are facing three strategic issues: the financing of the JKN program, the creation of a same economic community, and the difficulty to increase innovation. Indeed, the national health insurance is raising issues as companies do not know how to financially support the government healthcare objectives.

In addition, even if the present government and its three government institutions BPOM (National Agency for Food and Drug Control), BKPM (National Investments Board) and LKPP (National Public Procurement Agency)) are already supporting the sector by issuing regulations that accelerate the growth and development of the pharmaceutical and medical devices industry, it is difficult for them to concretely implement the new regulatory policies they are establishing. These laws and regulations are not always as business-friendly as expected because either such law does not provide faster process or it is still too complex.

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Furthermore, other challenge to expand on would be the limited amount of resources that are allocated in research and development as well as the lack of policies to foster the raw material local manufacturing. Indeed, from GP Farmasi standpoint, we are closely working with the national government to build up a strategic plan around innovation and manufacturing capabilities.

What opportunities have you identified within the pharmaceutical sector in Indonesia?

Indonesia offers many opportunities. The middle class is growing and, consequently, gaining higher purchasing power. The universal healthcare coverage program (JKN) is being implemented in the country and national companies are covering 70 to 72 percent of the total medicines supplies for such a promising program. From a more regional perspective, Indonesia is increasing its exports to the ASEAN region to countries such as Malaysia, Singapore, Vietnam, Cambodia, Myanmar and the Philippine, as well as to some countries outside the ASEAN such as Australia and Nigeria and the Middle East. Bio Farma, an Indonesian vaccine producer exports to more than 120 countries.

Concreting on innovation, there has been some advancement but there is still a lot to be done. I believe that the Indonesia government should start by implementing research incentives to foster the domestic investment in R&D. We should take the example as well as best practices of some of our neighboring countries such Malaysia and Singapore that already have incentives for research; Indonesia has the regulations but still no implementation laws.

The halal law is going to be one of the main concerns in the industry. In fact, it is going to be difficult to control the pharmaceutical production in Indonesia since 95 percent of the APIs are imported and they come from many different sources. As a key opinion leader, what solutions do you see?

The Ministry of Health and GP Farmasi very much agree on the fact that the implementation of a Halal law as it is projected now will be close to impossible, the figures of the imports in raw materials speaking for themselves. The government is simply lacking the resources in terms of financing, R&D, expertise and human capital to address this matter properly.

Since the Halal Law has such an important impact on so many aspects of the human life, we aim towards seeing the Ministry of Health work closely with other ministries when enforcing such a project, and we call upon the Ministry of Industry, the Ministry of Trade and diverse government institutions such as BPOM (National Agency of Food and Drug Control Indonesia) and BKPM (Indonesia Investment Coordinating Board) to get involved.

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There are many interesting factors that could certainly boost the national healthcare industry such as the fact that the government’s commitment to implement a universal healthcare system (JKN) that will cover the entire Indonesian population by 2019, making it the largest in the world. What actions do you think companies should undertake to help the government to implement this program?

Companies are already investing quite a lot in the JKN program to support the government in such arena. We believe that such program will be a long-lasting system in the country. Thus, we are also conducting R&D in several areas such as biosimilars, vaccines for communicable diseases and traditional medicines. There is a lot of potential in the aforementioned three areas of innovation and we believe that they are certainly important for the future the national healthcare industry.

In terms of Health Education, over-the-counter (OTC) drugs are not covered by JKN. I believe it would be important to promote such drugs to advance towards a healthier society that takes care about its lifestyle. Indeed, self-medication reduces the footprint of both communicable as well as non-communicable diseases and, consequently, it ultimately reduces the cost of treatment. The private industry has to be aligned with the government in this regard.

What are the main objectives that you would like to achieve in the next years?

We would like to implement as much as possible the roadmap that we have already created for the development of the Indonesian pharmaceutical industry; Ministry of Health is already supporting it. In addition, one of my main concerns is to develop the domestic manufacturing capabilities of the pharmaceutical sector in accordance with the national needs. Another goal is to become the regional hub of traditional medicines South East Asia and I expect that the government will welcome all the research and findings that have been done in such arena. Finally, and related to JKN program, we are working hand in hand with the government to define the best balance between the price for JKN products and non-JKN products; this is an important task to complete.

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