Interview: Jivko Ivanov – Chairman, Healthcare Commission, German-Bulgarian Chamber of Industry and Commerce



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Jivko Ivanov, chairman of the Healthcare Commission of the German-Bulgarian Chamber of Industry and Commerce, explains the strong commercial ties linking the two countries, the opportunities Bulgaria can offer to foreign companies, especially from Germany, and how the Chamber can help create strong business collaborations.

On the 7th of August 2017, Bulgarian President Rumen Radev awarded the German Ambassador to Bulgaria, Detlef Lingemann, with the *Stara Planina* and defined Germany as a "valuable friend, trusted partner and strategic ally." How has the bilateral business relationship between Bulgaria and Germany evolved and what are its characteristics in terms of the pharmaceutical industry?

Bulgaria and Germany have a strong relationship that stems from the two countries' long history together. Therefore, Bulgaria has a very positive attitude towards Germany and we see very positive responses from our German business partners when starting collaborations here. Aligned with the award that Mr. Lingemann received, I want to highlight that such political recognition is also heavily supported by a good cooperation between Bulgarian SMEs and German companies.

Regarding the pharmaceutical industry, both countries are mainly producers of generics. I can confirm that the footprint of the big German companies is quite strong in Bulgaria as all the major

German producers are doing business here. In terms of quality, I have not heard of any problems regarding German products in the country. As a result of such a positive symbiosis, we have seen many partnerships between German and Bulgarian companies, especially within the medical devices arena where Bulgarian companies produce white label medical devices for German enterprises.

Regarding pharmaceutical trade, Bulgarian exports to Germany are mainly parallel exports. In fact, in Germany, there is a law that expects health providers and especially pharmacies to buy at least 20 percent of their supply from parallel imports since there is a European guideline set to facilitate the free market.

Germany is positioned as the main international trade partner of Bulgaria with EUR 3.48 billion of exports and EUR 3.18 billion of imports in 2016, which represents nearly 13 percent of total Bulgarian international trade. From a domestic perspective, what makes Bulgaria attractive for German companies?

The traditional relationship has a major role but, more importantly, Bulgaria is a growing market with low labor costs. German players, like all of their international counterparts, are looking for countries where they can produce at a lower cost. However, I would not say that the pharmaceutical industry is following such a trend in Bulgaria since there are not many, at least German-owned, and pharmaceutical manufacturing sites in the territory.

Nonetheless, as a benchmark within CEE region, Bulgaria offers more attractive corporate taxes than its neighbors and, at the same time, it has a growing purchasing power, which is always interesting for businesses. In addition, Bulgaria is still in the process of economic development and this translates into great opportunities for companies.

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Expanding on healthcare, clinical trials are a key area for German companies. Globally, the contract research organization (CRO) market is worth around USD 220 million per year and approximately 50 to 60 clinical trials come from German companies. Considering the size of the overall market, the Bulgarian clinical research industry is quite important and German companies are key players within this sector.

The Bulgarian pharmaceutical market is valued at USD 1.7 billion and has been one of the fastest growing sectors in the country with steady growth rates of seven to ten percent on an annual basis during the last decade. How has Bulgaria been able to

achieve this?

In recent years, many innovative medicines have come onto the market, creating outstanding healthcare breakthroughs; the new treatment for Hepatitis C is a great example. Additionally, Bulgaria has a really open healthcare system and the reimbursement for innovative medicines is very rapid. For example, the treatment for Hepatitis C was fully reimbursed just one year after it was introduced to the market. This openness and fast reimbursement has led to promising growth for the pharmaceutical industry overall.

Bulgaria accepts innovations at a very early stage. Just one year ago, the law changed as the Health Technology Assessment concept was introduced in Bulgaria. This law prolonged the reimbursement timeline for a year since the guidelines are now stating that new medicines can now be included in the Positive Drug List and reimbursed only once a year at the beginning of the year. Thus, when a new innovative product arrives on the market, it has to go through the Health Technology Assessment committee for a year before entering to the reimbursement program in January of the following year.

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As chairman of the Healthcare Commission of the German-Bulgarian Chamber of Industry and Commerce, what is your strategic roadmap to develop the German healthcare business community in Bulgaria?

As the Health Committee of the German chamber, we have set our sights on changing the way that the healthcare business is done in general. We have always looked at strategies that will bring value to the society and develop our market further.

Within the Chamber, we also have members that have achieved great success – Bayer’s footprint in Bulgaria is a great example of such success. We are fully ready to help our members to follow in this success. I feel confident in saying to foreign companies that the effort of investing in Bulgaria is worth it since the market is big enough and it is certainly growing. We, as the Health Committee of the German Chamber, are eager to create a business-friendly ecosystem for our members.

What would you like to achieve in the upcoming three years?

We would like to achieve stability in the healthcare system, as during the mandate of the past minister of health the Bulgarian healthcare system has experienced regulatory instability. A lot of legislation changes were initiated, but not brought to the end. To reach this goal, we are doing our best to support the ongoing reform of the healthcare industry. For example, last year, a law was

created imposing obligatory discounts to all the reimbursed drugs towards the National Health Insurance Fund. This created an unpleasant situation for many companies in Bulgaria, since the law was introduced long after their headquarters have had approved the budgets. We are now in discussions aiming at preventing that type of unsustainable reactions and increase the visibility for the companies.

Moreover, I would like to see a unified Central European HTA. For me, the Health Technology Assessment in Bulgaria is doing a good job for the healthcare sector, but from the point of view of a pharma company it is quite inefficient to comply with different HTA requirements on the relatively small CEE markets. On the other hand the HTA guidelines are similar and not so hard to be unified between the countries. This will lead to a win-win situation, reducing the administration burden and making the access to innovative drugs faster.

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