

Interview: Carlos Teixeira - CEO, Teva Spain & Portugal



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13.06.2018

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Carlos Teixeira, CEO of Teva Spain and Portugal, discusses the challenges the generic sector is facing in Spain, which ultimately spurred the company towards other business opportunities, and highlights the significant footprint of the Spanish affiliate, with its manufacturing site in Zaragoza serving as an export base for Europe and South America.

Carlos, you joined Teva's Portuguese affiliate in 2007 and as of 2015 you are CEO at Teva for Spain and Portugal. What were the specificities you had to adapt to?

The Spanish pharmaceutical market is much larger than that of Portugal. Secondly, the decision-making process is different from Portugal as there are many layers here – the first one being the 17 autonomous regions. I would say that the generics situation in Portugal is much more dynamic than in Spain. Furthermore, the generics market in Spain has been stuck since 2011 – the changes to the royal decree led a market that had been growing by double digits to one experiencing negative growth. This worrying stagnation of the generic segment is the most serious threat to the sustainability of the health system. Although the situation is well recognized, no measures have yet been taken.

In Portugal, in the total retail market, Teva is number three, whereas in Spain we are number two in generics in terms of value and in the total retail market we are number seven. On top of all this, it is worth highlighting that of every ten generics consumed, seven are produced in Spain – and this something that brings a lot in terms of GDP growth. Our production plant in Zaragoza is made to export to Europe and South America, mainly to Chile as it is a very important market for us. We are

very proud of what is happening in Zaragoza as we have invested significant amounts over the past four years. In order to maintain this performance, the plant is producing seven days a week, 24 hours a day.

You have advocated for regulatory changes within the generic segment. What measures should authorities first take to adjust to the situation?

All political parties have in their programs the willingness to increase the growth of the generic market. Having said that, the price differentiation between branded medicines and generics is critical because the patient plays a part in the decision process. So are medical prescriptions by International Non-proprietary Name (INN). While it is mandatory by law for doctors to prescribe treatments by INN, not all the 17 regions implement it orthodoxically – in some penetration is very high, in others it is very low. Last but not least, positive discrimination should be reintegrated into Spanish law. In the years to come, nobody will invest in the production of generics if the only purpose is to cut down prices. In 2015 the product launch average was 11.1 percent whereas in 2016 it was only 5.2 percent penetration.

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Teva Spain has recently launched reslizumab® (Cinqaero) for the treatment of severe uncontrolled asthma. How is this drug performing right now?

So far, the feedback we have received is extremely positive and we are very glad to see it highly appreciated by Spanish patients. Given the fact that we have 17 regions in Spain and the healthcare system is very fragmented, we must go through the same registration and negotiation process in every single regional health system. In Spain, Teva has 60 percent generic and 40 percent branded products. In profits they equal each other, as the margins in branded products are clearly bigger. For generics, you have the retail and the hospital market. While the retail market is stuck, we are growing above the market average due to a recent product we launched.

How important are biosimilars within your product portfolio here?

We have two biosimilars in the Spanish market, but price erosion has become so conflictual that their presence in our portfolio is very marginal. Until last year, we had a women's healthcare franchise which we sold to an investment company and we had a product on that portfolio that is for fertile disorders. Investing in biosimilars is very expensive, and it is very different from generics for which you only need a bioequivalent study. In countries like Italy, Portugal, the UK and Spain where biosimilars are mainly prescribed and delivered in hospitals – unlike France, where such

medicines are sold in the retail market – price erosion are faster than in the retail market. I would say there is still some barrier in the penetration.

You conduct 40 clinical trials in 120 different Spanish hospitals. Why is Spain a good place to conduct clinical trials?

I believe that in the first place it is very important because Spain is such a big pharmaceutical market and it cannot be ignored. Secondly, there are very good clinical bodies, reliable and efficient. And finally, it is way cheaper than other markets such as France and Germany.

On the manufacturing side, can you tell our readers about the strategic importance of operations in Spain relative to the global manufacturing landscape for Teva?

We employ 420 people and we increased the number of employees over the last two years because, as I said we also increased our capacity. The products that we produce there have some specific technology and if you go to the manufacturing site in Zaragoza you will notice that the KPIs of the plant are really outstanding – from security to production – and last but not least there is a program in Spain called ProFarma allowing you for some tax benefits if your KPI level meets the requirements.

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Teva has launched Tevafarmacia, a portal which aims to reinforce communication with pharmacists and practitioners. How does Teva position itself as the first choice among healthcare professionals and how important is it to speak to them?

Spain has half of the population of Germany but the same number of pharmacies. We have around 22,000 pharmacies. This means that there is huge pressure on distribution in Spain that presents challenges for distributors and sales forces, as no one has time to concretely go and visit all the pharmacies. We complement our pharmacy retail team with digital tools and the call centre that we have. We have been carrying out digital initiatives for three years and around 14 percent of our sales come from our digital strategy.

With a global generic market ever driven by lower prices, how can Spain remain competitive as a manufacturing destination for Teva?

Teva Spain has a very reliable production. In Spain the prices in the retail market have stabilized and we have focused on more profitable products – which is the natural way to go for any corporation that finds their current product offering not to be enough.

Teva launched an initiative three years ago called “premios Humanizando la Sanidad”. Can you tell us more about this award and the lessons learnt that could be exported to the rest of the world?

We selected 11 different initiatives in hospitals and in patients’ associations that were tightly linked with the concept of health humanization, that is establishing a relationship with the nurses and the doctors. It has been working out very well and this year we are celebrating the third anniversary.

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