Rachid Kerrar – Director General, Beker, Algeria

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Hepatitis C generics brought Beker to fame, but today its director general Rachid Kerrar discloses the new paths the company is exploring, such as new formulations and an increased focus on exports. He also praises the opportunities for business in pharmaceuticals in Algeria.

Rachid, Beker is most famous for the development of a generic version of Gilead's Sovaldi®. Can you tell us about how your generic of a hepatitis C drug brought your company success?

Our hepatitis C therapies indeed represent the core of our business, although we do today have 150 different products in our portfolio. Beker was first created partly as a platform for the research and development of the latest solid form drugs, which we have since strived to develop according to the highest standards possible.

This was made possible because Algeria is not subject to the WTO standards on intellectual property. Algeria does recognise international patents but is not legally bound to comply with international patent law; a patent has to be filed in Algeria to be recognised here, just as it is the case in many other countries with the difference that few companies go through the trouble to submit a patent on our local market. This context allows Algerian companies to develop generic versions of innovator products still under patent protection in most countries globally early on, if they possessed the needed know-how.

Gilead’s Sovaldi® was the first hepatitis C drug and came at a price of USD 84,000 the cure of three months in the USA. As hepatitis C is a global health issue many human watch organisations were very critical towards this very high price. Gilead subsequently founded access programmes within which it distributed licenses to generic players in a list of developing and underdeveloped countries to sell generic versions of Gilead’s drug under a Gilead license. However, neither Tunisia, Morocco nor Algeria were included on the list of countries, and we were to continue sourcing the treatment for about USD 100,000.

Beker hence developed Sofos®, one of the first generic versions of sofosbuvir with bioequivalence studies. At that time Sofos® needed to be taken with injections of interferon. We have since constantly been developing other versions of DAA (Direct Antiviral Agents) that are interferon free. The first being Sofosled® but the latter does not cure hepatitis C patients that were infected with the genotype 2. Bristol-Myers Squibb had developed a drug names Daklinza (daclatasvir) that showed good response for genotype 2 patients. And intake of both sofosbuvir and daclatasvir covers all genotypes, and Beker was able to combine both molecules under a bioequivalence study in one tablet. This combination provides a better observance of the treatment and is especially useful since allows consultants to bypass the step of genotype testing with hepatitis patients, which comes at a significant cost advantage in Africa in particular where testing laboratories are scarce. Thus, we have developed a wide range of BEKER HEPC® products: Sofos® (sofosbuvir 400mg), Sofosled® (Sofosbuvir 400mg/ Ledipasvir 90mg), Dacla® (Daclatasvir 60mg), Sofosdc® (Sofosbuvir 400mg/ Daclatasvir 60mg), Sovelbek® (Sofosbuvir 400mg/ Velpatasvir 100mg).

BEKER HEPC® products are not yet commercialised in Europe, because of the IP laws in force. How do you plan to circumvent these limitations?

We see that Big Pharma is playing an inflationist game on prices, and they are being widely attacked for this. And different countries and governments have different methods to tackle this.

On the one side, you have the countries operating similar to the American model. There, a personal use rule is in place, historically due to very important individual rights, and just as a citizen has a right to self-defence, he or she has a right to self-care. Thus, people are allowed to acquire their treatments across the border in a cheaper neighbouring country and import back three months of supply of any drug. In most European countries such as France, it is strictly forbidden to import your own generic.

As we were starting on our successful path, we approached the French regulator and pointed out they have a highly stressed hepatitis C budget, with EUR 46,000 for treatment, 250,000 patients and hence a total cost of EUR eight billion. We did not ask for registration in France, but suggested that they might be interesting to let French citizens acquire their hepatitis C treatment legally abroad in the context of personal use. Not only does it immediately alleviate healthcare expenditures and entail faster treatment for patients, it gives the government a stronger pressuring power in negotiations with expensive innovators. Though the French authorities refused, Switzerland entered such an agreement only three months later, as our talks with France had raised much public awareness and debate. I think it is about being creative. And, although France did not accept our deal, prices of hepatitis C drugs subsequently dropped in France, giving us the hope we are able to bring about a small positive change nonetheless.

Looking towards the future, we are planning to target new markets. Where we can register and export our products to ourselves, we will do so, and are already present in several African countries. In others, we will be able to deliver our medication by postal services. Internationally, we are in a good position today, but need to continue focusing on exports. France, however, is obviously not on our list at this time.

Where do you see competition coming from today?

In general, I see us in a very good position towards competition. Our direct competitors would in all logic be other local generic companies, but in fact we see them more as partners. Indeed, as the government is moving towards self-sufficiency in medication, they cannot yet rely on one local producer alone to sustainably and guaranteeably cover local consumption of a specific molecule. Therefore, only when three local producers are able to demonstrate good production of that molecule will the government stop importing it. On our own, we are hence powerless against foreign imports.

Foreign companies we see as competition of course, but innovators cannot hope to match our prices and we are more of a threat to them than the other way around. As for international generics companies, we always have the advantage of playing home court on them. Thanks to our technological independence, we are able to give Algerians early access to innovative drugs, our speed being unmatched.

What will be your priorities moving forward?

Our current main focus point is building up our export capacity and developing some new formulations. We are currently investigating more complex formulations that will bring in more added-value. Injectables and liquids as well as biotechnology products moving forward are on our list. However, we will continue to tackle one step at the time.

We are concentrating our efforts on the launch of an anticancer line, as well as a phytopharmaceutical natural health line called B2R (back to roots). We are further looking to develop patches and supplements.

When it comes to our export potential, we are in a very competitive positions thanks to the quality price ratio we offer. The main challenge remaining is to sell Algeria internationally, and we often see that selling the image is about 95 percent of the job and a hard one at that. Our main focus markets are in Russia and CIS, Latin America, some selected Asian countries and, of course, Africa in its entirety. We forge ahead in a step by step manner, and while we wish to maintain our extremely strong positioning in Algeria, we see that this market will be saturated at some point.

How would you describe Algeria’s position in the global pharmaceutical industry today?

Algeria is becoming a pharmaceutical hub, partly because of a natural process but also because the government has been encouraging this evolution. The Algerian government has set it as its goal to ensure that 70 percent of Algerians’ consumption of drugs should be manufactured in Algeria. We are of course talking about volume, not value here. The goal is to come as close as possible to auto-sufficiency, which is a very logical move as it allows to lower the healthcare expenditures bill.

New guidelines and rules have been established. Many of those I see in a favourable light as I think it is essential that local production were protected. An emerging industry such as ours in an historically importing nation calls for protection. Algeria has always been seen as a market and not a producer, and we encountered quite a few surprised gazes in our recent move to exportation.

Algeria is on the best way to become a hub, as it presents important capacity, good quality and low prices. In the aftermath of the oil crisis, prices have been frozen for the last five years, and the government has been very eager to sign off deals protecting local production. As soon as it is sufficient, the government stops the import of the equivalent product. As in every deal, both sides have to play their part: producers profit from incentives and in exchange agree on lower prices.

This has been subject to much complaints which I quite frankly do not echo. Of course, it all comes down to striking a balance. But Beker as a local company recognises the utility of the incentives and how they have been useful to us.

What would you say does it take to be a success story in Algeria?

I do not think there is such a thing as a recipe for success. I see Algeria as a country will abundant opportunities: the market is important, there are important and very positive incentives from government side, energy is cheap and people very motivated. All in all, this makes Algeria into a great spot for future investment, and I firmly believe that when seized, it presents opportunities that go far beyond what prejudice allows to suppose.

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