Altan Demirdere – President, Novartis Group Turkey; Head, Sandoz Turkey



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Dr. Altan Demirdere, president of Novartis Group in Turkey discusses the long history of Novartis and Sandoz in the country, as well as the current issues between the Turkish pharmaceutical industry and the government.

Can you introduce the footprint of Novartis Group in Turkey to our international audience?

Through its Sandoz division, Novartis has been in Turkey since 1930. Our first products were imported and, 25 years later, we opened a factory and started to produce in Turkey. As a result, we have been producing in Turkey since 1957 and started exporting from Turkey in 1990.

The Turkish employees in production are very professional and adaptive. We first started exporting to Switzerland, and following our success, we were licensed to produce for the whole world.

As we were growing, I remember, one day we were told to export to Curacao – and I remember myself thinking of “where is Curacao?” There were no computers back then, and it took us a while to figure out where it was. But we have grown into our shoes since then – in the last 10 years, we have exported USD 1.2 billion worth of products to more than 100 countries.

The success of Novartis and its divisions in Turkey did not happen by accident. It took a lot of commitment, coordination and cooperation with our headquarters and our health authorities. Now, we have four factories and we are producing for national and international markets. The company employs 2,400 people (1,100 of whom work in manufacturing) and Novartis has invested USD 226 million in Turkey to continue our strong presence here.

We would love to expand our export volume. However, it is important to keep in mind that Novartis Group in Turkey accounts for 0.7 percent of company sales worldwide, despite the fact that our four factories account for 7 percent of the company's total production capacity.

We believe our government should appreciate this, not only by giving us export incentives every year but also by facilitating our activities in Turkey.

The name of the game in the early 2000s was Data Exclusivity in Turkey and this issue has been fixed. Today, the name of the game is investment, local production capability, export and R&D, and, as Novartis, we are leading the way in all of these fields in Turkey.

But despite this, we face problems. Let me give you an example: Not long ago, we had a product that was considered critical by Turkish authorities and was covered under the country's fast-track registration. The price was determined by our existing pricing decree, which rates the price much lower than the lowest price in Europe; however, we still have problems getting our drug reimbursed. Although our whole process is compliant to the regulations, the social security institution still does not reimburse our product and even asks for more discounts. This process is definitely not transparent.

As pharmaceutical industry players, we cannot be quite sure why some products are listed some are not.

We believe Turkey has room for improvement in pharmaceuticals' pricing and reimbursement.

After the Health Transformation Program (2003-2013) had ushered in great outcomes, do you think that it is time to revisit the Turkish model of healthcare system?

I would like to speak on behalf of pharmaceuticals – and I can easily say that the current system is not working for the pharmaceutical sector.

Pricing and reimbursement are the main fields that have room for improvement.

The Turkish pharma market is worth around USD 5-6 billion. When you compare Turkey's pharma market with other countries of our size, we see that ours is a pretty smaller market.

Also, local drug consumption per capita is around USD 60-70 per year. The average consumption per capita of the five countries in Europe with the lowest drug prices is around USD 600 per year.

This makes you ask yourself: Are the five cheapest European countries significantly richer than Turkey? Or do they care more about their pharma industry's future and health of their people?

The actual pharmaceutical pricing and reimbursement system in Turkey is only sustainable for a while. As a matter of fact, foreign pharma manufacturers are closing their sites in Turkey and they subcontract with local manufacturers. But I believe this is not in and of itself a problem; what is troubling is that they no longer have assets here that assure their commitment to Turkey.

Today we have only 6 foreign factories in Turkey: 4 belonging to Novartis and 2 others.

How have these problems in the Turkish pharmaceutical ecosystem influenced Novartis's strategy in Turkey?

We always set targets for long-term rather than short-term. We fight for our presence and we would like to be perceived as we deserve to be in Turkey with our manufacturing capability, export portfolio and R&D investments. Since 2005, every year we are the export champions in Turkey.

What do you think about the local production requirement of the Government in Turkey and their commitment to Turkish pharma industry?

With the government's localization policy, which mandates that products sold in Turkey must be produced in Turkey, you prevent large export centres like ours from sprouting up.

I believe selected products should be produced in 'Production Excellence Centers' of the companies constructed in Turkey and exported to the whole world. Accordingly, this kind of localization would also increase our exports.

The government needs to adopt a commitment to help our industry. A pharmaceutical sector cannot grow if it does not have the government's backing.

The span of 2002-2008 was the best of my career because our government actively collaborated with us, and the pharmaceutical sector completely transformed during that time. Since then, unfortunately, we, as an industry, have lost that close partnership with the government.

It takes decades for a country to construct a strong pharmaceutical industry. We have a strong local industry in Turkey, which dates back to the early 1900s. If it weakens, it will be hard to regenerate.

History provides a litany of examples proving that a country’s pharma industry is only as strong as its government’s commitment to it: In Soviet Russia, the USSR’s pharma industry was assigned to central European countries (Poland, Hungary, Czech Republic, Slovenia and Croatia). Even 30 years after the Soviet Union dissolved, Russia has still not been able to establish its own pharma industry properly.

The USA and Germany serve as counterexamples, where the government’s commitment is high and their pharma industries are therefore well-developed.

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