Henry Suárez – President, ARAPF, Dominican Republic



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The Association of Representatives, Agents and Pharmaceutical Producers (ARAPF), represents 65 companies in the Dominican Republic, including big pharma companies like Pfizer, Bayer, Roche, GSK, Nestlé, Sanofi and Novartis. Its president, Henry Suárez, reflects on the impact of the COVID-19 pandemic, the country's objective to expand its social security system to include two million more people, and the opportunities ahead.

Can you introduce ARAPF as one of the leading associations for the pharmaceutical industry in the Dominican Republic?

ARAPF was founded in 1948 and was created with the objective of representing the pharmaceutical sector, aiming to grow and strengthen their activity in the Dominican Republic. Our members manufacture, import and market products to satisfy the basic needs of the healthcare sector. We currently have 65 members of which 14 are multinational pharma companies, including Abbott, 3M, Bayer, Pfizer, Roche, GSK, Novartis, Sanofi and Johnson & Johnson. We are advocates for a free market, fair competition and intellectual property protection.

What is the split between local laboratories and multinational big pharma companies in the Dominican market?

Around 75 percent of the Dominican market, in terms of units sold, is controlled by local laboratories. Doctors have at their disposal three or four different brands for the same active ingredient and, depending on the patients, they prescribe the best product for them. The country is making a conscious effort to bring affordable medicine to the Dominican people.

But in terms of market value, the number is reversed and companies that import have a market share of 75 percent. This is because the products manufactured locally are generics and usually not expensive. Innovative products, the ones that generate significant revenue, are mostly imported.

A recent report by IQVIA stated that the Latin American market is growing between 6-14 percent. In the case of the Dominican Republic, the country leads the Central America & Caribbean region with revenues of USD 740 million, and the report stated that it was partly due to an increase in prices. Do share that view?

The Dominican market has traditionally been the largest in the Central America & Caribbean region. I would not necessarily say that the growth has come after an increase in prices, even though it is certainly a factor. I believe that the increase in coverage from the social security system, along with medical insurance companies, allowed the population to access new therapies and products, growing the market in the process.

An increase in price is playing a role, but our members, mostly multinational companies that import products, do not introduce price increases more than once per year; it is a rare occurrence, unless there is a devaluation of the Dominican currency.

How do you assess the country’s social security program?

The Dominican social security law was a copy of the Colombian law, which was created about 20 years ago. Colombian companies and technicians were brought to the country to help structure the program and the defects have been periodically removed. The approach so far has been to gradually include more people and therapies to avoid bankrupting the state.

There have been governments in the past that have tried to centralize the system, leaving out private institutions, but the new government has indicated its desire to have a free market that ensures quality and competitive prices in the healthcare system. They recently announced a plan

to expand the social security system to cover another two million people. If accomplished, it will certainly raise the population's quality of life.

I am optimistic because more people, therapies and medicines are being added and the system has not broken the government's budget. Private and public hospitals coexist, allowing doctors more opportunities; they are not obliged to prescribe with the active ingredient. An equilibrium has been achieved.

There are reports that COVID-19 has slowed new product launches in Latin America and warnings about a decrease in income in the general population. How has the current situation impacted the local market and what is your forecast for 2021?

It is true that the market has slightly decreased, mostly on products not related to COVID-19 and chronic diseases. New launches will return once companies can have face-to-face meetings with doctors. Those interactions have not been completely stopped but are rare.

Our forecast for 2021 is similar to last year; it will be a tough year, but we will manage by controlling prices and expenses. The positive side of the current situation for our members has not been in sales, since almost all have seen a decline, but rather in the savings they are having on marketing and promotion, since the money spent on promotion, through samples, gimmicks, invitations to events, etc., is being saved.

What are the main areas of opportunity for ARAPF's members?

Innovative therapies are the ones that present the best opportunity in this market because high-cost patients have forced the government to cover their needs. This has boosted oncology products, for example. Additionally, those products do not require as much investment in promotion since there are few of them.

Cardiovascular and diabetes products are another growth driver because those patients are more affected by COVID-19 and are taking a more serious approach to their health.

What is your message to multinational companies that do not have a direct presence in the country yet? Why should they look at this market?

I will begin with the country's overall situation. The economy has experienced sustained growth for almost five decades, and accelerated growth over the past 25 years. It is a politically stable country with a stable currency. Macroeconomically speaking, it provides certainty to foreign investors.

The pharmaceutical market has also been growing for years. It is true that competition with local companies is strong, but it is friendly competition; there are very few patents left and average prices are relatively high. There is plenty of room to grow and therapies to introduce.

With the government's new administration, which public policies is ARAPF advocating for at the moment?

Around seven or eight years ago we had a regulatory crisis in which it took between eight to 20 months to register a product. It made any product launch a headache. The last government, pressured by ARAPF and INFADOMI, finally understood that the private sector is not the enemy of the public sector, that we are all here for a common goal. It took time, but finally, local laboratories with good manufacturing practices and multinational importers were given fast registrations in around three months.

One of the most pressing issues today, and one that ARAPF has spent over 30 years to fight, are counterfeit medicines. Over the last few years, the association has become the most prominent fighter against them within the country. We have our own department that, along with the Attorney General's Office, conducts investigations to combat counterfeit products. That should be an area of focus for the government since it is an existential problem for many unsuspecting patients.

The country is currently an important destination for the manufacturing of medical devices in Latin America, do you believe that there is an opportunity to bring manufacturing of pharmaceutical products as well?

Most of the medical devices manufacturers in the country are for export. Pharmaceutical manufacturing has become more complex since the Dominican Republic's plants have a hard time being certified by regulatory agencies around the world. Some have obtained FDA certifications, but the FDA does not certify the plant itself but only the process. Some do export to Central America, Africa and Asia but it requires a big investment.

It is an area of opportunity; it was for El Salvador and Puerto Rico because they gave good incentives. I believe that the new government is working on that. Yesterday we had a meeting with the Vice President, who is in charge of the healthcare sector, and she emphasized the need for public-private partnerships.

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