

Interview: Alfredo Chiaradia, General Director, CILFA (Camara Industrial de Laboratorios Farmacéuticos Argentinos)



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You have been in the Argentine public sector for over 40 years. Among other positions, you have served as a diplomat in Germany, Switzerland and the United States, the heart of pharma industry. What have you been able to bring to the pharmaceutical industry as the general director of CILFA (Camara Industrial de Laboratorios Farmaceuticos Argentinos) since 2012?

As a part of my duties as a Foreign Service Officer, I also served for several years as Trade Secretary in the Ministry of Foreign Affairs. Trade negotiations is one of the areas that comes under my range of expertise, and this probably explains my presence in CILFA, one of the strongest pharmaceutical industry associations in Latin America.

Today, June 12th 2014, CILFA is turning 50 years old: congratulations! What has been the evolution of the association in the last half-century?

The pharmaceutical industry has been one of the most dynamic sectors in the Argentine economy, and is now an engine of economic growth, employment, scientific knowledge and applied technology. Pharma in Argentina comes from a very rich and deep-rooted tradition, triggered by the early emergence of many national family businesses, many of them now over 100 years in the country. All that was achieved in spite of the frequent volatility associated with the evolution of the economy at large. CILFA has been the institutional voice of these large national laboratories, when speaking to the different Argentinean governments over the last 50 years.

We are the visible face of the national pharmaceutical industry, responsible for the major share of local medicines production, the first international ventures of the sector and, later on, the consolidation of its presence in Latin America, based on the safety and efficacy of its products and the prestige of the national regulatory agency ANMAT.

What are the main challenges your members face today?

One of the main challenges today arises from the impact of public policies on our activities. This is worldwide a highly regulated industry and Argentina is not an exception. Price constraints in an inflationary context, the costs of regulation and the overall business environment generated by policies is a concern. Governments have always been vocally pro-industry, but there is room for improvement.. We represent the third largest sector in terms of industrial value-added in the country, after oil and steel. Overall our industry generates 130.000 direct and indirect high-quality jobs. We therefore trust that sooner or later this be recognized and policies be aligned with the strategic relevance of the sector.

On the international front, intellectual property issues continue to be an ongoing and constant challenge. CILFA, indeed, was born out of the need to preserve the space for a brand-generics, high-quality- products industry in a context where the international rules on patents began to be challenged by major pharmaceutical powers as soon as the TRIPS Agreement entered into force. We support Argentina's and other countries positions in defence of what usually are referred to as the "flexibilities" of the TRIPS Agreement, concept that we prefer to understand as rights, in the context of the balance of rights and obligations embedded in the Agreement.

Five years ago, Eduardo Franciosi, executive director of CILFA told us: "we want to increase the potential of our R&D capabilities, and we want our member laboratories to have access to better financial plans and investment funds, in order to invest in R&D." Where does CILFA stand today?

We stand today in a very good position, as we have made substantial progress in some key areas, such as investment in machinery and equipment, new industrial plants, development of export markets and investment in R&D.

In our previous report, many interviewees were hopeful for the potential to significantly expand exports of pharmaceuticals as a means of bolstering the economy. What does the export perspectives of Argentina looks like today?

The main destination for our exports is clearly the Latin American market. Despite that, Argentine products reach almost every corner of the world. For instance, China and Southeast Asia are very important for us. Furthermore, companies have been accessing Eastern European countries, Kazakhstan, Lithuania, African countries, as well as Lebanon and Pakistan.

In terms of exports growth, the last years have seen the value of our exports increase about 15 per cent per year. In 2013 total medicines exports reached a level of USD 900 million.

In terms of the type of products we export, we follow the global trend in the expectation that by 2016, half of the top-selling drugs in the world will be of biotechnological origin. In 2012, six of the twenty bestsellers were from this source, indicating an upward trend, which will strengthen in the short term.

The projections indicate that as this trend continues, drugs of biological origin will account for 50 percent of the world's best selling drugs. This data is consistent with the increase in approvals that the U.S. Food and Drug Administration (FDA), has seen in recent years.

In that context, our industry has the experience and capabilities to play a role in biological products, both innovative and biosimilars. Our industry's biotech sales amount to about USD 800 million annually, of which some USD 55 million are exports of active principles to over thirty countries. This is the result of a process of high and sustained growth since 2000, when only two of the top 20 best-selling drugs were of biological origin.

What is the future of the Argentine pharmaceutical industry? What are the priorities of CILFA

in the coming years?

In the last decade, as a result of high and sustained growth, the Argentine pharmaceutical industry increased production by more than 240 percent, which speaks volumes about the capacity of the country to create the conditions for a growing industry. Although the present situation is different, the mid-term prospects are bright. We have the necessary capabilities and resources in the sector today: it is only a matter of having a positive national and regional environment in order to be able to continue with the development of the sector.

Internally, our main priority is to promote the best possible business climate. In a few months we will be entering in an electoral process. Most of the prospective candidates signal their positions as conducive to that objective. This is a very resilient economy and, as macro conditions improve, the positive impact on our industry will quickly be felt. In good economic times, the patients have better access to medicines, and we increase our sales.

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