

# Interview with Henri Vacher, Secretary General, SICOS – Syndicat de l'Industrie Chimique Organique de Synthèses et de la Biochimie

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**Chemicals are inextricably linked industries which is evident through your board membership that is half comprised of chemical companies developing products for the pharmaceutical sector. To what degree is the French chemical industry dependant on pharmaceuticals?**

Fine chemicals can be used in electronics, cosmetics, and pharmaceuticals, the latter of which approximately defines 70% of the market. Our members provide intermediates, generics as well as custom manufacturing so they represent a broad range of the production possibilities. There is a correlation and there are big pharmaceutical players in our membership such as Sanofi-Aventis in addition to firms that are dedicated solely to one company's production needs like ORIL Industrie for Servier. Therefore Sicos represents the whole range of possibilities.

**We had the pleasure to speak with Christian Rodière recently who brought up the fact that 30 years ago, many of the French chemical producers were directly linked to pharmaceutical laboratories. This drove innovation in the chemical sector as labs provided demand for new compounds and exports from France grew. Today, a few groups continue this model such as Sanofi-Aventis, Servier and Pierre Fabre. How then, are independent chemical companies maintaining innovative development in the pharmaceutical field?**

There is not a lot of innovation in chemicals as the reactions are very well known, thus in classical production there is a natural development on a smaller scale. Pharmaceutical companies have to find the best way to obtain their ingredients, so several companies within our members are highly focused on industrial optimization for the industry. There are also start-ups in close proximity to universities which are focused on optimization with some links as well to biotechnology.

Today the main focus of chemistry is improving on the current processes and using high quality products that are not Carcinogenic, Mutagenic or Toxic to Reproduction (CMR) in order to reduce risk to employees. Companies that create products like APIs have been making the same item for a long-time, but the demand is still there in the market for principle and generic products. The best characteristic in this industry is to be flexible and look for where you can create advantages. For instance, certain companies can make reactions at more optimal temperatures so it makes sense to look for synergetic partnerships. This is why the face of the industry is constantly changing.

**What differentiates the structure of the French chemical industry to that of its European counterparts like Germany and how did it evolve in this way?**

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In the beginning the big chemical companies of Germany; Hoechst, BASF and Bayer were working predominantly in the dye industry which was very close to the chemical composition of the first synthetic pharmaceuticals. The initial idea came from scientists who noted that dyes could enter cells and give colors which is what led to Hoechst and Bayer becoming the biggest pharmaceutical companies in the world 30 years ago.

This was not the same case in France because the pharmaceutical industry more or less founded the chemical industry in order to produce their innovations so the evolution was very different. As a result the structure is different, with a lot more small companies in France. Over time the chemical companies have evolved capacities outside of their pharmaceutical bounds so that many are no longer tied to laboratories.

**France has long been known for its API production in Europe. However emerging pharmaceutical nations, like China and India, are today producing the bulk of generic APIs. As these rising powers look to move up the value chain into the niche France occupies, what is the threat to domestic chemical producers?**

The competition that China and India represent is clear and with the low Chinese Yuan and American Dollar the Euro stands as a great disadvantage for chemical producers in Europe which is an issue as a lot of the production is exported.

**Is there a risk beyond economics as there have been problems in the past with Chinese quality in certain sectors?**

There is a distinct problem with Chinese quality as you have the best as well as the worst represented in the country. Finding a reliable company is not a problem in China, but once you have given your confidence to a company you must make sure they do not go on to produce in older, cheaper facilities.

At this year's CPhI in Madrid there were a lot of exhibitors from China that do not have the authorization in their own country to sell products but have no issue coming to Europe to sell here. Clearly there is something in the system which is why Sicos asks that the European authorities inspect the Chinese producers in the same way that the US FDA does. Moreover, once a producer is approved it's important that it produces in the same facility that was inspected rather instead of sub-contracting production.

Overall, the industry needs more transparency on the origin of these ingredients or there will be more cases like Baxter and the heparin sourced from China. Sicos asked for the labelling of ingredient origin on medications: if you can know where your steak comes from in a supermarket you should know where your medication comes from in a pharmacy. Normally, pharmaceutical producers can follow the inputs of a medicine through the value chain and what happened in the process so it should be simple to attain a label.

**The generic medicines market in France has taken off in the last 10 years which has presented some problems to chemical producers as the margins of generic firms are much smaller than innovators providing them with fewer inflows to tender chemistry contracts. How will chemistry companies handling this potential decrease in the volumes of inputs sourced in France?**

The reaction really depends on the pharmaceutical industry but I will say that there are several members of Sicos operating in China and that it is normal industrial cooperation to operate in a region where you believe there to be opportunities and a competitive advantage.

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**The advantage of France lies in its research capabilities while the future of the pharmaceutical industry appears reliant on biotechnology capabilities. However, it appears that France is behind its counterparts in the UK, the US and Japan in the development of these technologies. How is Sicos working with biochemical and biotechnology companies to support this sector?**

Some of Sicos members have agreements with biotech companies for development. Perhaps, in the future we will have to consider changing our association to integrate biotechnologies as they are a precursor to certain chemicals. Defining the border of an association is always difficult because you have to be able to appeal to what all of your members want. When our members feel there is a need to do something then we will do it because we mirror their interest.

**What is on Sicos's agenda at the moment, what are you members asking for?**

Regulatory affairs are the main issue at the moment in regard to chemical production. When there is discussion with authorities on the topic of fine chemicals then Sicos but if it is a broader chemical issue then the Union des Industries Chimiques (UIC) steps in. This umbrella federation is not comprised of companies but rather other associations from the industry as it handles worker issues as well. There are two types of associations involved, those with regional focus and those with a sector representation; the latter includes groups like Sicos as well as. There are also federations representing cosmetics, glues, and ink suppliers, even the LEEM was involved to some degree in the past which demonstrates how widespread of an organization the UIC is.

Due to its encompassing size, there are a lot more people staffed to carry out the work required to ensure the chemical industry is fairly represented in regulatory affairs here in France. They have more specialists than Sicos could ever have with competence in engineering, technical direction, product management and REACH implementation. Therefore they can do much more than I can here at Sicos to further the cause of fine chemicals.

Often, the regulations may not appear very big and those affecting the fine chemical's sector are in the small print of larger legislation where there may only be one paragraph that really matters to my members. For example there have been a lot of regulations to avoid the production of Volatile Organic Compounds (VOCs) which impacts the fine chemical industry because it produces solvents in a batch process. Anytime this process is done, the VOCs have to be captured and treated and despite the refinement of the method over time, the production of these compounds is inevitable. Moreover, once a company has defined the synthesis it cannot be changed easily so once it is developed you have to follow it. These are the issues that test the members of Sicos on a daily basis.

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