

## **Time to "bridge the gulf"**

Thursday, January 25, 2007 08:00 IST

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One could understand Indian Pharma's frustration in not being able to enter the gulf countries for so long, in spite of its exports thriving to a large number of LDCs, most developing countries and "of late" to developed countries as well. However, on a closer look, one has to admit that only the "Indian Pharma" has to take all the blame for this failure. We have failed for long to put "our house in order". Non-uniformity of pharma standards, non-reliability of "made in India" brands due to unusually large presence of "fly by night" operators in export trade and past delays in enforcement of standards by the FDA and DCGI, all have contributed to this long wait.

Today, India pharma has reached a maturity in "QA", cGMP and global reliability and acceptance. India is now poised for meeting all the stringent terms and conditions of regulatory norms of Gulf countries, especially UAE and Saudi Arabia.

India has domestic experience of very rigid and virtually stifling price controls, unfavorable payment terms from government, high degree of protectionism, licensing and controls. These are not new to Indian Pharma entrepreneurs. The PhRMA decries the Saudi and UAE policies on pharma front. Eventhough, this does not automatically mean that the terrain is "India-friendly", there is a "natural fit" between GCC and India to develop pharma-friendly bilateral relationship. GCC is a major user and beneficiary of the medical tourism in India. This has provided long term exposure of Indian Pharma to GCC and vice versa which should help build the necessary confidence levels to strengthen pharma trade ties with India.

Saudi market for pharma is expected to be valued at \$ 2 billion or thereabout at present. With increasing bilateral respect, appreciation and effective mutually beneficial negotiations, it is possible to have a pie of this cake for India, if the "regulatorily well-placed" Indian pharma companies take a lead to break the ice.

India and Saudi Arabia has signed a Healthcare Agreement, as late as November, 2006 which should pave way for bilateral cooperation in hospital management, consultancy and recruitment of Indian doctors and paramedical staff in government hospitals. This agreement will also facilitate import of Indian pharmaceuticals to Saudi Arabia. "It is only natural that the accelerating relations between India and Saudi (& GCC) in the medical field and proposed areas of tele-medicinal training and doctor-exchange programmes should lead to enhanced growth in pharma trade".

Currently there are nearly 100 Indian pharma projects in operations or setting up in Saudi. Indian investments and alliances are flourishing in UAE. The GCC is inviting more Indian participation and investments. These should pave way for increased pharma performance on the GCC front.

Saudi Arabia expects US \$ 900 billion foreign direct investments in next 20 years. Share of IT and other vital knowledge based industries of Saudi is 40% compared to the total GCC domain. This means that the GCC should be planning for a \$ 2000 billion investment in next 20 years. In terms of foreign investment, India is probably 5th or 6th in the first 10 countries. "Admittedly the sincerity of Indian investors has been well-recognized and appreciated the (Saudi) Kingdom", as well as UAE.

The Saudi pharmaceutical market is the largest in the GCC. 98% of pharma in Saudi market is imported. This should be in the region of \$ 350 to \$ 400 million. In spite of stringent standards (India is no stranger to strict and strong regulatory regimes) of entry into pharmaceutical market, potential for growth exists for Indian Pharma companies in prescription (branded) drugs, generics, OTC and herbals. Registrations are stringent. Regulatory dossiers accompanying the applications for registrations need to be supported by technical certifications duly legalized by a Saudi (GCC) consulate in India. These will be examined, samples will be analyzed by the Ministry of Health to ensure that they are bioequivalent etc. Registrations will be issued (hopefully) once the results are favorable.

More than one Indian Pharma companies are engaging themselves in alliances for manufacturing and marketing. The success of the ones already established, (in spite of touch regulations) must be all the more encouraging in view of the recent trend to open up. It is also heartening to note that many a joint-venture proposals are on the negotiations-stage. Let us hope for the best in mutual interest. (The author is CEO, GNA Patent Gurukul & Gopakumar Nair Associates, Mumbai.)