



Press Release

Vital link challenged by changes in medicines procurement

CANNES, FRANCE 8th June 2010 – European full-line wholesalers are facing a harsh head wind of change. This was the main message coming from GIRPs' annual conference as the second day got underway. Hampered with a plethora of challenges such as margin reductions, varied distribution models and cost containment measures, European full-line pharmaceutical wholesalers have found that they are caught in the middle of the new means through which medicines are being procured.

Dutch based full-line wholesaler MEDIQs' CEO Mr. Marc Van Gelder discussed the problems with the changes in medicines procurement in the Netherlands, warning that major changes will eventually lead to the discontinuation of the performance of the vital public services role and function. The sun is setting on full-line wholesaling and its public services role and function unless there is a review of remuneration. In the future it will no longer be sustainable to carry on in the current environment of providing the full range of medicines to pharmacies from which patients benefit in return for a small percentage of a very low priced product. He claims the new procedures means a lower remuneration, but more work at the wholesale level and it is impossible to cross support product distribution. Comparing the price of a pack of medicines to that of a candy bar, he said they cannot and will not be able to distribute such low priced products when the remuneration level for their activities is a couple of cents.

The far reaching implications of tendering procedures are presenting a bleak outlook for the future of the public service role and function of full-line wholesaling, but also for their supply chain partners and ultimately patients.

Dr. Gerard van Odijk, President and CEO, TEVA Europe stressed "price pressures from the new procurement procedures will continue to increase competition with companies producing medicines outside the scope of European based quality standards". The lack of proper supervision by EU authorities over some competing producers outside the EU is a critical factor. He was calling on authorities to increase inspections at facilities outside of the EU to ensure the highest quality standards for products entering the EU in order to create a level playing field. Nevertheless, he believes that generic volumes will continue to grow in Europe in the years ahead.

Photographs from the conference will be available throughout the day through the following link:
<http://girp.eu/cms/index.php?/eng/PRESS-CORNER/PICTURES-FOR-THE-PRESS>

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