



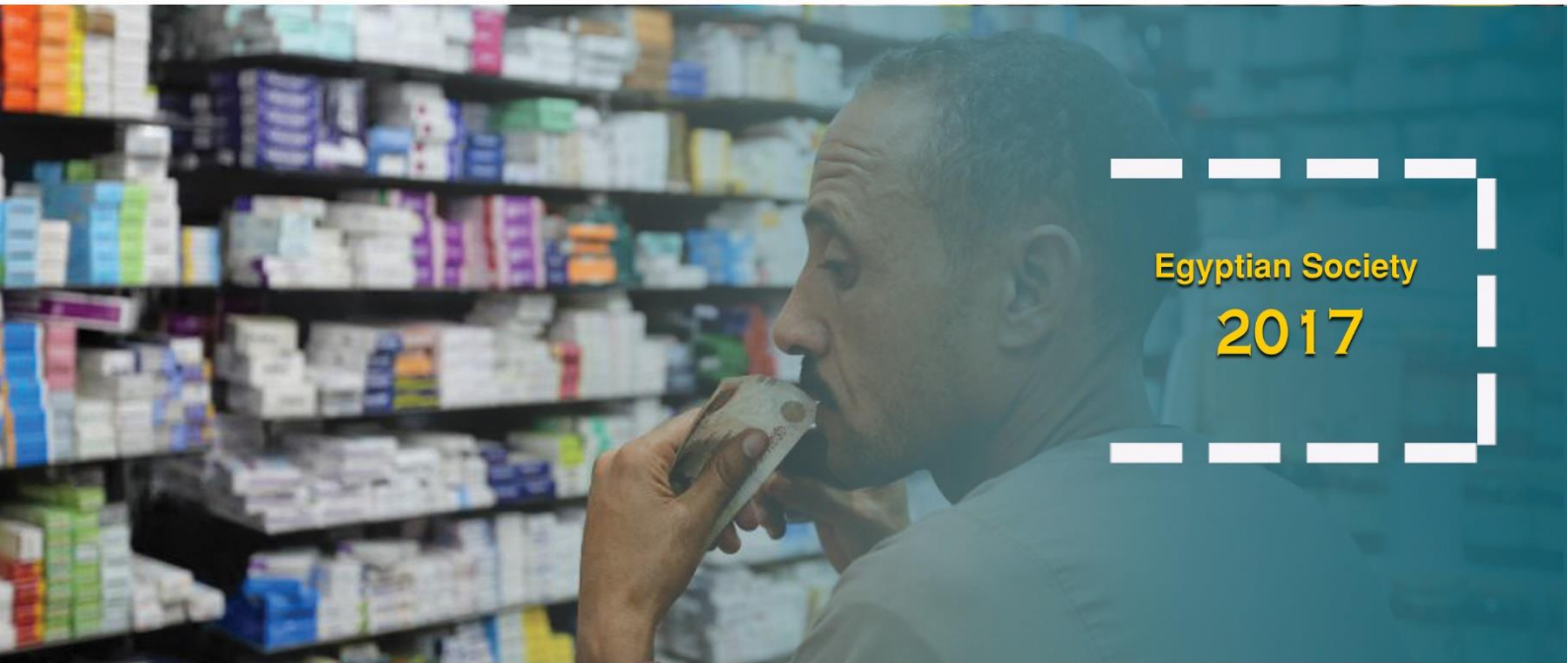
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EGYPTIAN INSTITUTE FOR STUDIES

Egyptian
Society

18 JAN 2018

Egyptian Society 2017
Drug Crisis

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Egyptian Society
2017



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Egyptian Society 2017: Drug Crisis

Dr. Mostafa Gawish

Introduction

During a press conference at the Elysee Palace in Paris on October 24, 2017, Abdel Fattah al-Sisi declared that human rights are not limited to the political side but they also include several other aspects. Then, he admitted that education, health, employment, and housing have all collapsed in Egypt.

However, since the trinity of “doctor, patient, and drug” in the health system interact together within the framework of a common environment of facilities, equipment, regulations, laws; as well as the administrative, regulatory, legal and financial structures – therefore, Sisi's remarks mean that he recognizes the existence of a serious crisis in all these components, most notably drugs which greatly affect the Egyptian citizen.

Drug Crisis

The drug crisis includes several axes that overlap together, including the successive increases in prices, disappearance of vital medicines, and the problems of pharmaceutical industries and expired drugs in Egyptian markets. This was extremely evident throughout 2017.

First: Successive increases in drug prices

Egypt has about 14 thousand registered drugs, of which 11 thousand have "codes" at the distribution companies, while pharmacies deal in nearly 7 thousand items only, which means that half the number is not available and that 3 thousand items have not been produced yet despite registration. The pricing of drugs in Egypt is supposed to be made in accordance with Minister of Health's decree No. 499 of 2012, which provides for the liberalization of the price of newly licensed drugs (according to international prices) – that is to sell these drugs in Egypt on the basis of the lowest price in the countries that trade the same product.

Decree No. 499 of 2012 is a price-setting regulation by the Health Ministry that covers both foreign and domestic pharmaceutical companies. It also defines the profit margin of pharmacies on every medicine.

The decree also states that if the product is traded in less than 5 countries, the price of the alternatives and that of the original product should be compared with the lowest price of the same product in those five countries (identified as "reference countries"). For its part, the Egyptian Center to Protect the Right for Medicine expressed "severe shock" for the issuance of such a decision, pointing out that this decision will lead to increasing prices of medicines significantly, which will greatly affect citizens' ability to purchase them.

However, the situation worsened when the Ministry of Health approved two price hikes on drugs in May 2016 and January 2017, in response to the demands of many pharmaceutical companies. The first increase included raising prices of all drugs worth less than EGP 30 by 20%, while the ministry approved another increase after the pound flotation, which included increasing prices by 30-50% on 10% of local medicines and on 15% of exported ones. However, citizens were surprised at finding out that the price increase included drugs worth more than EGP 30.

Dr. Ahmed Emad al-Din, Minister of Health and Population, then announced on Jan. 29 that the new pricing notifications for 2600 drug classes were handed over from a total of 3010 items whose prices increased by 15% for local medicines and 20% for imported drugs. Emad al-Din added that the new prices will be applied to the newly produced drugs. This decision of the Minister of Health means that one category of medicine could be sold at different prices according to the date of production. A big problem emerged with the implementation of the new prices, a problem commonly referred to as the "two prices"; when there were two prices for the same medication. The Ministry of Health had declared that any product sold to pharmacies before the issuance of the new pricing decree should be sold according to the old price, and that any medication sold to pharmacies after the new pricing decree should be sold according to the new prices. The result of the latter was that one would find an older pack with the cheaper price and a newer pack with the newer, more expensive price. Patients are no longer able to purchase the medication they need from the nearby pharmacy; instead, they have to visit around ten different pharmacies and ask if they sell according to the old or new price tariff. The decision also led the pharmaceutical companies to blur old prices of large quantities of medicines.

On August 3, 2017, Al-Badil newspaper said that the Pharmacists Syndicate organized a symbolic sit-in at the headquarters of the General Syndicate, demanding



suspension of the decision of the Health Minister, as the syndicate sent several letters to the Ministry of Health but to no avail. The Pharmacists Syndicate then sent a letter to the Ministry of Interior to allow organizing a march to the office of Dr. Ahmed Emad El Din, Minister of Health, but the Interior Ministry rejected the syndicate's request.

However, the Pharmacists Syndicate did not cancel the march, and maintained its sit-in. "The Ministry of Health's decisions are not in the best interests of pharmacists and patients at all," said Dr. Mohamed Soudeh, the former president of Pharmacists Syndicate. "The sale of drugs at two prices has caused confusion in the drug market, which puts pharmacists in a critical situation in front of the patients. Dr. Mohie Obeid, the President of Pharmacists Syndicate believes that the demands of pharmacists are legitimate, especially after drug companies' violations of the Ministry of Health decisions, pointing out that the pharmacists' sit-in within the headquarters of the Syndicate was a legitimate right guaranteed by law.

However, July 2017 had witnessed activities to prevent more hikes in drug prices. Dr. Mohamed Ashraf, the secretary general of the drug division at the Egyptian Chamber of Commerce, said that there will be an increase in the prices of 15% of the drugs as of August 2017, according to an agreement with the Ministry of Health in January. He added that the increase in prices will be between 30 and 50 percent, as happened in January. He pointed out that the increase in the prices of medicines is necessary and required by owners of drug plants after the recent government economic decisions. Mahmoud Fouad, director of the Egyptian Center to Protect the Right for Medicine, said the agreement of January 2017 (between the ministry of health and pharmaceutical companies) stated an initial increase in the prices of 3010 medicinal products, provided that the prices should be re-considered in August 2017 according to the exchange rates. Also, Prime Minister Sherif Ismail said the Ministry of Health signed an agreement with pharmaceutical companies in January to reconsider the prices of a new group of drugs by August. The Egyptian local companies had asked for an increase of 40% while foreign companies insisted that the increase should not be less than 60% until the problem is finally resolved.

The fifth item of a memorandum submitted by the Ministry of Health to the cabinet stated that the Ministry and pharmaceutical companies agreed on starting the re-pricing of a number of medicines as of August 1 2017 according to the dollar



exchange rate with a maximum of 20% for the medicines of foreign companies, both local and imported, and 15% for the medicines of Egyptian companies, as well as 8 items of the medicines produced by small factories.

However, Minister of Health Ahmed Emad El-Din denied reports on any rise of drug prices in August. Emad El-Din said the government would not increase the prices of medicine this year (2017). “There are no discussions with the pharmaceutical companies about increasing prices, and this issue is unnegotiable,” Emad El-Din said on the sidelines of “Egyptian Women Can” conference on Sunday, July 2.

Dr. Samer El-Refaie, President of the Arab Association of Pharmacy Progress, also had something to say about price surges. He agreed that price surges were a necessity, but he criticized the Ministry of Health and pharmaceutical companies for the way the price surges were implemented. “The price increases were implemented randomly by the Ministry of Health and selectively by pharmaceutical companies,” he stated, elaborating and saying that pharmaceutical companies chose the products to be added to the new pricing plan based only on which would grant them the highest profits.

El-Refaie also weighed in on the shortages in some medications and their relation to the price surges, saying that the cost of production of some became higher than their public price, especially if these medications did not receive a price increase. This led companies to stop producing them, leading to their disappearance from the market. “In the pharmaceutical market in Egypt, medication lines are only stopped if they are no longer profitable,” he said.

Second: Lack of drugs and disappearance of essential items

The crisis of drug shortage was the biggest challenge for drug producing companies in 2017. The government has already agreed to increase the prices of drugs twice a year, provided that the companies be committed to providing all the missing medicines, especially those which were not covered by the price rise. The Pharmacists Syndicate accuses pharmaceutical companies of deliberately refraining from producing these drugs to pressure the government for raising prices. But, pharmaceutical companies refer this crisis to the rise of all production inputs as well as the great dollar price rises during the period following the decision.



Although the Syndicate of Pharmacists estimated the number of missing drugs at 1,688 in December 2016, the periodical bulletin of MOH Central Administration of Pharmaceutical Affairs's Drug Shortage Department showed that there was shortage in only 40 drugs (with no alternatives) and 221 preparations (with available alternatives), according to the bulletin's issue of Jan. 1, 2017. On the other hand, Dr. Obeid, head of the Pharmacists' Syndicate, said on February 21, 2017 that "there is shortage in more than 1500 drugs in the market," pointing out that the shortage crisis is still going on. Then, on April 16, 2017, Dr. Ali Abdullah, director of the Center for Pharmacological Studies, announced that despite a breakthrough in the shortage in ordinary drugs, there is still shortage in the essential drugs, which are significantly needed and have no alternatives.

The Egyptian Centre to Protect the Rights for Medicine (ECPRM), a rights watchdog, said earlier September that it detected a shortage of 1420 drugs in August, 54 of which have no alternative. The Health Ministry responded to that report by saying that the figures announced by ECPRM are incorrect and that the comments aimed to cause confusion. However, It said the total shortage of drugs amounted to 15 active ingredients, substances which have no identical medicines, though alternatives exist - which maybe be used after consultation with a doctor.

On the other hand, on Sept. 26, 2017, Al-Masry Al-Youm newspaper published the statements of Dr. Ali Auf, head of the pharmaceutical division of the Chamber of Commerce who said that there is shortage in 15 active ingredients in the markets, stressing that there is a specialized department that is following up and monitoring all kinds of missing drugs in Egypt.

In a statement on Thursday, September 28, 2017, Sahl al-Damrawi, member of the Chamber of the Pharmaceutical Industry of the Federation of Industries, said that the task of the committee is to identify the missing essential items and push for re-pricing them quickly. He pointed out that the price of some drugs has been increased twice during the past year for some important items, pointing out that this is a positive step from the Ministry of Health.

During October 2017, the shortage of vital medicines and medical solutions in the Egyptian market resulted in the suspension of surgeries in a number of public and private hospitals, as well as the disruption of emergency departments, threatening the lives of millions of patients. Among the drugs that have almost disappeared from



the market are the long-acting penicillin injections, in addition to drugs for blood pressure, liver, anesthesia, stroke, anti-viral drugs, and others. The shortage of drugs has led to the recovery of the black market, with prices of some items reaching more than 25 times their original price.

Faced with this worsening crisis, the Ministry of Health denied the existence of a shortage of medicines or medical solutions, adding that there are sufficient stocks to meet the needs of citizens, accusing the social networking sites of being behind the rumors of a shortage of medicines. However, there has recently been a sharp discrepancy between the figures announced by the Ministry of Health and the reports of the Pharmacists Syndicate - which confirmed a shortage of about 1,500 classes of medicine; while the Ministry insisted that the shortage was limited to 15 items only. The Egyptian Center to Protect the Right for Medicine, earlier announced in a report that nearly 1,400 items of drugs and medical supplies were not available in the market.

For his part, Hisham Shiha, former assistant minister of health for therapeutic medicine, said that the stores held by the owners of pharmaceutical companies, some of whom are members of the Chamber of Commerce and the Pharmacists Syndicate, are full of drugs. He added that many private pharmacies are storing vital medicines in anticipation of an official decision to increase prices. He explained that the crisis is an artificial one caused by the owners of factories and distribution companies to force the government to increase prices for the third time, especially since many of the missing items are extremely essential and have no alternative. Commenting on the crisis, rights activist Ali Al-Ghannam said that the shortage of medicines is a crisis that has been going on for almost three years, pointing out that the crisis is linked to the deteriorating economic conditions and the failed policies implemented by the government.

Al-Ghannam added that Egypt imports almost all its medicines from abroad, and with the rise of the dollar price after floating the Egyptian pound, there has been a severe shortage in many items. He explained that the main reason behind this crisis was "the drug trade lobby, controlled by members of some Pharmacists' Syndicate, who allow well-known pharmacies and traders to monopolize medicine, store vital items in their stores, and then sell them at twice the price." He explained that there are many drugs stacked in the "stores of senior traders who deal with medicine as a



commodity and not a cure that can save a patient's life." He continued, saying "The second reason behind the crisis is the lack of control over the sale and circulation of medicine," adding that "the Ministry of Health has no real role, except for denial of existence of any crisis on the ground.

Third: Pharmaceutical industry in Egypt

In the context of random decision-making, there is a trend to privatize Al-Nasr Pharmaceutical Chemicals Company. Dr. Ashraf Al-Sharqawi, Minister of Business Sector, has declared that the Holding Company for Pharmaceutical Industries is currently considering a proposal from a Saudi company specialized in the manufacture and production of medicines to enter into partnership with Al-Nasr Company for building new production lines during the coming period.

Al-Nasr Pharmaceutical Chemicals, a subsidiary of the «Holding» Pharmaceutical Company, a public company, was established in 1962 with Russian technology, with the aim of being the drug house and the pharmaceutical industry castle in the Arab world. It was equipped with the latest technology at the time "The company continues to transfer its expertise, generation after generation, during which generations have maintained production lines and chemical reactors," said Mohieddin Hafez, head of the Egyptian Federation of Investors' s Health Committee. He added that the company still produces more than 26 drug raw materials in the Egyptian market. Hafez said that if the country restored confidence to the company by injecting finance, investment and development, even through partnership with Chinese or European companies, it would become a giant national enterprise.

Fourth: Expired medicines

On 10 January 2017, during the crisis of raising drug prices, Dr Mostafa El Wakil, Vice Head of the Pharmacists Syndicate, said that pharmacies are living the worst period in their history, stressing the Syndicate Board decision that pharmacies would enter into a total strike if their demands were not fulfilled, including increasing the profit margin and stop recycling expired medicines.

"The pharmacists have left sufficient time for negotiations since they announced their strike decision, but it did not work," he said. "We are facing a lot of pressure because of people's dissatisfaction," He added.

On April 27, 2017, Dr. Ansi Shafei, Vice-President of Alexandria's subsidiary pharmacists syndicate, met with the managers of the major pharmaceutical distribution companies in the city. It was agreed that the implementation of the Ministerial decision on local medicines would start from April 2017 until the end of December 2017 with 8% of the withdrawals, provided that it would continue on an open basis from January 2018 for three months.

On July 10, 2017, Dr. Mohie Obeid, chairman of Pharmacists Syndicate and Dr. George Attalla, member of the Syndicate, met on Monday (July 10th) with Tariq Abdel Rahman, Chairman of the Board of Directors of the Egyptian Pharmaceutical Company. During the meeting, it was agreed to activate the expired drugs withdrawal agreement.

Dr. Mohie Obeid, the chairman of the Pharmacists Syndicate also announced that the Hepatitis C cure, used by the government's General Authority for Health Insurance, was expired, and that the Health Ministry practiced fraud by extending the drug validity for six months. However, the Ministry of Health denied reports about using expired cure for Hepatitis C, in response to statements by Dr. Mohie Obeid, who confirmed that extension of the validity of the drug for 6 months was illegal, according to resolution No. 425 of 2015. Obeid accused the Ministry of Health of trying to dispense with the quantities piled in its stores.

Summary

The crisis of disappearance of many vital medicines in Egypt has escalated amid accusations that the regime has failed to undertake their responsibility in this regard, and thus threatened the lives of thousands of patients. Various governorates have witnessed a severe shortage in drugs, such as penicillin injections and diabetes drugs for several months. Citizens are no longer able to reach these drugs except in the black market, which has recently flourished as prices have become 20 times more than the value of its official price, in the absence of government control.

Despite the continued shortage of medicines over several months, the Ministry of Health reiterated its statements about imminent solutions. Despite the suffering of Egyptian patients due to lack of medicines, the Minister of Health still confirms that there is shortage in only 25 drug items, which completely contradicts the statistics of

the Pharmacists Syndicate, confirming that there is shortage in about 1200 drug items.

Anyway, the remarks of Dr. Mohie Obeid, the chairman of the Pharmacists Syndicate, were very expressive of the Egyptian medical scene in 2017. He said, "The only body that rejected the increase in drug prices was the Pharmacists Syndicate, which filed a lawsuit against the Ministry of Health to push for suspending the increase in drug prices in favor of the Egyptian patient." Obeid said, "the Ministry of Health runs the drug crisis with failed mechanisms," adding that through the crazy price rises, the health ministry violated the right of every Egyptian patient to purchase his own medicines.



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