Carlos Leigh – Executive President, ALAFAL, Peru



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Carlos Leigh, executive president of Peru's Asociación

de *Laboratorios Farmacéuticos Latinoamericanos (ALAFAL), discusses the advantages that LATAM companies have over big pharma players looking to enter the Peruvian market, and offers his predictions for the future of the sector for growth.*

Can you introduce yourself to our readers?

I actively worked in the pharmaceutical industry for about 50 years. I retired from a pharmaceutical company about ten years ago, at which point I got involved with ALAFAL. This organization represents the most important Latin American pharmaceutical companies, many of whom have entered the international market for the first time in the last few years. Many companies that come to Peru find that they experience quick growth upon entering. In terms of market share, several Argentine companies hold the top spots. Our main objective as an association is to work with the pharmaceutical activity in tandem with government regulations so that our members our more proactive in Peru and can grow even more. ALAFAL also serves to protect companies' rights to work in Peru. The association also represents companies that have a license with foreign companies. However, it would appear that we are headed in that direction. Latin American companies have experienced the most growth in Peru in the last five years, and they have captured a big part of the market. Latin companies control between 20 and 23 percent of the private market in Peru, as they are not too active in the hospital market. This is because Latin companies tend to have lower prices in this market for the same quality as big pharmaceutical corporations. We will have more

opportunities in the future for in-licensing activity, such as with biologics, representing licenses from the US, Korea or Europe. This means we need to protect the products we are bringing into the market.

When would this go into effect?

ALAFAL is in the process of implementing solid regulation with DIGEMID. With these kinds of advanced products, I suppose that their registration will take place sometime in August, and the Peruvian authorities will create a strategy and indeed laws pertaining to biologics. This is the future for global pharmaceutical companies, and in regions like Latin America, the market will grow in parallel, as these biological products target specific sicknesses or medical specialties.

How important is Peru for ALAFAL companies' strategies?

Peru has a very interesting market for our members, simply because it is growing and they have the opportunity to come introduce themselves into our market and culture because of the regional know-how, geographical proximity and language connection. These companies know the Peruvian industry and are in closer contact than those companies based in the US or Europe.

Are there any peculiarities specific to the Peruvian market?

Peru is an open and competitive market. ALAFAL member companies, in terms of size, are between the traditional big pharma companies and medium-sized companies. They have the same interests as American and European companies because they are competing in the same market. Indeed there is some competitiveness because all these companies are here.

Generally speaking, what type of products best sell in this market?

In the last few years, the big corporations of the US and Europe have partnered with companies in LATAM that only produce generic products. In the past nobody was interested in fighting the generic market. Now there are new companies here, some of them American, that are actively taking part in the generic market. This means that they have the same interests in terms of looking at Peru as an opportunity. This is clearly not the biggest market in the region, but it is certainly an interesting one.

What challenges do Latin American companies face when coming to Peru?

Maybe a company comes here for some sort of social reason. Every company that comes here is not solely looking to make a business with higher prices; simultaneously we need to achieve some social aspect to bring products that middle class people can obtain easily. We are also in the

capacity to produce the biggest products like any company with the same quality and specifications using the same manufacturing practices with the same international level of quality assurance.

Do bigger companies come to Peru to engage in contract manufacturing?

Not really, because in every company in Latin America has its plants in their country of origin. Furthermore, some companies cover the whole Latin American market from their home country as well as beyond, particularly in Argentina. Having a plant in every country would be very costly for Latin American companies, as well as for American and European companies.

How many members does ALAFAL represent?

We have 11 of the biggest Latin companies from Argentina, Chile, Colombia, Bolivia, Venezuela and Peru in 2015 as well. We represent the biggest companies in the region like Roemmers, Bago, Tecnofarma, Procaps, Genfar, among others. Some companies are looking at being bought by larger companies based in the US or Europe. These companies can innovate, and the quality that they bring in terms of licensing is good for local innovation. Foreign companies place lots of trust in Latin companies with whom they can create a good partnership.

What are your expectations for the future?

ALAFAL member companies are at a point where they are creating growth with new products while maintaining the businesses that they already have in the Peruvian market. Growth these days can only occur with new products. While all companies are currently experiencing some difficulties with the sanitary registration for new products, ALAFAL and its members are in close contact with DIGEMID to ensure new products can come to the market in a short period of time. We expect that the market will grow between five and seven percent in 2015. This figure could be more or less depending on the number of new products that enter the Peruvian marketplace.

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