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The president and chairman of MC Pharma discusses the position of the pharmacy segment in the current Moroccan healthcare context.

Could you introduce MC Pharma to our international readers, and more especially describe the relationship that exists between MC Pharma and Cooper Pharma?

MC Pharma was established in 2002 by a group of shareholders, including Cooper Pharma and myself. The capital was open, but 95 percent remained in the hands of pharmacists. We received our license in 2005. We specialized in effervescents, through a technology transfer that we had negotiated with a Swiss laboratory. We also sell other products than effervescents, but these are manufactured by Cooper Pharma.

We have been operating for seven years; the increase in turnover is fair even though we have been impacted by the price cuts on the side of our industrial activities.

Why did you choose to specialize in effervescents?

When you start something in Morocco, you need to stand out from the others, for here all laboratories produce all forms. It is far from what happens in the world, where pharmaceutical sites are dedicated to one or two forms only. As we came in to complement Cooper Pharma, it made sense: their plant is almost complete, so we had to find our own niche.

We hesitated between two, collyrium and effervescent, and opted for the latter. We are not alone, other laboratories have been producing effervescents for a long time, such as Laprophan or Galenica, but this is a specific technology, quite unique, which led our laboratory to find our place in the market quite quickly.

The other niche in which MC Pharma is well positioned is dietary supplements. Why food supplements?

Indeed, we are targeting this market to develop our own range. Currently, on the global as well as Moroccan level, medicinal usage of dietary supplements is growing, with better margins than drugs, as prices are liberalized, and the potential is great. In magnesium, we are leaders out of twenty or so products currently on the market.

When we started this, we found a Swiss partner. We had realized that there was demand, in Morocco but also in the MENA region. We have not begun to export to the Arab world yet, but there has been a strong increase in demand for food supplements over the last ten years.

Forecasts for dietary supplement market growth predict a seven percent increase every year until 2020. What are the characteristics of this market in Morocco?

Unlike in Europe, here the guarantee of quality lies with the pharmacy, as this is the only place where such supplements are sold. Consider children’s products for instance: to purchase a baby bottle at the pharmacy guarantees a certain level of stock management, a guarantee that the local drugstore cannot provide. Today the majority of food supplements are prescribed after medical examination by a physician, which is not the case elsewhere. As with prescription drugs, once prescribed by the doctor, patients are responsible for taking the medication.

These supplements are produced to the same standards as prescription drugs, and MC Pharma sells all of these products through medical promotion and in particular through the work of our 90 staff.

You are yourself a pharmacist, and in a recent interview, you mentioned a certain concern regarding the purchasing power of pharmacies. Why are you concerned about pharmacies today?

In the 1970s, there were maybe 500 pharmacies, but today there are ten thousand, which ensures a good geographical distribution across the country. The ratio of pharmacies to inhabitants is now normal (48,000 inhabitants/pharmacy in 1965 to 2,300 inhabitants/pharmacy in 2012). What is worrying indeed is the drop in turnover for pharmacies, which we hope will be compensated by the

spread of AMO (obligatory health insurance): it covers only one third of the population so far. In the 1970s, the income of a pharmacist would be two or three times that of a civil servant! Nowadays, pharmacists struggle to survive relative to their level of education.

As a result of the pricing reform, there has been a margin transfer from the industry to the pharmacist as well as a price cut. Has this not helped pharmacies?

This question is difficult for me, as at the same time I am a manufacturer, a wholesaler and a pharmacist with a dispensary. But as a citizen, and trying to remain objective, I believe that today, being a pharmacist is not an enviable position. They study hard, and can hardly scratch a living once settled, thanks to low growth in the market and a high number of pharmacies in the country.

Pharmacists used to get a 30 percent margin on sales, which has now been increased to 34 percent since the pricing reform was implemented by the Ministry of Health. This might seem like a large increase, but it barely affects the turnover of a pharmacy, which also has a large tax burden.

If we could make the average income of pharmacists at least equivalent to the French minimum wage, this would be real progress. The older generation has nothing to complain about, but younger people do not have the same opportunities today.

What is your opinion on the implications of the latest health reforms?

I personally believe that pharmacists did well to defend the price drop and margin transfer,, because they are the ones sustaining this industry. Pharma companies have other leverage at their disposal to improve their margins, such as the liberalization of OTC prices. It is no use to go into conflict with pharmacists. The price drop was more than justified and could have happened a long time ago, even before the 2000s. In certain cases, drugs imported from France were sold 20 or 30 percent more here, which was definitely aberrant.

Drug accessibility has improved thanks to the penetration of generics. Generics began in Morocco in the 2000s. For a country which is still emerging, the penetration rate of generics, around 30 percent, is still insufficient compared to European countries. Take hypertension for instance. In the year 2000, the average price of a hypertensive was 115 dirhams. The same drug now costs 50 dirhams, thanks to the introduction of the generic. In terms of accessibility, in 2000, one out of every 31 hypertensive patient would receive treatment. Nowadays, it is one in two!

This drop mainly affected hospital products, such as cancer treatments. What I find very positive with this cut are the efforts made on expensive products which treat diseases like cancer, kidney issues, etc. Note that very few generics were affected, while originators and branded generics at

last returned to fair prices.

Morocco is lucky to have a young population, as well as a double-digit growth; there are bargains to be had for everyone as long as the patient is not forgotten! However, this price cut will have a real and psychological impact which may dampen investment.

You are expanding, and Morocco is seen as Europe's gateway to Africa. What importance do you attach to the African market for the future?

Africa will awaken, and soon Europe will be coming in boats to our countries. Any resource can be found on the continent, just like Brazil. The only thing is that there is need for democracy, for leaders to get interested in their country. With population growth, a rich subsurface, there is everything it takes for a bright future.

In the old days, European countries where interested in Africa for political reasons, and now for economic ones. Morocco made this choice, and now French banks have withdrawn from Africa and made the way to Moroccan banks, same between Air France and Royal Air Maroc. His Majesty's policy today is to invest in Africa and capitalize on the relationships that the previous king had been sustaining. There will be a return on these investments.

Some laboratories, particularly Indian ones, want to settle in Morocco to be able to reach out to Africa thereafter. The biggest potential is probably that of Nigeria, followed by Senegal, the Ivory Coast, and Gabon. These markets are truly an Eldorado, with many opportunities in many sectors, but personally, I will not consider any activity unless it is of benefit to both parties. The first stage of this partnership model is to build a factory in Africa, and we can see that Morocco is already well engaged in this regard.

MC Pharma is currently getting its products licensed, but for the moment we are only at the very beginning, we have not yet registered one product, neither dietary supplement nor effervescent.

What is your five-year vision for the future of Moroccan pharma?

We will continue to develop and invest, key elements in the pharmaceutical industry. National companies who took the risk a long time ago to invest, now make a profit from this buoyant market; it is booming, formal, creating high value jobs. To make money is good, but to earn it reasonably while creating wealth and jobs at the same time is even better.

It is exciting and thrilling as an industry. I am very optimistic; I know that despite the drop in prices, the industry has a bright future ahead.

The last word will be that we must never forget that the pharmacist is our partner.

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