

PAKISTANI PHARMACEUTICAL PLIGHT DURING COVID-19

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COVID-19 seems to have engulfed whole economies like a giant whale. Everyone is affected, if not physically then economically and financially. The industries of various sectors have started to enter a gloomy phase. The pharmaceutical companies too are badly affected.

INTRODUCTION

Pakistan has around 759 units for manufacturing pharmaceutical products and meets almost 70% of the demand for finished medicines in the country (Pakistan Pharmaceutical Manufacturers Association, PPMA). Inclusive in this total are 25 multinationals, which together hold an equal share with domestic manufacturers in the Pakistani market. In Sindh there are approximately 183 firms (PPMA).

Their current problems already include lack of technology, power shortages, dearth in trained personnel, export red tapism, poor law and order situation, inconsistent political and economic policies, lack of local raw material availability, frequent devaluation of currency and fixed prices by DRAP causing shrinkage in profit margins, and poor infrastructure. The industry had already witnessed in FY19 a negative growth of 8.4% (State Bank of Pakistan).

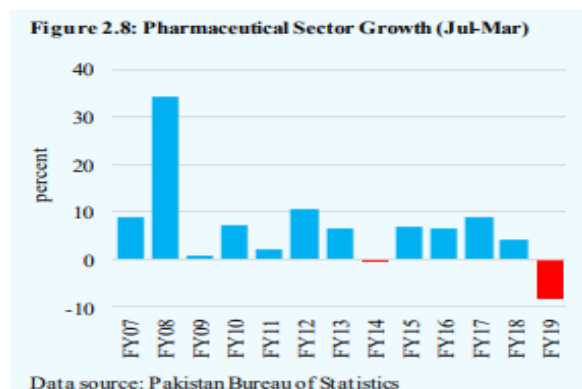


Figure 1

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ISSUES DUE TO PANDEMIC

The main raw material used in the manufacture of medicines is API (Active Pharmaceutical ingredient), which is mostly imported from China (around 80%). Wuhan is the chief hub of API manufacturing and China is the world's largest API producer. Since China was fighting its war with the unseen, it had closed all its exports of this material. And now that China has started to open up, we have decreased ours. APIs cannot be transported via sea as the salty air spoils it. Normally the companies, depending on their size, keep a 3 to 6-month stock of the raw material but now some of the small companies are running low on the stock. A few small manufacturers, in Sindh have already closed operation or will soon be doing so if the situation persists. A small local firm based in Islamabad expressed their fear that they don't have stock, which will last longer than a month. However, this scenario is not a source of major concern for the big companies. A representative of Getz Pharma shared that they are not worried about a reduction in their production capacity. However, their current apprehension is a sharp surge in the raw material prices due to scarce supply. This may be crippling for the small manufacturers.

Another important concern is regarding the quality of API, post crisis in China. Most international regulatory authorities are unable to monitor the quality due to the pandemic and due to a lack of any Chinese regulatory body, low quality product may be supplied to a raw material hungry world and in particular Pakistan. Previously there have been numerous incidents worldwide where low quality Chinese API has caused serious health concerns. In 2018, USA imported 250,000 DPT vaccine from China which were later found to be substandard. More recently, Spain was supplied COVID-19 testing kits by Shenzhen Bioeasy Biotechnology, of which 58,000 were found faulty. Czech Republic imported 150,000 out of which 80% were faulty. Netherlands was imported substandard masks and the government had to recall the distributed masks. Thus DRAP needs to become wary in this regard that the hospitals, and pharmaceutical industry is not getting low graded material.

Raw material is not the only present issue of the Pakistani pharmaceutical industry. The packaging that they use which includes glass/ plastic bottles or the cardboard boxes are running short of supply since the glass, plastic and paper industries are shut down. To add to this, simple things like the rubber used in the packaging or the stoppers have mostly been imported from China and thus running short too. The local manufactured ones are not FDA (Federal Drug Authority) approved and of the right quality to be used by most of the big pharmaceuticals. The ampule used for

medicines is imported too. We lack good quality producing industries for such basic things and now we are heading towards a catastrophe. The “personal protective equipment” which includes surgical masks, gloves, and gowns is predominantly made in China. COVID-19 has not only crippled Chinese economy and has caused severe supply havocs for Pakistan.

The drug Hydroxychloroquine, due to the popularity created by President Trump, has become short in supply in Pakistan too. People have taken it for precautionary purposes. However, it has many side effects. Last week, social media was reeling with its benefits and people had even posted dosage too but incorrect dosage may cause other issues. Although DRAP issued a notification on 20th March regarding sale of this salt on only prescription basis by licensed pharmacies, it came a bit late. People were way swifter in buying it. Relevant awareness for the masses is essential.

Discussing about incorrect dosage, it is the case for vitamin C intake for enhancement of immunity against COVID-19. Excess intake may have side effects. There is a need to raise awareness regarding it too. Vitamin C has become short in supply too along with other medications such as Azithromycin, Loratadine, Flurbiprofen and Levofloxacin.

People have hoarded common medicines causing emerging of a black market for medicine where the same medicine, which was costing Rs. 45 is being sold for Rs. 100. Some medicines that are being sold in black include Cefixime, Panadol CF and Panadol Extra. An old medical store staff, in North Nazimabad, Karachi, said that the “god-fearing” owner is ensuring that medicines are not being sold at a preposterous rate at their shop but they are running short of many medicines now and supply is dwindling. This scarcity in vital medicines may be problematic, if not detrimental, for the public.

Pharmaceuticals work hand in hand with specific distributors. Distributors may be having big “zillas” for distributions. However, the message is not being communicated down the chain properly especially to the policemen guarding the roads. The notifications vary from area to area. Different areas have different rules to tackle the pandemic. Thus distribution trucks are not being allowed inside certain areas even though government has placed no such restriction on them. Last Wednesday, a distribution truck of a local pharmaceutical firm was barred entrance in Mingora. On Friday it was in AJK that the same company faced issues. Although the matter is then taken up with the local authority and resolved eventually but it is causing unnecessary delays, wastage of energy in resolving, and needless use of human resource to sort out matters. On top of this fake cards of being pharma employees are being made by people for free movement within the city. These cards

are especially helpful for the pharmaceutical 'booking' staff that goes to areas to take orders and communicates to the relevant department for supply. If booking is not made timely and correctly, supply cannot be effectively made. Another notification by government is that distributors cannot supply outside their "zillas". This is creating unnecessary logistics issues.

There are many quacks in the country, who often resort to giving injections to patients as medication for quick relief. They prefer injections instead of pills. Injections give rapid relief as compared to pills but are more harmful for patients. These fake doctors prefer injections so that they are able to satisfy the patient quickly. If the price of pills rises further, these quacks will resort to cheaper injections even more, further aggravating the side effects on the patients.

Counterfeit medicines are common in Pakistan and may be damaging for patients. COVID-19 has caused supply of various counterfeit medicines. A recent example was a surge in the availability in the market of counterfeit vaccine Prevenar Vial by Wyeth Pakistan Ltd to protect against pneumococcal caused by the bacterium Streptococcus pneumonia. This was controlled through a notification issued on 16th March 2020, by DRAP, but only after the company itself launched a complain.

Due to continuous devaluation, profit margins of the pharmaceutical firms will decrease. A representative at Getz Pharma expressed concern that along with devaluation of the rupee, many API and packaging manufacturers have already notified that they will be increasing their prices. However, since the prices in Pakistan are set by DRAP, the firms are in a crunch. If the firms don't find it profitable to produce, they may stop production of many medicines altogether. Thus pharma price fixing needs to be revised as soon as possible.

CHINESE SURVEY APPLICABILITY ON PAKISTAN

To better understand the issues in China and get an idea of the issues that the Pakistani pharma may be facing we take a look at a survey. The survey conducted in mid-February 2020, by Deloitte China shows that due to COVID-19, 37% of the pharma firms find it extremely hard for the logistic and warehousing to deliver medicines to the markets. 23% of the firms responded that they couldn't meet the sales target. While 43% responded that due to volatile market it is difficult to assess the correct level of demand. Research and development activities have come to a standstill, clinical trials are no longer possible and employee productivity is a major concern. The survey also analyzed that 59% of the firms are having severe supply chain management issues and 51% are having excessive financing pressure. Although a survey such as this has not been conducted in Pakistan, the results

may be very much applicable on our industry too. The academia can look into this as a possible research venture.

PAKISTANI DATA

Looking at some data, the percentage change in CPI for the health group was 0.58 % from Dec 2019 to Jan 2020 (Pakistan Bureau of Statistics). There was a 1.32% increase in doctor's fees. From Jan 2020 to Feb 2020 the CPI percentage change was 0.72. It was 11.79 % from Jan 2019 to Jan 2020. And 12.43 % from Feb 2019 to Feb 2020. There was a year on year increase of 15.31% in drugs and medicines. This shows an increase in demand for health related products.

CONCLUSION

Although the demand for medicines surged before the announcement of the lockdown as people started hoarding medicines out of fear, but now there is a slump in the market. People are scared to go to hospitals for minor illnesses in fear of contracting COVID-19. Another reason could be that people are generally falling less sick due to fewer interactions. For example, less chances to get influenza, conjunctivitis, mumps, chicken pox and similar infectious diseases. Due to the lockdown there is less traffic and fewer road accidents. Again a reason for lower demand for medicines needed to treat such mishaps. The lower demand may just equate the lower supply and dampen the initial increase in prices.

However, the government needs to take quick actions. Agreements with the relevant governments of trading partners need to be made to ensure smooth trade in order to have adequate supply of raw material and packaging material. If we are successful in getting these supplies, DRAP needs to administer strict quality control. The prices of medicines need to be revised. Also DRAP must be more vigilant in the present pandemic for crack down on retailers selling medicines at higher rates or without proper prescription. Further there is a need for increased surveillance of supply chains for counterfeit medicines including wholesalers, clinics especially in rural areas, drug dealers and medical retailers, and hospitals.

ACKNOWLEDGEMENTS

Author is thankful to Global pharmaceuticals pvt Ltd and Getz Pharma for their support during writing of this article.