

Drug firms win SA preference tender

By [Tamar Kahn](#)

7 Aug 2012

The Department of Health has awarded its first tender aligned with the government's latest industrial policy which gives preference to local manufacturers, boosting business for some of SA's biggest drug firms.

Aspen Pharmacare and Adcock Ingram, the biggest pharmaceutical firms listed on the JSE, yesterday, 6 August 2012, welcomed the award of the R2.55bn oral solids tender, the state's second-biggest medicines contract after HIV/AIDS drugs.

Aspen Pharmacare said it won R634m of the two-year tender, or 25% of the contract, while Adcock Ingram said it had won R270m worth of business.

The government's industrial policy has designated the pharmaceutical sector as one in which local manufacturers should be given preference, which is intended to stimulate domestic industry and attract foreign investment.

For products that could be obtained from local manufacturers, 70% of the volume required by the state was made available to companies that manufactured the drugs in SA.

Adcock Ingram said it had raised its share of the oral solids tender fourfold.

"It is good news for us. We are quite significantly up on where we were before, at about R30m annually," said Adcock CEO Jonathan Louw.

Aspen's head of strategic trade Stavros Nicolaou also welcomed the tender award, and said the company's performance was in line with its expectations.

Speaking as a representative of the trade association Pharmaceuticals Made in SA, which counts Aspen among its members, Nicolaou said several key products were being imported, and these represented opportunities for local manufacturers.

"We will be engaging government on how these can be produced locally," he said. These included atorvastatin, used for treating high cholesterol, omeprazole, which counters acid reflux and the anti-seizure drug lamotrigine, Nicolaou said.

The tender announcement on the Department of Health's website yesterday, included supply contracts for 461 line items. A further 80 line items have yet to be awarded, say industry sources.

The deputy director-general for health regulation and compliance, Anban Pillay, declined to comment yesterday.

He said officials would issue a press statement at a later stage.

Several small local pharmaceutical companies have made the department's cut for the first time, including Adminicle and Pharmafrica.

The contract had also, for the first time, split awards among up to four suppliers. Usually they are awarded to one or two suppliers.

SA's pharmaceutical manufacturing industry is insignificant by global standards, and focused on the production of generic medicines, copies of those originally developed by other firms.

Source: *Business Day*

For more, visit: <https://www.bizcommunity.com>