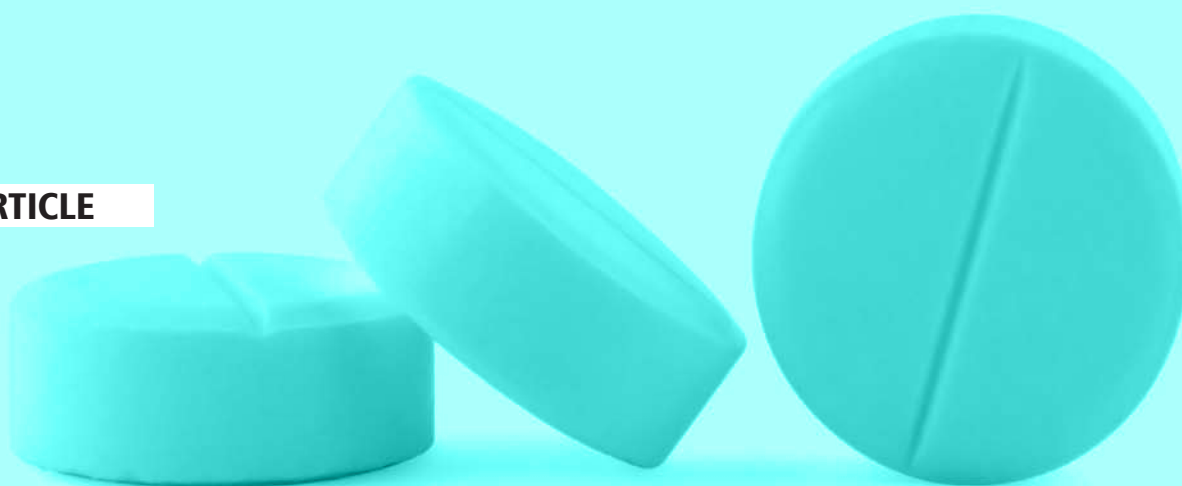


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Pharmaceutical lobbying

Author: Magdalena Nizińska

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A successful market entry of a new medicine requires on one hand obeying the registration procedures, and on the other – plenty of supporting activities promoting the new therapy, listing on reimbursement lists, and above all convincing the parties influencing patients' behaviours and choices. Historically, the pharmaceutical industry used to have bad publicity related to illegal contacts with authorities and physicians. However, it seems that with increasing access to information and companies' social responsibility awareness this situation has significantly changed.

Are illegal payoffs still a problem in Central Eastern Europe?

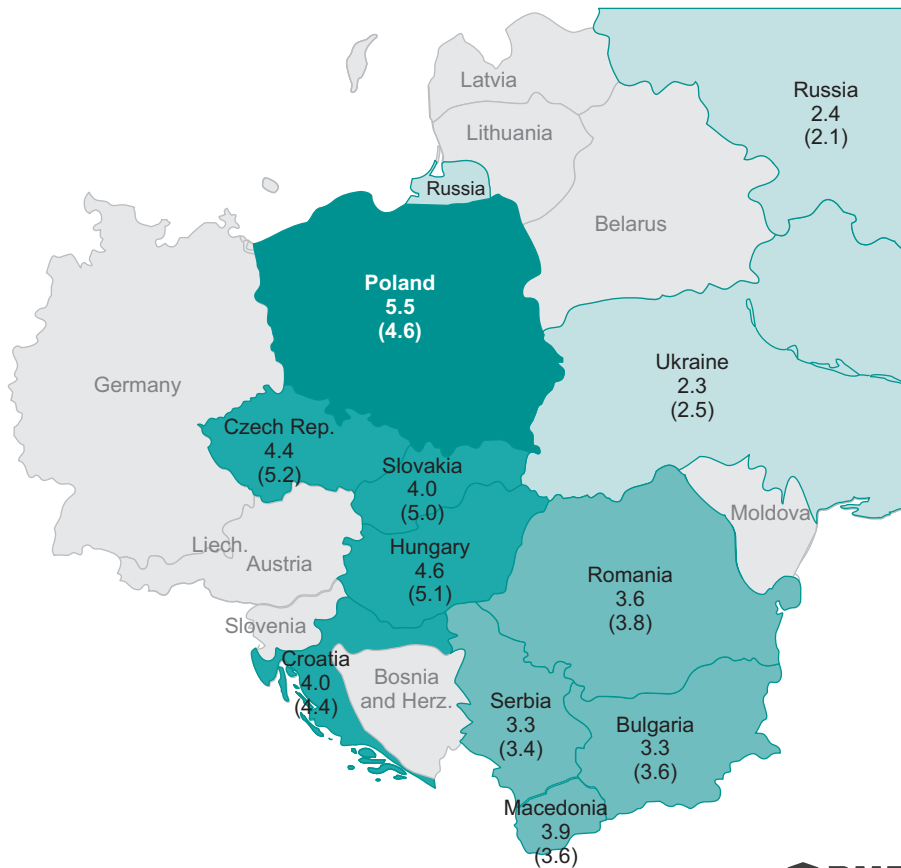
Are Central Eastern European countries still strongly affected by the corruption problem? Is this relevant to the pharmaceutical sector, as it was believed in the past?

Is lobbying perceived as veiled illegal conduct, or is it a respected standard act of convincing business partners to particular decisions?

Looking at the Transparency International CPI 2011 (Corruption Perceptions Index), which measures the perceived level of public sector corruption in 183 countries on a 10-level scale, we see that the situation in the region has improved in Poland and in Russia, while other countries still seem to struggle with the problem.

In countries like Poland, Hungary, Czech Republic or Slovakia open illegal activities are becoming out of the question. In the pharmaceutical sector in particular they have been substituted with numerous lobbying activities such as social campaigns, and cooperation with local patients' organisations.

Corruption Perception Index in the CEE, 2011*



* Results for 2008 given in brackets
Source: CPI 2011, Transparency International, www.transparency.org

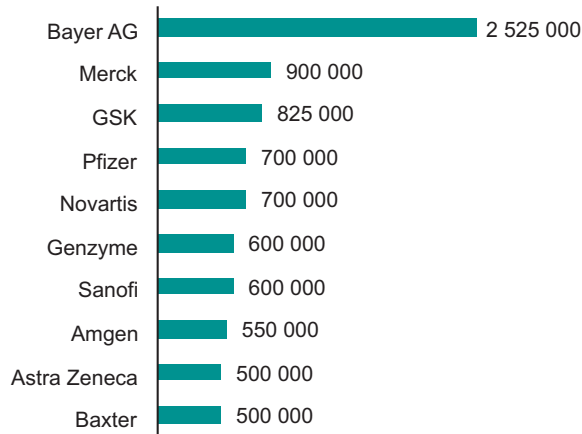
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Pharmaceutical Lobbying in Europe – Key Facts and Figures

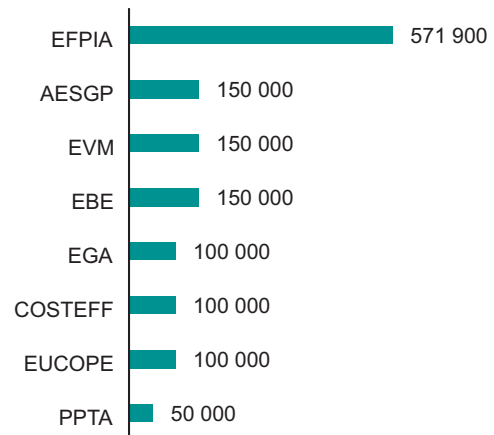
According to the statistics of the EU Transparency Register, spending on lobbying activities in the pharmaceutical industry in the European Union exceeds EUR 40 million a year. Nearly half of this budget is spent on local lobbyists, whose goal is to influence key decision makers. The rest supports e.g. social campaigns, patients' organisations, or medical professional societies. At the same time, many pharmaceutical companies fail to declare their activities to the EU Transparency Register. It is estimated that, if recorded in total, the expenditures would amount to the level of approx. EUR 90 million, i.e. over twice higher.

Yet again, according to the EU Transparency Register, 23 companies spent a total amount of EUR 18.9 million on advisory services. This translates into EUR 820,000 per company, but is considered to be significant underestimation. There are 22 trade associations in Europe which admit to spending EUR 2.3 million on representing their members. Among these, the European Federation of Pharmaceutical Industries and Associations spent half of the total value.

Top 10 company spenders in the EU, 2011 (EUR)



Top trade association spenders in the EU, 2011 (EUR)



Source: "Divide and conquer: A look behind the scenes of the EU pharmaceutical industry lobby", March 2012

Social campaigns

Social campaigns are an example, and at the same time an important lobbying activity for building a company's position in a particular country. The goal is to support selected therapies and increase social awareness of particular disorders. They are very often launched directly before introducing a new medicine in order to promote the therapy, engaging all the possible media platforms and communication channels, even up to including a particular disease or medical disorder as a plot of the most popular TV series. One of the best known case studies is the awareness campaign on depression launched by Eli Lilly & Company in the USA before introducing Prozac™ onto the market.

Pharmaceutical lobbying is not only about building a relationship with the right people. The sources of influence are strongly differentiated between local authorities, medicine registration offices, medical professional societies, patients' organisations, Key Opinion Leaders etc. Each of these groups needs to be approached in a different way, in order to support particular interests. The key to success is the ability to grasp all these circumstances at once, and therefore strike a happy medium that at the same time will be the most effective and within an acceptable ethical frame.

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Contact PMR

PMR Consulting

tel.: /48/ 12 296 22 50

fax: /48/ 12 296 22 99

e-mail: info@pmrconsulting.com

www.pmrconsulting.com