



Pharmaceutical Pricing Policy **in Egypt**

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EGYPT



- ❑ Population : 81 Million
- ❑ GDP : \$ 431 Billion
- ❑ GDP/ capita : \$ 5400
- ❑ Health Expenditure: \$ 6.7 Billion





Pharmaceutical Factories



| <i>No</i> | <i>Type of factory</i> | <i>Number</i> |
|--------------|-----------------------------|---------------|
| <i>1</i> | <i>Public Sector</i> | <i>9</i> |
| <i>2</i> | <i>Multinational Sector</i> | <i>9</i> |
| <i>3</i> | <i>Private Sector</i> | <i>60</i> |
| <i>Total</i> | | <i>78</i> |



Registered & priced



7419 products

6070
Local products
81.8 %

1349
Imported products
18.2 %

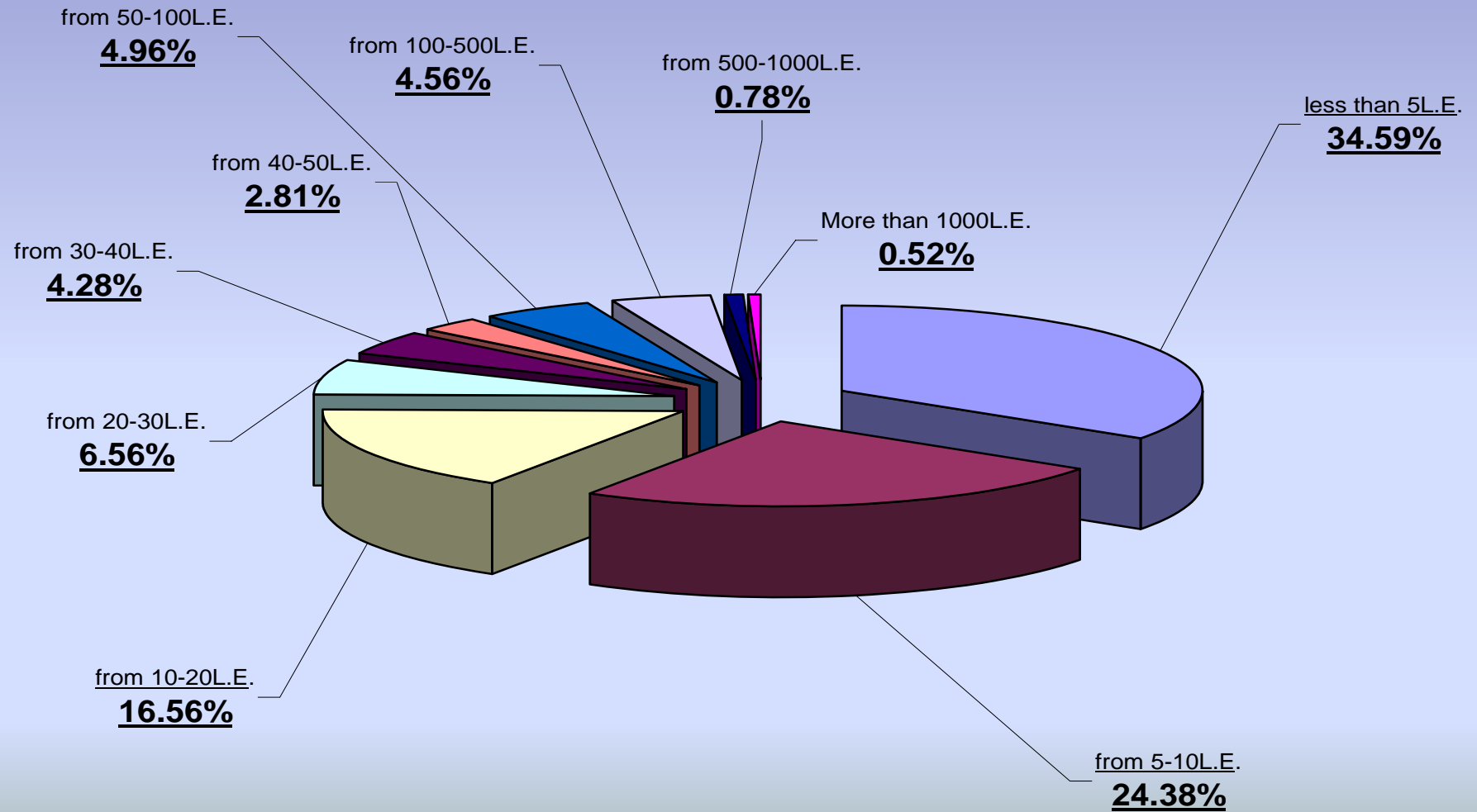


Newly priced products

| 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | Total |
|------|------|------|------|------|------|-------|
| 619 | 343 | 573 | 721 | 605 | 944 | 3805 |



Price categories for all registered And priced products till April 2008





Egypt Export Data

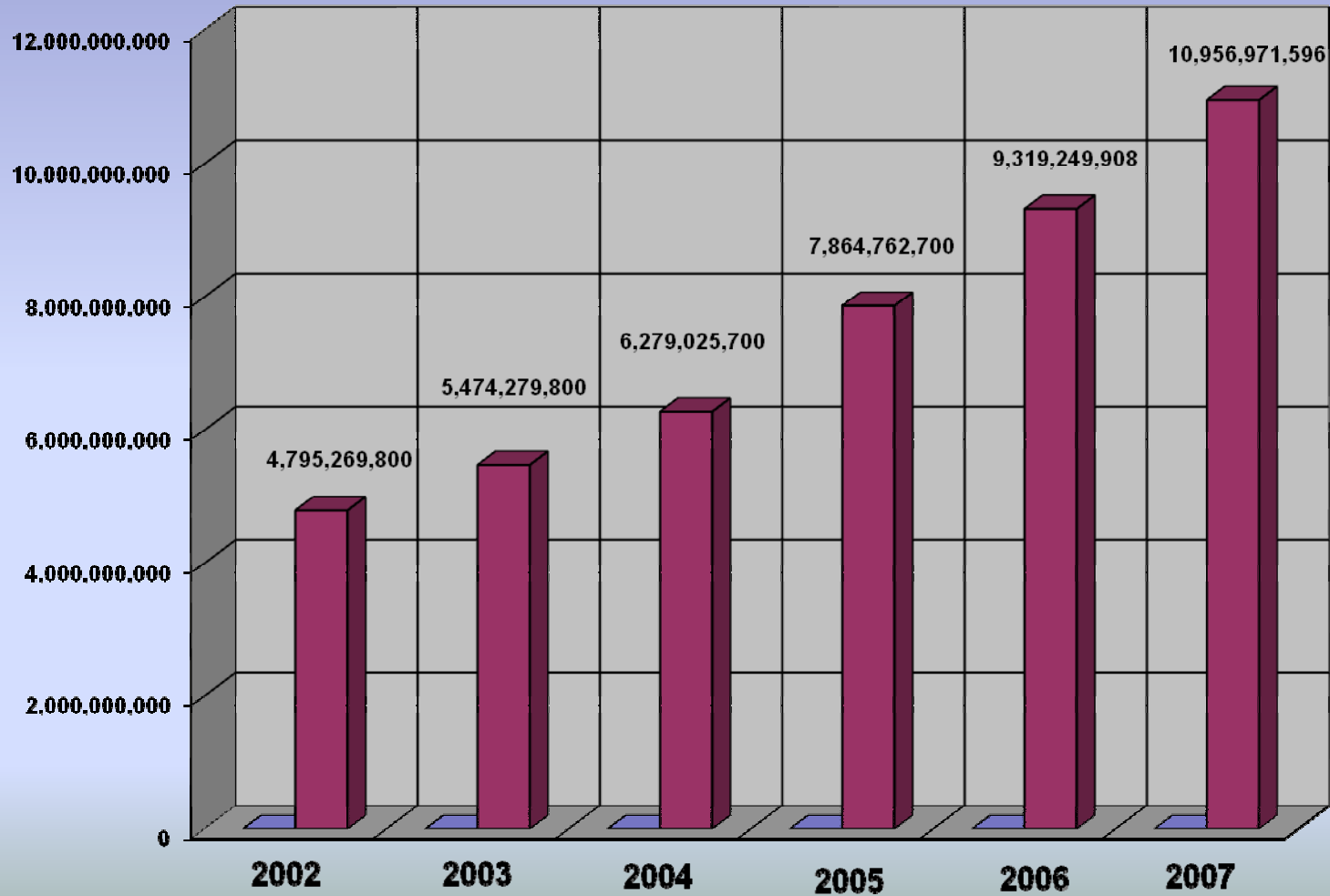
- * **No. of Exporting Egyptian companies in the last 3 years:**
30 companies (Public & Private sector)
- * **No. of Countries importing from Egypt:**
65 countries (29 countries in Africa – 28 countries in Asia –
8 other countries)
- * **Total Export value in 2006:**
145 million dollar



Pharmaceutical Products Sales values in Egypt



Sales L.E





I- Pricing policy of Brand Products



The decision for pricing of brand products depends on many criteria :

1- Cost Plus method

Calculating the retail price of the product according to a cost sheet including :

- * CIF or FOB price of the product**
- * Profits margin (Company – Distributor – Pharmacist)**
- * Taxes & Tariffs.**

2- Price comparative study with :

- * The price of product in :**
 - a- The country of origin.**
 - b- The available neighboring countries (Kingdom Saudi Arabia , Bahrain ,Jordan , United Arab Emirates , Greece -- etc)**
 - c- The available reference books BNF , Rote liste , Vidal.**



I- Pricing policy of Brand Products



3-Comparison of the product with the alternative brand in the same therapeutic group:

- ❖ ***As comparing Risk / benefit ratio between the product in question and the alternative brand.***
- ❖ ***Taking in consideration the differences of doses and the overall average daily or monthly dose between them.***
- ❖ ***Where the proposed committee price in Egypt should be the lowest of all neighboring countries , regarding the Egyptian community Income (affordability).***
- ❖ ***Price negotiations with the Company are undertaken by the Pricing Committee on behalf of the Minister & when a price is agreed it is subjected to Ministerial approval.***



**Pricing List of Local Pharmaceutical Products according to
the Ministerial Decree No. 314/1991**



Trade name:
Manufacturer:
Generic name & concentration :
Dosage form:
Pack :
Source of raw materials

| | |
|---|--|
| Raw material(s) cost | |
| Packaging materials cost | |
| Direct salaries (up-limit) | |
| Total direct costs | |
| Indirect industrial expenses 20% | |
| Financial & administrative expenses 30% | |
| Marketing expenses 15% | |
| Research expenses 3% | |
| Scientific office expenses 11.6% <i>(in case of products under license)</i> | |
| Royalty expenses 11.6% <i>(in case of products under license)</i> | |
| Total costs | |
| Manufacturer's profit (15% or 25 %)* | |
| X- Factory Price | |
| payment in cash 4.5% | |
| Distribution expenses 7.86% | |
| Wholesaler Price | |
| Pharmacy profit 25% | |
| sales taxes ** | |
| Medical stamps | |
| Retail price | |

* 15 % Profit for products indicated for treatment of chronic or life threatening diseases
 25 % profit for others

** 5 % from x- factory price

Products indicated for treatment of chronic or life threatening diseases are exempted from sales taxes



II- Pricing policy of Generic Products



*** In the basis of Cost Plus :**

calculating the retail price of the final product according to a cost sheet including :

- * Raw materials cost*
- * Packaging cost*
- * Production cost*
- * Profits margin (Company – Distributor – Pharmacist)*
- Taxes & Tariffs.*

**According to the new Ministerial Decree regarding Registration of Locally produced products in 2006*

The pricing committee new guidance represents The basis of Cost Titration :

- First four generic Products take the same price which will be about 60-75% from the Brand product Price , after which a decline of 10% from previous price is done.



II- Pricing policy of Generic Products

- The proposed committee price depends on price comparative study with the priced similar taking into consideration:***
 - a) Availability of these similar in the Egyptian market***
 - b) Date of pricing of these similar.***
 - c) Other concentration or dosage forms priced for the same company.***

- The proposed committee price is affected by the simultaneous changes in the currency exchange rates which affect directly the prices of raw materials and also the changes in prices of different packaging materials.***

- For New strengths of already priced products , pricing of double strength is only 30 % more than half strength.***



**Pricing List of Imported Pharmaceutical Products
according to Pricing Bases approved by
The Minister in 30/8/1988**



| | |
|-------------------------------|---|
| Trade Name | Dosage Form: |
| Importing Company : | Pack: |
| Foreign Manufacturer : | FOB (or CIF) Price in Foreign Currency |
| Exchange rate | FOB (or CIF) Price in LE |

| | |
|--|--|
| F.O.B Price in LE | |
| Cost of freight 5 % OF F.O.B price | |
| Insurance 1% OF FOB price | |
| C.I.F. Price | |
| Bank Charges 1% OF FOB | |
| Customs duties * | |
| Clearance Charges & Internal transportation 0.55% of CIF | |
| Total Cost / Unit | |
| Importer Profit 6.4% | |
| Price of the importer to distributer | |
| Distributor Profit 7.53% | |
| Wholesaler price | |
| Pharmacist Profit 13.64% | |
| Public price before adding taxes | |
| Sales Taxes** | |
| Medical Stamps (2% of public price without taxes) | |
| Retail Price | |

* 5 % of CIF price

Products indicated for treatment of chronic or life threatening diseases are exempted from customs duties

** 2 % from public price without taxes

Products indicated for treatment of chronic or life threatening diseases are exempted from sales taxes



Thank