

Parallel Trade of Pharmaceutical Tops European Commission Agenda, says New Report

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June 4, 2008 - [PRLog](#) -- Report Buyer, the online destination for business intelligence for major industry sectors, has added a new report analysing pharmaceutical supply chain strategies.

“Pharmaceutical Supply Chain Strategies”, which is available at <http://www.reportbuyer.com/go/DAT11003> reports that last year’s breach of the pharmaceutical supply chain in the UK has put the issue of parallel trade at the top of the agenda for the European Commission.

The report shows that in the first half of 2007, three batches of counterfeit drugs – Lilly’s Zyprexa (olanzapine)(1), Sanofi-Aventis’s Plavix (clopidogrel)(2), and AstraZeneca’s Casodex (bicalutamide)(3) – were discovered in the UK supply chain, having entered the country as part of legitimate consignments from France.

Authors of the report note that Europe’s free trade policy, combined with the often large price differentials across member states, has driven parallel drug trade, a practice in which distributors absorb most of the profits at the expense of manufacturers. They further highlight that aside from the lost revenues, manufacturers contend that parallel trade can lead to drug shortages in the export markets and increase the risk of counterfeit drug entry; a claim that now has some weight behind it following developments in the UK.

As a result of revenue lost to parallel trade, manufacturers have long sought ways to gain greater supply chain control and have used several tactics to do this, often bringing them into conflict with distributors. The resolution of one such dispute, between Greek wholesalers and GlaxoSmithKline (GSK), looks to be an unwelcome one for the manufacturing industry as a whole, with ramifications for its stock management powers.

Equally contentious has been the introduction of direct to pharmacy (DTP) distribution in the UK. GSK adopted a DTP scheme many years ago and employs all full-line wholesalers (those carrying all prescription drugs) as logistics service providers. More recently, in March 2007 Pfizer controversially introduced an exclusive version of DTP, with just one wholesaler – UniChem – to provide logistics support. AstraZeneca and Sanofi-Aventis have since implemented DTP, using two and three full-line wholesalers to provide logistics, respectively.

The study shows that wholesaler groups are understandably worried, with the potential loss of a third of the UK primary care drug market, corresponding to more than \$3 billion in sales. The authors note that with a large proportion of the top-end high-value drugs passing out of reach of the smaller regional and secondary wholesalers, the industry must act quickly to avoid sinking.

“Pharmaceutical Supply Chain Strategies” is available from Report Buyer. For more information go to: http://www.reportbuyer.com/pharma_healthcare/drug_deliver...

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