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Patent expiry to open huge opportunity for Indian pharma

After a brief lull caused by the economic slowdown affecting the US economy, the US has once again emerged as El Dorado for Indian drug makers as between 2010 and 2015, drugs worth a whopping $ 235 billion are set to go off patent, and Indian companies are expected to corner a large chunk of this pie. The expiry of patent is going to be a major avenue of growth for the Indian pharmaceutical industry both in terms of volume and value. Over the past two years, Indian pharmaceuticals companies have turned to emerging economies in Asia and Latin America, such as Brazil, Turkey and Mexico, which have been growing at a healthy 14-15% annually. The word 'generic' is used to describe a product, particularly a drug, which does not have a trademark. For example, 'paracetamol' is a chemical ingredient that is found in many branded painkillers and is often sold as a generic medicine in its own right. Indian companies aren't the only ones in fray to grab the opportunity. There is bound to be stiff competition from global generic players such as Teva (Israel), Apotex (Canada), Cobalt Pharma (Canada), Sandoz (Germany) and Actavis (Iceland). However, experts feel the scale would be tipped in favour of Indian companies to some extent on account of the fact that production costs in India are 35-40% lower, due mainly to cheaper manpower. India tops in the world in exporting generic medicines and currently, the Indian pharmaceutical industry is one of the largest and most developed in the world. India exports to more than 200 countries around the globe including the highly regulated markets of US, Europe, Japan and Australia. India accounts for 8 per cent of the global production and 2 per cent of the world market. India exported drugs worth around $8 billion in 2008-09, most of which to the US and Europe, followed by Central and Eastern Europe, Latin America and Africa. The country now ranks 3rd worldwide in volume and 14th in terms of value.

The PricewaterhouseCoopers which has made extensive study on the patent related generic drug market, observed that 2013-15 will mainly see patent expiries on drugs, which are niche products catering to specific segments, are often difficult to produce and have smaller sales potential. The next 2-3 years will see blockbusters opening up for generics play. However, it warmed that thereafter the opportunities would be limited. "After 2-3 years, the drugs going off-patent would mostly be biological entities, as well as those requiring complex technical knowledge and catering to limited niche segments, not the mass-market kind of drugs," PwC said. India possesses the credentials of producing high quality generic medicines that are sold around the world. In the near future a tremendous surge is expected in the demand of generic medicines followed by a huge number of patent expires which has become a major concern among the governments in US, and in developed countries like Europe so as to reduce the healthcare costs being spurred by an ageing population. Estimates reveal that by 2025, America and Europe will have approx. 25% of their population above 60 years of age. This translates the need for more generic medicines that are vastly available as compared to the drugs sold by innovator companies. The right strategy for Indian pharmaceutical players therefore would be to expand and extend their presence in emerging markets of Europe and USA and other developed countries. Patent expiry also offers India to exploit its know-how in herbal medicines. The Indian companies should engage in R&D in herbal medicine and should try to exploit the Indian traditional knowledge, as the research in Development of New Chemical Entities (NCEs) involves millions of dollars investment and herbals are not considered under purview of TRIPS regime.

India emerges a big market for aircraft industry

India's aviation industry is set to fly high with forecast that India will need over 1000 aircrafts worth $138 billion by 2028. The Airbus Industrie, a leading global aircraft manufacturer, recently forecast that India will be a big market for the industry as India will need these aircrafts to serve strong demand for passenger air travel and freight, and also to replace ageing fleets. The Airbus has recently revised upward the forecast for India in view of the economic recovery and revival of air traffic. The rising demand for aircraft will take India to the fifth position in the top 10 countries in aircraft demand for two decades. Airbus has also predicted that India will be the fastest growing country for air travel for the next 10 years with domestic traffic increasing by an average 12.2 percent per year. Traffic growth will also be amongst the world's highest, averaging 7.3 percent over the next 20 years compared to the world average of 4.7 percent. By 2028, Indian passenger fleet will increase four-fold, mushrooming to 210 aircraft, comprising 39 new freighters and 171 conversions from passenger aircraft. Airbus has also said that by 2028, 14 of the top 20 airports in the world will be in the Asia-Pacific region and they will include Delhi and Mumbai. Asia will lead in world traffic by 2028. With 10 percent growth, domestic India will be the second biggest growth market after domestic Turkey. Deregulation, economic growth, population growth and inter-regional trade will be the drivers of this growth. it added. India's aviation industry has been growing at 18 per cent CAGR, and the country will need at least 400 airports and 3,000 aircraft in the next 10 years to keep pace with the growing demand.

Belgian Crown Prince leads Economic Mission to India

India's multi-faceted ties with the Kingdom of Belgium, home to over 14,000-strong Indian Diaspora, got a stimulus with the visit by the Crown Prince Philippe of Belgium in March. The focus of the visit was predominantly economic, with Belgium increasingly looking at India as potential investment destination and also to develop broader economic relations. Crown Prince Philippe's visit to India from 20-27 March as the head of a big 240-member delegation is seen as very positive development in bilateral relations between Belgium and India. A large number of officials from various administration and agencies including Flanders Investment and Trade which accompanied Prince Philippe's mission show the Belgian government's keen interest in boosting trade and economic ties with India. The mission visited Mumbai, Pune, Bangalore and New Delhi. The vast market available in India has prompted the Belgian industrialists to venture new investment opportunities. Mr. Laurens Naraina, Senior Partner of the global audit firm PwC and Member of the Board of the EICC was also a member of the Mission.

Abellon signs MoU with Ghent Port Authority

Abellon CleanEnergy, a sustainable energy solutions company which is part of a global conglomerate based out of India, signed a MoU with Port of Ghent on the 25 March in Mumbai during the Belgian Princely Mission to India. EICC Board Member Mr. Sushil Handa represented Abellon on the occasion. The MoU has been signed for JV investments in Energy & Infrastructure in Europe and in India. During the India Calling 2009 in Brussels, Mr. Handa had an opportunity to meet with the Crown Prince and discuss with him Abellon CleanEnergy's strategic investment plan in Belgium. The signing of the MoU was a first step towards cementing this trade and investment relationship between Abellon CleanEnergy and Europe.

Indian companies eye London listings

Several Indian companies are considering plans to list in London, in what would be a fillip for the UK's capital at a time when it is promoting itself as a financial centre for emerging economies. Despite a spate of withdrawn initial public offerings in the UK, there remains a healthy pipeline of Indian companies looking to conduct IPOs in London. The largest Indian company to IPO in London to date is natural resources group Vedanta Resources, which listed in 2003 in a flotation that valued the company at more than £1bn (€1.1bn). Seven years on, it is believed there could be a return of big-ticket listings. India's Jubilant Energy has been mooted in the UK press to be one of the companies weighing a London listing, having engaged advisers to prepare for an IPO. The company previously tried to list in 2007, and could be valued at around $2bn (€1.5bn). There is "definite interest" among Indian companies in London listings and London is particularly attractive for certain industry sectors, such as cleantech and renewable energy, as there is a feeling among Indian companies that the UK market understands those businesses better. Investors have a high degree of interest in companies that offer access to emerging market growth opportunities and that are conservatively structured in terms of debt.

European Commission launches Europe 2020

The European Commission in March launched new economic strategy to go out of the crisis and prepare EU economy for the next decade. The Commission has identified three key drivers for growth, to be implemented through concrete actions at EU and national levels. These are smart growth (fostering knowledge, innovation, education and digital society), sustainable growth (making our production more resource efficient while boosting our competitiveness) and inclusive growth (raising participation in the labour market, the acquisition of skills and the fight against poverty). This battle for growth and jobs requires ownership at top political level and mobilisation from all actors across Europe and therefore targets have been set which define where the EU should be by 2020 and against which progress can be tracked. The Europe 2020 Strategy sets out a vision for Europe's social market economy over the next decade, and rests on three interlocking and mutually reinforcing priority areas: smart growth, developing an economy based on knowledge and innovation; sustainable growth, promoting a low-carbon, resource-efficient and competitive economy; and Inclusive growth, fostering a high-employment economy delivering social and territorial cohesion. Progress towards these objectives will be measured against five representative headline EU-level targets, which Member States will be asked to translate into national targets reflecting starting points: 75 % of the population aged 20-64 should be employed, 3% of the EU's GDP should be invested in R&D, the "20/20/20" climate/energy targets should be met; the share of early school leavers should be under 10% and at least 40% of the younger generation should have a degree or diploma, and 20 million less people should be at risk of poverty. In order to meet the targets, the Commission proposes a Europe 2020 agenda consisting of a series of flagship initiatives. Implementing these initiatives is a shared priority, and action will be required at all levels: EU-level organisations, Member States, local and regional authorities. The MEPs however have stressed that EU funding should be conditional on results and compatibility with the aims of the strategy. They have also stressed that the EU2020 strategy should focus on reducing unemployment, better co-ordinating economic policies, and beefing up economic governance with binding rules. The European Commission's new strategy for growth and jobs will have to go through several hurdles and tests with member states before it is put into action. Some member states have questioned EU's legal right to set targets and coming month will see if the 2020 vision will have the desired acceptability on the member states' own vision of development.

EU plans reducing red tape for small firms

The European Parliament has approved a plan to reduce red tape for accounting purpose for small firms as a result of which small companies could be exempted from having to draw up annual accounts. The MEPs approved changes to EU accounting rules which would the responsibility of each Member State to grant such exemptions, depending on the impact the directive would have in that country. Companies would in any case still have to keep records of their business transactions and financial situation. About 7.2 million EU companies are subject to reporting rules under EU accounting directives. Some 5.4 million (around 75%) of these are "micro-entities", for example flower shops or local bakers. They are primarily engaged in business at local or regional level, with little or no cross-border activity. This proposal would allow Member States to simplify the business environment for micro-companies by waiving the usual reporting requirements, thus boosting their competitiveness and growth potential. The reach of micro-entities' business is generally confined to the regional and local market. To that extent they have no cross-border impact on the single European market, and the logical conclusion, therefore they need not be bound by EU-wide internal market regulations. The exemption from having to draw up annual accounts would apply to companies that meet two of the following criteria: balance sheet total under €500,000, net turnover under €1,000,000 and/or average of 10 employees during the financial year. In its report, the European Parliament argued that Member States should have a free choice of whether or not to exempt micro-entities, "taking account in particular of the situation at national level regarding the number of businesses covered" under these threshold values. To address concerns that an exemption from accounting duties could hamper internal organisation and reduce transparency and access to information, the EP made it clear that micro-entities must still be subject to the obligation to keep records that show the company's business transactions and financial situation, "as a minimum standard".

India, US ink pact to boost trade and investment

India and the US have signed a new set of rules of commercial engagement to give a boost to rapidly-growing trade that has more than doubled over the last five years. Called "Trade Policy Forum Framework for Cooperation on Trade and Investment", the pact will facilitate trade and investment flows between the two countries. With bilateral trade of $65.9 billion in 2009, the US is India's largest trade partner. It is also one of the leading sources of Foreign Direct Investment into India. Indian investment flows to the US estimated at $13 billion in 2007 are also steadily growing. The India-US Trade Policy Forum was established after the visit of the Prime Minister Manmohan Singh to US in July 2005. The United States Trade Representative and Indian Commerce and Industry Minister are the co-chairs of this forum. Five Focus Groups have been discussing various trade policy issues of mutual interest relating to tariff and non-tariff barriers; services; agriculture; investment; and creativity and innovation. The India-US Economic and Financial Partnership will be formally launched by India's Finance Minister and US Treasury Secretary in New Delhi on April 6. India has also asked the US to review and update its export controls to reflect the changing political realities of their emerging strategic partnership. This issue was raised last month by the Indian government with the US Department of Commerce during the meeting of the India-US High Technology Cooperation Group (HTCG), a key component of India US Strategic Dialogue. At this first meeting, "the two sides were able to consolidate the progress made in the last five years and identified the next steps for further expanding high technology trade between India and the US," according to an Indian embassy release. The identified steps were "especially in the areas of Defense and Strategic Trade, Biotechnology and Nano-technology," it said without spelling them out. The total exports of Advanced Technology Products from the US to India has increased from $1.3 billion in 2003 to over $4 billion in 2009, a somewhat impressive increase, particularly against the backdrop of the global economic slowdown. However, India has asked the US to further streamline its rigid export controls saying that barriers continue to hamper transfer of high-technology.

India has advantage in demographic growth among its BRIC peers

India is likely to see a much favourable demographic trend in the next three decades than neighbouring China, boosting the country's economic growth prospects in the coming years. According to a study conducted by DB Research, India's growing population of young people and resultant changes in the savings and investment pattern would be advantageous for the Indian economy going forward. The study says that Brazil and India are demographically in a substantially more favourable position than China and Russia. India, by contrast, will enjoy a very favourable demographic momentum for another three decades which will impact not only economic growth prospects, but also savings and investment behaviour and potentially - if somewhat difficult to quantify - financial market growth prospects," DB Research, a part of the German banking major, Deutsche Bank, has said. It further says that going by the United Nations, the working-age population in India would shoot up by 240 million over the next two decades, equivalent to four times the total population of the UK.

EICC welcomes 3 new Associate Corporate Members

With the membership of 3 Associate Corporate members the EICC has expanded its membership in March. The new members are Interel, Tramonto Consults and Shere Punjab Complex. Interel is an international consulting group specializing in strategic communications, public affairs and association management and has established itself as trusted partner in this market since 1983 focussing on providing strategic public affairs advice and practical on the ground support. Tramonto Consults is an independent media corporation with an exclusive partnership with the Business Standard in India. The company plans to promote Belgium in India by producing special high level country reports of Belgium over a period of 3 years. They are also planning to produce special edition country reports with different contents such as Pharmaceutical, ICT, Diamond, Transport, Petro Chemical & Refinery, Financial Services, Social Security and Education, and Tourism in Belgium. The Paris based Shere Punjab Complex is an innovative venture of Mr. Gurdial Singh. His economic and educational complex is born of the desire of men and women from diverse domains and where each one brings his/her own resources to construct this project. Today, nearly 50 companies from different economic sectors have already set a base in his complex in Paris. Institutional structure of the project includes The Lycée des Cinq Etoiles, The Campus Formation des Métiers, Private Higher Educational Institute, Paris Star Business School.

EICC Board meeting in London to discuss long term planning

The EICC Board of Directors is all set to meet in London on the 23rd April 2010. The Board will discuss several policy issues and also decode future planning of its activities. The meeting which has been combined with the General Body is being held in UK for the first time. The meeting will also be attended by President of the Indian Merchants' Chamber and the representative of the EUROCHAMBRES. The meeting will discuss chamber's role in the EU-India Business Summit 2010 and ASEM 2010, issues related with FTA negotiation, etc. The meeting will also take up the issue of restructuring the Board of Directors including expanding EICC's partnership with other like minded chambers in Europe and in India.
