

FAST FACTS

The Industry at a Glance

In 2007, the market will be absorbing changes that have defined a new economic reality, one in which growth is shifting from mature markets to emerging ones; new product adoption is not keeping pace with the loss of patent protection by established products; specialty and niche products are playing a larger role; and regulators, payers, and consumers are more carefully weighing the risk/benefit factors of pharmaceuticals, according to Murray Aitken, senior VP, corporate strategy, IMS Health.

- **Global pharmaceutical market growth of 5% to 6%** is expected for 2007, compared with **6% to 7%** in 2006.
- **Global pharmaceutical sales will be between \$665 billion and \$685 billion** next year.
- The geographic balance of the pharmaceutical market continues to shift away from the United States toward the world's emerging markets — **countries with a per-capita gross national income of less than \$20,000**. These countries currently represent **17%** of the global market but will contribute **30%** of growth next year.
- **Growth in the emerging markets is offsetting the slower growth coming from the U.S.**



market, which will contribute about **36%** of total market growth in 2007, compared with **54%** five years earlier.

- **The number of new product launches in 2007** is expected to be in the range of **25 to 35**, compared with 30 launches expected in 2006.
- **In 2007, marketed products with a value of more than \$16 billion** will likely lose patent protection, which comes on top of **\$23 billion** of products that lost protection in 2006.
- **Several sectors of the market are expected to register high levels of demand in 2007**, particularly biotechnology, with estimated growth of **13% to 14%**, specialist-initiated products with **10% to 11%** growth forecast, and the generics market with growth of **13% to 14%** expected.
- **The number of blockbuster**

products continues to grow and is expected to reach **112 in 2007**, up from **94 in 2005**.

- **The Medicare Part D prescription drug benefit has expanded** the overall U.S. market by almost **1% in 2006**, with a further uplift of **1% to 2%** expected through 2007, while formularies remain relatively unrestricted.
- **In Europe, the top five markets combined** — France, Germany, the United Kingdom, Italy, and Spain — **are forecast to grow 3% to 4%**, down from the **4% to 5%** pace expected in 2006.
- **The Japanese market is forecast to grow 5% to 6% in 2007**, up from **1% to 2%** this year.
- **Emerging markets**, including China, India, Brazil, and Turkey, **are growing more than 10% in 2006** and will do so again in 2007. **Growth in China will be 15% to 16%**, and the market size will reach **\$15 billion to \$16 billion** in 2007.
- **Products used in the treatment of oncology** are expected to reach **\$40 billion to \$45 billion in value in 2007**, contributing almost **20%** of total market growth.
- **Among other major therapy classes, lipid-lowering agents**, including statins as well as Zetia and Vytorin, **will grow to \$30 billion to \$33 billion, 1% to 2%** growth in 2007, down from **7% to 8%** this year.

BIOGENERICS

Biologics Subject to Generics

Sales of branded biologics in four key classes — ESPs, G-CSF, hGH, and insulin analogues — will decline through 2015 as biogenerics gradually become available, according to Decision Resources Inc. A major turning point will occur in the United States in 2013 as biogeneric ESPs and G-CSF become available; the U.S. branded market for all four classes will shrink to less than \$3.8 billion in 2015 from \$8 billion in 2012.

In Europe, competition has begun with the launch of the hGH biosimilar Omnitrope.

Sales of key multibillion dollar biologics to plummet 60% by 2015 as biogeneric competition becomes a reality.

SOURCE: DECISION RESOURCES INC., WALTHAM, MASS.

DRUG SAFETY

WHO Unveils Global Anticounterfeiting Plan

The World Health Organization (WHO) and its partners have launched the first ever International Medical Products Anti-Counterfeiting Taskforce (IMPACT) and unveiled a global plan to combat counterfeit medical products.

IMPACT is focused on five action areas embracing the different national and international sectors related to counterfeiting. These are: legislative and regulatory infrastructure; regulatory implementation; enforcement; technology; and risk communication.

“Without changes and improvements in those key areas, we will not succeed in the fight against counterfeits,” says Dr. Howard Zucker, WHO assistant director-general for health technology and pharmaceuticals.

- **Estimates put counterfeit drugs at more than 10% of the global medicines market.**
- **Counterfeit drugs are estimated to be 25% of the medicines consumed in developing countries; in some countries, the figure is thought to be as high as 50%.**
- **It is predicted that counterfeit drug sales will reach \$75 billion globally in 2010, an increase of more than 90% from 2005.**

“Counterfeit medicines must be tackled not only through global efforts but also by a truly collaborative, cross-cutting approach involving medicine regulatory authorities, health professionals, enforcement officials, lawmakers, and industry.”

The global taskforce is made up of WHO member states, on a voluntary basis, and more than 20 other major stakeholders, including Interpol, the World Customs Organization, patients' and medical organizations, the World Bank, the World Trade Organization, and the International Federation of Pharmaceutical Manufacturers Associations.

SOURCE: IMS HEALTH, FAIRFIELD, CONN.

SOURCE: WORLD HEALTH ORGANIZATION, GENEVA, SWITZERLAND



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INTERNATIONAL LEADERSHIP

IFPMA Names Hassan President



Fred Hassan, Schering-Plough Corp.'s chairman and CEO, has been named president of the International Federation of Pharmaceutical Manufacturers and

Associations (IFPMA). His term of office begins immediately and extends until the fall of 2008.

Mr. Hassan succeeds Daniel Vasella, M.D., chairman and CEO of Novartis, who served as IFPMA president from 2004 to 2006.

SOURCE: IFPMA, GENEVA, SWITZERLAND

During his term, he will address four significant barriers that stand in the way of preserving and improving the health of patients.

- 1.** Access: Health education and information, which can be one of the best ways for societies to reduce healthcare costs and improve citizens' health.
- 2.** Innovation: Only a handful of countries contribute to the innovation that drives improved healthcare throughout the world.
- 3.** Global Regulatory Systems: Inconsistencies across regulatory systems and the absence of global standards are creating a large barrier to better health for the patient.
- 4.** Transparency and Accountability: Today, health systems around the world are basically black boxes.

MEDICARE FINAL RULING

Payment Rates Encourage Physician/Patient Communications

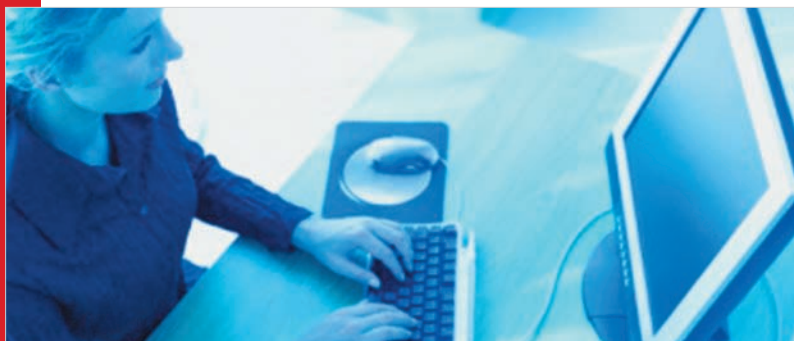
CMS predicts that it will pay about \$61.5 billion to more than 900,000 physicians and other healthcare professionals in 2007 as a result of the payment rates and policies adopted in this rule.

Medicare will pay physicians more for the time they spend talking with Medicare beneficiaries about their healthcare and will pay for a broader range of preventive services. The changes, which will become effective Jan. 1, 2007, are included in the Medicare Physician Fee Schedule (MPFS) final rule released by the Centers

for Medicare & Medicaid Services (CMS). All of the provisions of the new rule can be found at cms.hhs.gov/center/hospital.asp.

"We believe that this emphasis on personalized care will lead to better outcomes for patients and more efficient use of healthcare resources," says Leslie V. Norwalk, CMS acting administrator.

SOURCE: CENTERS FOR MEDICARE & MEDICAID SERVICES, BALTIMORE



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SOURCE: PHARMAVOICE, TTUSVILLE, NJ