

CBI MARKET SURVEY

THE PHARMACEUTICAL PRODUCTS MARKET IN GERMANY

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Report summary

This CBI market survey discusses the following highlights for the pharmaceutical products market in Germany:

- Germany, together with France, was the largest pharmaceutical market in the EU in 2007, accounting for approximately 18% of the EU pharmaceutical market. Between 2003 and 2007, Germany's consumption of pharmaceutical products increased by an annual average rate of 2.7%, amounting to € 25.2 billion in 2007.
- Germany is by far the largest generic medicines market in the EU. In 2007, the country's pharmaceutical market was estimated at € 7.6 billion, and accounted for about 28% of the total EU generic medicines market. Approximately 30% of Germany's pharmaceutical market consisted of generic medicines.
- In 2007, Germany was the largest producer of pharmaceutical products in the EU, accounting for approximately 16% of total EU production. Germany's production increased by an annual average rate of 5.4% between 2003 and 2007, amounting to € 26.2 billion in 2007.
- In 2008, Germany was the second largest importer of pharmaceutical products in the EU, accounting for 18% of total imports in terms of value. Between 2004 and 2008, German imports increased by an annual average rate of 8.8% in value and 12% in volume, amounting to € 19.7 billion or 196 thousand tonnes in 2008.
- The role of developing countries as suppliers of pharmaceutical products to Germany is very limited. In 2007, imports sourced in developing countries accounted for only around 1.1% of total imports. Nonetheless, imports from DCs increased at a strong annual average rate of 20% between 2004 and 2008. India and Turkey were the leading developing country suppliers in 2008.

This survey provides exporters of pharmaceutical products with sector-specific market information related to gaining access to Germany. By focusing on a specific country, this survey provides additional information, complementary to the more general information and data provided in the CBI market survey 'The pharmaceutical products market in the EU', which covers the EU market in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from <http://www.cbi.eu/marketinfo>

1 Market description: consumption and production

Data concerning consumption and production of pharmaceutical products in Germany are derived from the European Federation of Pharmaceutical Industries and Associations (EFPIA). The latest report from this organisation (The Pharmaceutical Industry in Figures, 2009 Update) provides data as of 2007. Data for previous years are derived from previous editions of this report. Please note that data for both consumption and production of pharmaceutical products are given at ex-factory prices.

Consumption

Tailing France at short distance, Germany was the second largest pharmaceutical market in the EU in 2007, accounting for approximately 18% of the EU pharmaceutical market (at ex-factory prices). Between 2003 and 2007, Germany's consumption of pharmaceutical products increased by an annual average rate of 2.7%, amounting to € 25.2 billion in 2007. Germany's pharmaceutical consumption increased at a lower rate than the average EU consumption, which grew by an annual average rate of 7.3% between 2003 and 2007.

Please note that data on consumption of specific pharmaceutical products are fragmented and cannot be presented in a structured manner. Additional information can be found under the section 'Trends in consumption'.

Market segmentation

The German pharmaceutical market can be segmented in two distinct – but interlinked – manners: the dispensing method and the channels through which pharmaceutical products are dispensed to patients.

Regarding the **dispensing method**, the German market for pharmaceuticals consisted for 85% of prescription products, whereas 15% was non-prescription products in 2008. The **channels** through which pharmaceutical products are dispensed to patients are divided into three categories: general access pharmacies, hospital pharmacies and other retail channels, as indicated below:

- *General access pharmacies:* these pharmacies consist of a retail storefront, in which there is a dispensary where pharmaceutical products are stored and dispensed. The dispensary is subject to the pharmaceutical legislation, which has specific requirements for storage conditions, handling equipment, warnings, etc.
- *Hospital pharmacies:* they usually handle more complex pharmaceutical products, with specific indications which require stricter safety regulations and patient compliance. Most of the products in these pharmacies are single-dose or unit dose. Hospital pharmacies are usually located in the premises of hospitals, with trained personnel, quality assurance and adequate facilities. In some countries, hospital pharmacies are used only for inpatient treatment and the products channelled through hospital pharmacies in those countries are not available to outpatients. In Germany, hospitals are not allowed to dispense pharmaceutical products to outpatients, except in cases where patients are discharged in the weekends.
- *Other retail channels:* this segment consists of supermarkets, convenience outlets and mass merchandisers, which sell non-prescription pharmaceutical products. For this reason, regulations are less strict than in pharmaceutical outlets which sell prescription products. Non-prescription pharmaceutical products in Germany are available at health food stores, supermarkets and other retail stores, provided that a qualified member of the staff is available in that outlet at all times. Internet is an increasingly popular channel for German consumers to gain access to non-prescription pharmaceutical products (AESGP, 2009).

According to EFPIA (2008), the shares of each segment of Germany's pharmaceutical sales amounted to approximately:

- Pharmacies (general access): 85%
- Hospital pharmacies: 14%
- Other retail channels: 1%

Generic medicines

Germany is by far the largest generic medicines market in the EU. In 2007, the country's market for generic medicines was estimated at approximately € 7.6 billion, and accounted for approximately 28% of the total EU generic medicines market. Between 2005 and 2007, the generic medicines market grew at a rate of 2.8% in terms of value. Approximately 30% of Germany's pharmaceutical market consisted of generic medicines in 2007 (at ex-factory prices), which was a high share compared to other EU countries. In France, for instance, the share of generic medicines in its total pharmaceutical market in 2007 amounted to only 9.4%. The average share of generic medicines in the EU pharmaceutical market in 2007 was 21%.

Germany has incentives for physicians, such as physician budgets combined with prescription targets and feedback on prescription behaviour (i.e. physicians receive financial incentives to prescribe generic medicines and have a minimum amount of prescriptions consisting of generic medicines; this process is monitored frequently). A system supporting generic substitution by pharmacists is also in place. The confidence in, and general acceptance of, generic medicines is high among physicians and patients, due to company branding of generic medicines. This

means that recognized and trusted companies which produce generic medicines (it might be the case that companies which used to produce the patented version of the product start producing its generic version after the patent is expired) imprint their brand on the product.

Generic medicines are becoming increasingly popular among German consumers. In the last few years, the introduction of regulations regarding generic substitution and the pressure resulting from pharmaceutical expenditure have led to a significant change in the prescription of pharmaceutical products in Germany. Physicians are increasingly prescribing generic medicines and, since 2004, pharmacists are obliged to substitute a branded product by a generic medicine, if either the active ingredient is prescribed or substitution is not explicitly rejected by the prescribing physician (Pharmaceutical Pricing and Reimbursement Information - PPRI, 2008 and Espicom, 2008).

Trends in consumption

- **Forecast:** Although the market for pharmaceutical products stagnated during 2008, the market is likely to increase between 2009-2013 by approximately 1.6% per annum. The weakening of the Euro against the dollar over 2009, should help export trade (Business Monitor, 2009).
- **Innovative pharmaceuticals:** According to Espicom, innovative pharmaceutical products in Germany are prescribed less often than in other EU countries, thus creating more room for generic medicines, for instance (Espicom, 2008).
- **Pharmaceutical sales:** According to the German Association of Research-Based Pharmaceutical Companies, Germany currently records increasing sales for therapies of serious or life-threatening diseases, especially cancer, and for vaccines and products for the prevention of diseases. Decreases in sales, however, are being recorded for product categories related to seasonal decline (e.g. common cold) and for classes of active ingredients for which patents were expired or prices were reduced – since sales are recorded in terms of value (German Association of Research-Based Pharmaceutical Companies – VFA, 2007).
- **Non-prescription products:** Sales of non-prescription pharmaceutical products continued to stagnate in Germany in 2008. The main factor in this stagnation was a decline in sales of products to treat cough, cold and allergy (hay fever), which accounted for almost one quarter of total non-prescription products (Euromonitor, 2009).
- **Generic medicines:** According to VFA, Germany has increasingly evolved and is increasingly evolving into the world's most generics-friendly country. On average, 75% of all prescriptions, and almost 70% of sales of products for which a generic version is available, consisted of generic medicines in 2005 (VFA, 2008).
- **Genetically-modified pharmaceutical products:** The share of pharmaceutical products with genetically manufactured substances is increasing in Germany at constant rates. More than half of sales were recorded for insulins to treat diabetes and interferons used for immune disorders. Other important applications include blood disorders and rheumatic diseases, monoclonal antibodies against cancer, enzymes for metabolic disorders and vaccines (VFA, 2008).

For more information on pharmaceutical product trends, please refer to the CBI survey 'The pharmaceutical products market in the EU'.

Production

In 2007, Germany was the second largest producer of pharmaceutical products in the EU, accounting for approximately 16% of total EU production. The largest EU producers in 2007 was France, which accounted for a share of 21% of total EU production. Germany's production increased by an annual average rate of 5.4% between 2003 and 2007, amounting to € 26.2 billion in 2007. The increase in Germany's production of pharmaceutical products was higher in comparison to the development of total EU production, which increased at an annual average rate of 2.3% in the review period.

Please note that data concerning the production of specific product groups in Germany are not available.

In addition to its production, Germany's pharmaceutical industry Research and Development (R&D) in 2007 was estimated at € 4.6 billion, accounting for approximately 20% of total EU pharmaceutical industry R&D. The UK, which had the leading pharmaceutical industry R&D, accounted for a share of 29% of total EU R&D.

Regarding generic medicines, the German generic manufacturing sector is headed by three main companies, namely Hexal, Ratiopharm and Stada Arzneimittel. The German generics industry is gradually consolidating, mainly due to the intensification of price competition.

Leading pharmaceutical companies in Germany:

- Stada Arzneimittel AG – <http://www.stada.de> – 75% of sales accounted for by generic medicines
- Hexal – <http://www.hexal.de>
- Ratiopharm – <http://www.ratiopharm.de> – Europe's leading generic medicines brand
- Bayer Group / Bayer Healthcare – <http://www.consumercare.bayer.com>
- Beiersdorf AG – <http://www.beiersdorf.com>
- Boehringer Ingelheim Pharma KG – <http://www.boehringer-ingelheim.com>
- Viatris GmbH – <http://www.viatris.com> – acquired by Swedish Meda
- Welding GmbH – <http://www.welding.de>

Trends in production

- **Pharmaceutical industry consolidation:** The pharmaceutical industry in Germany has gone through a phase of consolidation in recent years. The industry is currently formed by domestic small or medium-sized companies, whereas most of the large companies are foreign-owned. Schering, one of Germany's last large pharmaceutical companies, was taken over by Bayer Health Care in December 2006 (The Ministry of Industry, Trade & Labour of Israel, 2007).
- **Cancer treatment products:** The sector in Germany's pharmaceutical production which currently shows the highest growth rates is the one related to products used in cancer therapy; production of pharmaceuticals used in the treatment of lung and intestinal cancer has shown especially high growth rates in recent years (Wikia, 2007).
- **Largest producer of generics:** Europe's largest generics brand, Ratiopharm, increased its share in the German generic drug market during 2008. However, creditor banks of German billionaire Adolf Merckle, are getting ready to start the sales process for the company. Teva Pharmaceutical Industries is the most likely buyer of Ratiopharm (Business Monitor, 2009).

For more information on pharmaceutical product trends, please refer to the CBI survey 'The pharmaceutical products market in the EU'.

Opportunities and threats

- + As indicated above, the market for pharmaceutical products stabilised in 2008, but the market is likely to increase between 2009-2013 which could provide new opportunities on the German market for developing country suppliers. Furthermore, the weakening of the euro against the dollar over 2009 should contribute to German exports.
- + Germany is the largest EU market for generic medicines, and is experiencing further expansion. Not only are patents expiring for a large number of pharmaceutical products, but German consumers are also increasingly aware of the financial benefits which generic medicines bring. Thus, Germany provides many opportunities for exporters of pharmaceutical products in developing countries.
- At the same time, however, Germany is one of the largest producers of pharmaceutical products in the EU (including generic medicines), which means that a high proportion of the pharmaceutical products consumed in the country is domestically produced and

therefore represents a threat to exporters in developing countries which aim to access the German market.

- The strict regulations and requirements for the entry of pharmaceutical products into the EU might represent one of the greatest threats to the access of exporters in developing countries, specifically to the German market.

Exporters should take into account that the same trend can be an opportunity for one exporter and a threat to another. Please, review these opportunities and threats according to your own situation. Chapter 7 of the CBI market survey 'The pharmaceutical products market in the EU' presents an example of an analysis of whether a trend/development is an opportunity or a threat.

Useful sources

- European Federation of Pharmaceutical Industries and Associations (EFPIA) - <http://www.efpia.org>
- BfarM - <http://www.bfarm.de/en/drugs/pts/index.php?more=bearbStatEn.php> → Refer to this source for product registrations.
- Pharmaceutical Pricing and Reimbursement Information: Germany - http://ppri.oebig.at/Downloads/Results/Germany_PPRI_2008.pdf
- The Business Monitor publication 'The Germany Republic Pharmaceuticals & Healthcare Report 2008' - <http://www.businessmonitor.com/pharma/germany.html> - provides forecasts on the German pharmaceutical and healthcare industry.
- Espicom - <http://www.espicom.com> - the pharmaceutical and medical device knowledge centre.
- Furthermore, German trade associations mentioned in Chapter 6 of this survey can be useful sources of information.

2 Trade channels for market entry

Trade channels

The trade structure for pharmaceutical products across the EU is mostly similar, but reveals slight variations according to the diverse pharmaceutical and healthcare systems existent in each country. These variations hardly affect an exporter's market approach, since they are related to the way pharmaceutical products are domestically dispensed to the end-consumer. Some of the specific characteristics of the German pharmaceutical trade channels and trends therein are outlined below:

- The complex retailing structure in Germany, which is influenced by the county-related system of insurance reimbursement and prescription regulations, results in a **fragmented and decentralised pharmaceutical market** comprising of many pharmacies and other retail channels through which pharmaceutical products are dispensed.
- As already mentioned in the 'Market segmentation' section in Chapter 1, public retail pharmacies and hospital pharmacies are the **main distribution channels** for German pharmaceutical products.
- Public pharmacies are mostly supplied by **pharmaceutical wholesalers**. The five largest wholesalers in Germany account for around 85% of the pharmaceutical market. According to Bundesverband Phagro, the German pharmaceutical wholesale organisation, four wholesalers are active nationwide, while 12 smaller players are active only in certain regions.
- **Non-prescription pharmaceutical products** are mostly available in German health food stores, supermarkets and other retail stores.
- The **Internet** emerges as a major sales channel in Germany, where consumers have convenient access to non-prescription pharmaceutical products (Business Monitor, 2008).
- From 1998 to 2008, the market share of **pharmaceutical parallel imports** increased from 1.8% to approximately 9.0%. Parallel imports mainly consist of patented innovative pharmaceutical products, amounting to approximately € 2.1 billion in 2008, and having negative effects on the research-based companies in Germany (VFA, 2009).

Please refer to the CBI survey 'The pharmaceutical products market in the EU' for further information on EU pharmaceutical trade channels.

Players of interest to exporters in developing countries:

- Bundesverband Phagro - <http://www.phagro.de> - the German pharmaceutical wholesale organisation
- Phoenix - <http://www.phoenixpeptide.com> - pharmaceutical wholesaler
- GEHE Pharma Handel GmbH - <http://www.gehe.de> - pharmaceutical wholesaler
- Sanacorp - <http://www.sanacorp.de> - pharmaceutical wholesaler
- Nowerda - <http://www.noweda.de> - pharmaceutical wholesaler
- Andreae-Noris Zahn - <http://www.anzag.de> - pharmaceutical wholesaler

Price structure

Pricing and reimbursement of pharmaceutical products in the EU are issues of national competence. Therefore, the EU consists of 27 different pricing and reimbursement systems.

In Germany, a system of free-pricing of pharmaceutical products is in place. Ex-factory prices in the country are determined by manufacturers, without the involvement of government agencies, direct price or profit controls. In this manner, no external or internal price-referencing, cost-plus pricing or profit controls are applied.

The regulation of prices of pharmaceutical products at the distribution level in Germany differs between the outpatient sector and the inpatient sector (via hospital pharmacies). In the inpatient sector, hospitals are allowed to negotiate prices with wholesalers or manufacturers. However, in the outpatient sector, prices and the distribution chain as a whole are more strictly regulated.

In relation to the outpatient sector, direct price regulation is imposed on pharmacies and wholesalers, in spite of the free pricing on the manufacturer level. These margins are legally defined for prescription pharmaceutical products and for non-prescription products, with the exception of those not reimbursed by Germany's Statutory Health Insurance (SHI). For non-prescription products which are not covered under SHI, free pricing is applied for all levels of the pharmaceutical distribution chain.

Different prices apply, throughout the various trade channels. The margins applied to pharmaceutical products in Germany can be expressed in the following manner:

- Wholesaler: regressive margins (average: 4.0%)
- Pharmacist: € 8.10 per package + 3.0% on the wholesale price (for prescription products); regressive margins (for non-prescription products which are reimbursed under the SHI)
- State (Value Added Tax - VAT): 19%

Generic medicines

The same rules apply to generic medicines as to original products. Besides, domestic manufacturers have to give a 10% discount on generic medicines to health insurance funds since April 2006, when the Act to Improve Efficiency in Pharmaceutical Care came into force.

For further information on price structure of pharmaceutical products in Germany, please refer to: http://ppri.oebig.at/Downloads/Results/Germany_PPRI_2008.pdf

Selecting a suitable trading partner

Finding a trade partner in Germany does not deviate from the general EU method as described in the EU export guidelines. German importers look for new suppliers in developing countries by visiting the country of interest, through recommendations or through trade fairs. The most common ways for developing country exporters to approach German customers are through direct (e)mail, personal visits as follow-up, inviting potential German customers to visit them, building a network and visiting international trade fairs.

After obtaining contacts, evaluating potential trade partners should be done according to criteria such as information quality, geographic coverage; the kind of trade relation the partner is interested in, the position of the partner and the financial status and credibility.

The following websites can be of use when finding a trading partner in Germany:

- Europe Bloombiz.com - <http://europe.bloombiz.com> → Click on 'companies' in the centre of the page, and then search for 'pharmaceutical products', and select Germany in the country list.
- Europages - <http://www.europages.com> - online business directory, with full EU coverage. Search for 'pharmaceutical products' and filter by country, selecting Germany on the left-sided tab 'Refine your search'.
- PharmaBuyers.com - <http://www.pharmabuyers.com> - provides contact information of 580 European importers of pharmaceutical products at a cost of US\$40 (updated in 2009).

3 Trade: imports and exports

Imports

Total imports

In 2008, Germany was the second largest importer of pharmaceutical products in the EU, accounting for 18% of total imports in terms of value. Belgium, the leading importer, accounted for 22% of total EU imports of pharmaceutical products. Between 2004 and 2008, German imports increased by an annual average rate of 8.8% in value and 12% in volume, amounting to € 19.7 billion or 196 thousand tonnes in 2008.

The vast majority of pharmaceutical products imported into Germany in 2008 was sourced in EU countries (87%). Between 2004 and 2008, imports from intra-EU countries increased by an annual average rate of approximately 8.2% in terms of value. Belgium, the leading supplier to Germany in 2008, accounted for 46% of total German imports. In addition to accounting for a large import share, imports sourced in Belgium increased by an annual average rate of 7.1% between 2004 and 2008. Other important suppliers in the EU were the UK, France and Spain. Regarding extra-EU suppliers (excluding DCs), the leading players in 2008 were Switzerland, the USA and Canada.

The role of developing countries as suppliers of pharmaceutical products to Germany is very limited. In 2008, German imports sourced in developing countries accounted for only approximately 1.1% of total imports. Nonetheless, imports from DCs increased at a strong annual average rate of 20% between 2004 and 2008. Turkey and India were the leading developing country suppliers in 2008, each accounting for shares of 0.4% in total German imports.

In 2008, total German imports of pharmaceutical products consisted of packed pharmaceutical products (60%) and non-packed pharmaceutical products (40%).

Imports by product group

Eurostat data were used for this trade paragraph. However, as Eurostat classifies data on pharmaceutical products by non-packed products and packed products, a specific product selection cannot be made. For more information on the classification of non-packed pharmaceutical products and packed pharmaceutical products, please refer to Appendix A of the survey covering the EU.

Packed pharmaceutical products

In 2008, Germany was the second largest importer of packed pharmaceutical products in the EU, accounting for approximately 12% of total EU imports. Belgium was the leading importer, accounting for 25% of total EU imports. Between 2004 and 2008, German imports of packed pharmaceutical products increased by an annual average rate of 9.6% in value and 12% in volume, amounting to approximately € 11.8 billion or 189 thousand tonnes in 2008.

Intra-EU countries accounted for a significant 78% share of total German imports in 2008. Moreover, Germany's imports from EU countries increased by an annual average rate of 8.7% between 2004 and 2008. The leading intra-EU suppliers in 2008 were Belgium and the UK, each accounting for a share of 13%.

Switzerland, the leading extra-EU supplier of packed pharmaceutical products to Germany in 2008, accounted for approximately 13% of total German imports. Moreover, imports sourced in Switzerland increased by a strong annual average rate of 13% in the review period. Another important extra-EU supplier to Germany was the USA, which accounted for approximately 3.9% of total imports in 2008.

Developing countries play a small role in supplying packed pharmaceutical products to Germany. In 2008, imports from DCs accounted for only 1.7% of total German imports, but increased at a strong annual average rate of 25% between 2004 and 2008. Turkey and India were the leading developing country suppliers of packed pharmaceutical products to Germany in 2008.

Non-packed pharmaceutical products

In 2008, Germany was by far the largest importer of non-packed pharmaceutical products in the EU, accounting for 81% of total EU imports. Between 2004 and 2008, German imports of non-packed pharmaceutical products increased by an annual average rate of 7.6% in value and 8.3% in volume, amounting to € 7.9 billion or 7.0 thousand tonnes in 2008.

German imports of non-packed pharmaceutical products in 2008 were almost entirely sourced in intra-EU countries (99%, in terms of value). Belgium, by far the leading supplier, accounted for 96% of Germany's total imports. The country's strong supplying role can be attributed to its equally important trading role in the EU. The port of Antwerp is an essential distribution centre for goods coming from other countries, including non-packed pharmaceutical products. Moreover, German imports of non-packed pharmaceutical products sourced in Belgium increased by an annual average rate of 7.6% between 2004 and 2008. Ireland, the second largest supplier to Germany, accounted for only 2.0% of total imports. Nonetheless, supplies of non-packed pharmaceutical products sourced Ireland increased by an annual average rate of approximately 9.2% in the review period.

Other countries played a minor supplying role in 2008. Imports from developing countries, for instance, accounted for only approximately 0.2% of Germany's total imports and decreased by an annual average rate of 6.8% between 2004 and 2008. Imports from DCs were almost exclusively sourced in India.

**Table 3.1 Imports by and leading suppliers to Germany
2004 - 2008, share in % of value**

Product	2004 € mln	2006 € mln	2008 € mln	Leading suppliers in 2008 Share in %	Share (%)
Total pharmaceutical products	12,481	15,551	17,090	Intra-EU: Belgium (46%), UK (7.8%), France (5.7%), Spain (4.3%), Netherlands (4.1%)	87%
	1,520	2,615	2,427	Extra-EU ex. DC*: Switzerland (8.2%), USA (2.4%), Canada (0.9%)	13%
	105	139	216	DC*: Turkey (0.4%), India (0.4%)	1.1%
Packed pharmaceutical products	6,657	8,271	9,279	Intra-EU: UK (13%), Belgium (13%), France (9.4%), Spain (7.2%), Netherlands (6.8%)	78%
	1,482	2,569	2,380	Extra-EU ex. DC*: Switzerland (13%), USA (3.9%), Canada (1.5%)	20%
	81	117	198	DC*: Turkey (0.7%), India	1.7%

Product	2004 € mln	2006 € mln	2008 € mln	Leading suppliers in 2008 Share in %	Share (%)
				(0.5%), Brazil (0.2%)	
Non-packed pharmaceutical products	5,824	7,280	7,811	Intra-EU: Belgium (96%), Ireland (2.0%), Luxembourg (0.6%)	99%
	38	46	47	Extra-EU ex. DC*: USA (0.2%), Japan (0.1%)	0.6%
	24	21	18	DC*: India (0.2%)	0.2%

Source: Eurostat (2009)

*Developing Countries

Exports

In 2008, Germany was the largest exporter in the EU, accounting for approximately 21% of total EU exports. Belgium, the second leading exporter, accounted for 20% of total EU exports. Between 2004 and 2008, Germany's exports increased by an annual average rate of 12% both in value and in volume, amounting to € 28.5 billion or 443 thousand tonnes in 2008.

Approximately 74% of Germany's exports in 2008 was destined to intra-EU countries; almost 38% was destined to Belgium alone. The USA and Switzerland were also important destinations for German exports in 2008, accounting for respective shares of 5.0% and 4.4% of total exports. Developing countries accounted for 8.5% of total German exports, of which Mexico and Turkey were the most important destinations.

In 2008, Germany's exports consisted of packed pharmaceutical products (99%) and non-packed pharmaceutical products (1%).

Opportunities and threats

- + Germany is one of the largest importers of pharmaceutical products in the EU and its imports experienced an increase in the review period, which indicates its potential for exporters in developing countries who aim at accessing the EU.
- In spite of importing substantial amounts of pharmaceutical products, Germany is a net exporter. In addition, the country does not import large proportions from developing countries. In 2008, German imports from DCs accounted for only approximately 1.1% of total imports of pharmaceutical products.
- + Although imports from DCs account for a small share of total German imports, they experienced a significant annual average increase of 34% in the review period, which indicates that opportunities are being created for exporters in developing countries.
- + Imports of packed pharmaceutical products from developing countries had a positive development, indicating that this product group provides opportunities for developing country exporters.
- In spite of the increasing opportunities for developing countries in the German market for pharmaceutical products, Turkey and India are the largest developing country players. This indicates that smaller players would face strong competition from DCs which already have an established position in the German and EU market.

Exporters should take into account that the same trend can be an opportunity for one exporter and a threat to another. Please, review these opportunities and threats according to your own situation. Chapter 7 of the CBI market survey 'The pharmaceutical products market in the EU' presents an example of an analysis of whether a trend/development is an opportunity or a threat.

Useful sources

- EU Expanding Exports Helpdesk
→ <http://exporthelp.europa.eu>
→ go to: trade statistics
- Eurostat – official statistical office of the EU
→ <http://epp.eurostat.ec.europa.eu>
→ go to 'themes' on the left side of the home page

- go to 'external trade'
- go to 'data – full view'
- go to 'external trade - detailed data'
- Understanding Eurostat: quick guide to easy Comext
-

http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20090513.pdf

4 Price developments

Pricing systems vary in the individual EU countries, thus this is also the case for price developments. The main price developments observed in Germany in recent years are the following:

- On 1 January 2007, the VAT on the retail price for all pharmaceutical products in Germany changed from 16% to 19%. This means that Germany applies the fourth highest VAT on prescription-only pharmaceutical products within the EU (PPRI, 2008).
- Where prices at the consumer level have reported an increase in recent years, pharmaceutical products prices at the manufacturer level (ex-factory prices) have declined. VFA estimates that ex-factory prices have decreased by a rate of 2.2% over the course of 2007. Consumer-level prices, however, increased by 2% along the same period. Rises in taxation as well as the medical demands of a growing elderly population, have been cited as more logical explanations for this development (Global Insight, 2008).

Useful sources

- ITC market news service (MNS) - <http://www.intracen.org>
- PPRI – Pharmaceutical Pricing and reimbursement Information - <http://ppri.oebig.at>

5 Market access requirements

As a manufacturer in a developing country preparing to access Germany, you should be aware of the market access requirements of your trading partners and the German government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns. You need to comply with EU legislation and have to be aware of the additional non-legislative requirements that your trading partners in the EU might request.

For information on legislative and non-legislative requirements, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select 'Pharmaceutical products' and 'Germany' in the category search, click on the search button and click on market access requirements.

Please refer to the CBI market survey 'The pharmaceutical products market in the EU' for information on the EU-wide legislation regulating imports, production and marketing of pharmaceutical products for human use, as well as information on packaging and labelling requirements.

Additional information on packaging can be found at the website of ITC on export packaging: <http://www.intracen.org/ep/packit.htm>

Information on tariffs and quota can be found at <http://exporthelp.europa.eu>

6 Doing business

General information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) can be found in CBI's export manuals 'Export Planner' and 'Your image builder'. Furthermore cultural awareness is a critical skill in securing success as an exporter.

Information on cultural differences in the EU can be found in chapter 3 of CBI's export manual

'Exporting to the EU'. These manuals can be downloaded from <http://www.cbi.eu/marketinfo> - go to search publications.

In Chapter 2, the importance of networks, trade fairs and company visits was expressed in terms of promoting your company and finding trade partners. Trade fairs also offer useful information on trends, potential competitors and the products and services they offer. Trade press should not be underestimated, since it can be both a source of information (i.e. trends, companies) and a means of promoting your company and your products.

Trade associations

- German Association of Research-Based Pharmaceutical Companies - <http://www.vfa.de>
- German Association for the Pharmaceutical Industry - <http://www.bpi.de> (website in German only)
- German Pharmaceutical Society - <http://www.dphg.de> (website in German only)
- Progenerika - <http://www.progenerika.de> - Germany's Generic Medicines Association (website in German only)
- Federal Institute for Medicines and Medical Services (BfArM) - <http://www.bfarm.de>

Trade press

- Die Pharmazie - <http://www.govi.de/pharmazie.htm> - a journal of Pharmaceutical Sciences

Trade fairs

- Expo Pharm 2010- <http://www.expopharm.de> - it showcases the rapidly progressing scenario of the pharmaceutical industry in Germany, next event: 28-31 October 2010, in München
- CPhI - <http://www.cphi.com> - the most comprehensive exhibition of manufacturers of active pharmaceutical ingredients, intermediates, excipients and natural extracts in the world. The last event was held in Frankfurt, 5-7 October 2009. The next event will be held in 2010.

This survey was compiled for CBI by ProFound – Advisers In Development
in collaboration with Jan Ramakers Fine Chemical Consulting Group

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