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GlaxoSmithKline Signs Deal With Binnopharm

By The Moscow Times

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LONDON — GlaxoSmithKline agreed on a deal with Moscow-based Binnopharm on Friday allowing the Russian firm to make and sell the British drug maker's cervical cancer, rotavirus and pneumococcal vaccines on the domestic market.

The deal should boost sales of the vaccines, which will be sold and branded under Binnopharm's trademark for the public market, the companies said.

Under the agreement, GlaxoSmithKline will supply the ingredients, technology and expertise to make the vaccines, while Binnopharm, a unit of AFK Sistema, will put them together, package and sell them in Russia.

The agreement covers the Cervarix vaccine, which protects against HPV infections that cause cervical, head and neck cancers, Rotarix, which protects against rotaviruses that causes severe gastroenteritis and diarrhea, and Synflorix, which protects against strains of

Streptococcus pneumonia that can cause illnesses such as pneumonia and meningitis.

"The local manufacture of these vaccines should help Russia to modernize its National Immunization Calendar in the future, adding additional vaccination against highly prevalent infections," the two firms said in a statement.

GlaxoSmithKline said it would book sales of the bulk vaccines supplied to Binnopharm, but the firms did not disclose any further financial details of the deal.

"This agreement is an example of the flexible approach we are taking to make innovative vaccines more available in emerging markets through local partnerships," said GlaxoSmithKline's head of emerging markets and Asia-Pacific, Abbas Hussain.

The Russian government signaled last year that it would give more benefits to local producers as it moves to improve health care and modernize the pharmaceutical sector, prompting many international drug makers to explore the idea of establishing local manufacturing there.

Under its strategy for pharmaceutical sector development until 2020, Russia aims to increase local producers' share of total drug sales to 50 percent from 20 percent now.

The government expects that total investment into the Russian pharmaceutical market would amount to 188 billion rubles ($6 billion) until 2020, including 120 billion rubles in state financing.

Britain's Business, Innovation and Skills Minister Vince Cable welcomed the deal as a sign of "the strong pharmaceutical links that the U.K. shares with Russia" and said in a statement that he expected ordinary Russians to be able to reap its benefits.

A study of HPV vaccine uptake in 29 countries in Europe published in the online journal Eurosurveillance found that as of July 2010, 18 countries have integrated this vaccine into their national programs and that high costs were cited as the major obstacle for the 11 countries that had not introduced it.

Merck makes a rival to GlaxoSmithKline's HPV vaccine, called Gardasil.

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