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Putin Offers $3.9Bln to Revamp Drug Sector

By Roland Oliphant

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Prime Minister Vladimir Putin visiting the KhimRar research center in the Moscow suburb of Khimki.
Alexei Druzhinin

Prime Minister Vladimir Putin on Wednesday promised 122.9 billion rubles ($3.9 billion) in federal funding to modernize the medical and pharmaceuticals industry.

"These serious resources are to act as a sort of seed capital for the modernization of the industry, for a quality breakthrough in innovation," he said, Interfax reported.

Putin said he wanted 90 percent of Russia's vital medicines and 50 percent of its medical equipment to be domestically produced by 2020.

He also set a target of increasing exports eightfold.

The essential medicines that Putin was talking about make up about 47 percent of the total pharmaceuticals market, said Nikolai Bespalov, head of analytical research and consulting at

Pharmexpert.

That fits with a plan for the development of the pharmaceutical industry unveiled earlier this year, which calls to increase local producers' share of total drug sales to 50 percent by 2020, from about 20 percent now.

Industry and Trade Minister Viktor Khristenko told a meeting attended by Putin that the federal funding was vital to reaching the target because of anticipated growth in the pharmaceutical market.

"At the most conservative estimate, the pharmaceuticals market will grow sixfold over the next decade. So our industry will have to grow 12-fold," he said.

Bespalov called the plans "ambitious but quite feasible."

Putin, who was visiting the private KhimRar research center in the Moscow suburb of Khimki, also lashed out at Russia's dependence on foreign pharmaceuticals and medical equipment, which he said left the country vulnerable to sudden price hikes or shortages.

"This situation cannot be tolerated. Therefore, a radical modernization of our pharmaceutical and medical industries is called for. In fact, we will build a new industry attractive for investments that could generate innovation and create better jobs. And most importantly — to produce competitive, safe, quality and affordable products for individuals and for our health," Putin said.

Unusually, Putin flew to the facility by helicopter — even though Khimki is just a few kilometers north of his central Moscow office.

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