

Bentus Gets Major Distributor

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December 13, 2011



Voskerchyan

Pharmaceutical giant Johnson & Johnson agreed on Tuesday to become an official distributor of skin sanitizers produced by domestic manufacturer Bentus Laboratories as part of the localization move by international drug makers seeking to capitalize on the country's robust pharmaceutical market.

Partnership with Bentus Laboratories will allow Johnson&Johnson to enter the segment of professional hand sanitizers — largely used by staff in hospitals — with a 15 percent share, while the domestic company will get access to CIS and European markets where Johnson & Johnson has presence, said Arman Voskerchyan, Johnson & Johnson's chief executive in Russia and the CIS.

The agreement indicates that domestic companies "have a potential and prospects" to work on par with the global players of the pharmaceutical market, he told a news conference.

He didn't rule out that Johnson & Johnson, which previously had no local partner, could seek

cooperation with domestic companies in other segments, but expanding partnership with Bentus Laboratories is also possible.

"It's a first step, and we'll consider further forms of cooperation," Voskerchyan said, adding that partnering with Bentus Laboratories, which makes Sanitelle hand sanitizer, will allow the international company to expand its product portfolio.

One option of further cooperation could be buying a stake in Bentus Laboratories, which is co-owned by broker Rye, Man & Gor Securities, VTB Capital and the company's founders, he said.

Cooperation with a local firm is a typical form of localization for foreign drug makers in Russia, but many of them, like British-Swedish AstraZeneca and Danish Novo Nordisk, have made the decision to set up their own manufacturing locally.

Voskerchyan said Johnson & Johnson is considering all possible forms of localization in the country because Russia is a strategic market for the company and the biggest contributor to its sales structure in Europe, the Middle East and Africa. He declined to provide any figures, citing company policy.

Unlike setting up their own production, cooperation with local companies reduces investment risks for international drug makers, said Sergei Shulyak, chief executive of market researcher DSM Group.

Johnson & Johnson's decision to join its international peers that chose to start their own manufacturing in Russia would largely depend on whether the company plans to participate in government tenders on par with domestic producers, he said by telephone.

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