

‘In 2003 the volume of confiscated counterfeits increased by 300%.’

Russia is working to improve its image

Market spotlight

Drugs Tsar

How pharmacy chain 36.6 is keeping its supply chain clean

Brand owners frequently cite Russia as a growing concern for the trade in counterfeit goods. Yet the government, enforcement authorities, and the new generation of Russian businesses are well aware of the problem and are taking steps to combat it.

One such company is the pharmacy chain 36.6. The company was founded just six years ago but is now the market leader. General director Artyom Bektemirov says that although there are no plausible statistics, the market is rumoured to be flooded with counterfeit drugs. 36.6 combats the problem via a series of quality control checks as well as keeping a tight control of its purchasing and distribution networks.

'As we grow, and as our purchasing power increases, we constantly increase direct purchasing from the drug manufacturers themselves. In all cases we require a relevant quality certificate.'

According to Bektemirov the problem is especially acute in the regions where no proper controls exist. 'The drugs which are counterfeited are mostly the foreign, well-recognised, expensive brands, however, Russian-branded generics may from time to time suffer from this disease,' says Bektemirov.

Another initiative taken by 36.6 has been the founding of the Russian Association of Pharmacy Chains (RAPC) in August 2003. The non-commercial organisation works to raise awareness at both

a consumer and state decision-making level. 36.6 hopes the RAPC will give impetus to the Russian retail healthcare sector and will serve as a strong platform to combat counterfeit medicines whilst raising overall transparency.

It seems that the authorities in Russia are also beginning to take action. The country has a notoriously weak regulatory environment and high levels of corruption. In June this year however the Russian government was involved in organising Counterfeit Protection 2004, an all-Russian exhibition-forum. Other organisers included the state Duma, the interior ministry, the Federal Security Service (FSB), the National Consumers Protection Fund and the National Agency for Combating the Spread of Counterfeit Goods.

Counterfeiting is definitely building a higher profile in Russia. For example in 2003 the volume of confiscated counterfeits increased by 300%. Meanwhile steps are being taken to strengthen intellectual property law. The Administrative Offences Code will be amended to allow more time for investigations, and the Interior Ministry and Procuracy-General are working on proposed changes to copyright-violation laws.

There is undoubtedly a long way to go, and counterfeits are still easy to find in city markets, yet the authorities are building on the protection offered to brand owners trading in Russia, just as rising local brands such as 36.6 work to ensure they too are protected.

Share of counterfeit products in total sector sales

Industry	World	Russia
Video	50	80
Software	43	80
Music	33	70
Toys	12	N/A
Spare parts	10	N/a
Medicine	6	12
Perfumes	5	60
Watches	5	N/A

Source: Pira International