JOINT MEDIA STATEMENT

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Government and Pharmaceutical Sector commit to closer cooperation on industry challenges

PRETORIA: Senior government officials and leaders from across South Africa's pharmaceutical sector met in Pretoria on Tuesday, 18 August to discuss urgent industry challenges and the longer-term measures needed to strengthen the sector and support local pharmaceutical production.

The government delegation was led by Acting Director-General of the National Department of Health, Professor Nicholas Crisp. It included senior representatives from the National Department of Health, the Department of Trade, Industry and Competition, the Department of Science, Technology and Innovation, National Treasury and the Presidency, as well as the Competition Commission, the South African Health Products Regulatory Authority (SAHPRA) and the Medicines Pricing Committee. These institutions include the core departments represented in the Presidency-convened Inter-Ministerial Committee on Local Pharmaceutical Production. Government was also supported by technical partners, including the World Bank.

The pharmaceutical-sector delegation was led by Dr Stavros Nicolaou, Chair of the Pharmaceutical Task Group (PTG) and Group Senior Executive at Aspen Pharmacare. The delegation included representatives of the Black Pharmaceutical Industry Association (BPIA), Innovative Pharmaceutical Association South Africa (IPASA), Self-Care Association of South Africa (SCA), Pharmaceuticals Made in South Africa (PHARMISA) and Generic and Biosimilar Medicines of Southern Africa (GBMSA), together with senior executives and representatives from Adcock Ingram, Cipla Medpro, Novo Nordisk, Acino, Austell Laboratories, iNova Pharmaceuticals, Bliss Pharma, Gilead Sciences, Biovac, 3Sixty Biomedicine and Wrapsa.

The meeting provided an opportunity for a frank and constructive exchange on the pressures facing the sector, including heightened global geopolitical uncertainty and global supply-chain disruptions. Industry outlined the practical impact of current conditions, while government shared the broad direction of its evolving localisation roadmap.

Participants recognised that, while the medium- and longer-term elements of the roadmap are being finalised and appropriate funding identified, several urgent matters require immediate attention and resolution. Government undertook to consider an extraordinary single exit price (SEP) adjustment, in line with existing domestic and geopolitical pricing pressures.

It was further agreed that a structured, institutionalised engagement mechanism would be established, with regular meetings to track agreed actions, monitor progress, support implementation and enable government and industry to collaborate in addressing future challenges.

This will enable government and industry to maintain momentum and work together to address the immediate and longer-term priorities identified.
Priority areas identified for further engagement include:

- a fair, transparent and predictable single exit price adjustment (SEPA) mechanism that balances medicine affordability with sustainable supply, including joint review of the applicable SEPA regulations;
- continued strengthening of SAHPRA and structured engagement with industry on regulatory requirements and their practical implications for business operations, trade, medicine supply, investment and competitiveness. Early joint planning will help to minimise operational disruption and costs, support economic growth and export competitiveness, and ensure timely access to safe, effective and quality medicines;
- capital-investment support and export incentives to encourage greater investment in South Africa's own pharmaceutical manufacturing capacity and to assist the sector's export ambitions. This should include the distressed contract manufacturing subsector;
- transparent, predictable and consistent public-sector procurement rules that support localisation, reliable medicine supply and enable better long-term planning and potentially longer-term contracts;
- exploration of alternative reimbursement models (ARMs) that could improve the affordability of selected medicines;
- removal of unnecessary red tape and measures to reduce the cost of doing business, helping to support investment and more efficient and sustainable medicine supply; and
- a broader package of appropriate incentives to sustain existing capacity, attract new investment and strengthen local production and medicine security.

Government underscored its commitment and readiness to work closely with industry to build a stronger pharmaceutical future across the public and private sectors, in the best interests of patients and the country's healthcare system. The engagement reflects a shared recognition of the pharmaceutical sector's importance to patient access, sustained medicine supply, public health, investment, employment and South Africa's industrial-development objectives.

The Pharmaceutical Task Group ("PTG") is an umbrella body representing four pharmaceutical industry associations that collectively account for more than 80% of the medicines manufactured and supplied in South Africa. Through its member associations, the PTG represents the interests of originator and generic pharmaceutical manufacturers, local pharmaceutical manufacturers and suppliers of self-medication products.

The Group serves as a structured forum for engagement with government and regulatory authorities on such as medicines policy, pricing, regulation, localisation and sustainable supply.

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