

February 2017

IOBE, Foundation for Economic & Industrial Research

Key Economic Indicators

This bulletin has been prepared by the research staff of the Health Economics Observatory at IOBE, with the contribution of SFEE's Data Monitoring working group.

Volume 2, Issue 7



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MoH: Towards a new pharmaceutical policy



- ✚ *Negotiation Process for medicinal products for Hepatitis C has been reactivated in January since its last meeting in July*
- ✚ *Prices Bulletin has been published (GG Γ5(α)/Γ.Π 97307/23.12.2016)*
- ✚ *The Ministry of Health established a working group of Pharma Policy in September, in order to propose new measures of Pharma Policy*

SFEE: Current issues and update



- ✚ *Redefine target for public pharmaceutical expenditure with a separate provision for the uninsured citizens or create a separate budget for vaccines*
- ✚ *According to the MoU, a 30% reduction in Clawback should be legislated and implemented. SFEE is pressing MoH and EOPYY to implement the pending structural reforms (ie.HTA, Negotiations Committee, Therapeutic Protocols, Patients Registries), in order to achieve the 30% target and rejects the extra burden via increase of Rebates*
- ✚ *Continue discussions with the Ministry of Health on the measures for the introduction of new medicines*
- ✚ *SFEE held an cross-party policy debate under the title “Restoring the healthcare of Greece solutions for a better tomorrow”, which was hosted by MEP Dimitrios Papadimoulis (GUE/NGL), Georgios Kyrtos (EPP) and Evai Kaili (S&D)*
- ✚ *Initial discussions with EOF for the implementation of Falsified Medicines Delegated Act*

Economic Environment

The Euro area economy:

Growth stabilisation in Q3'16

GDP growth in the Euro area was 1.7% y-o-y for third consecutive month. Growth stabilisation is mainly attributed to heightened uncertainty after the result of the UK referendum.

Among the GDP components, the contribution of consumption spending of both households and government to growth remained unchanged compared to the previous quarter (0.9% & 0.4% respectively).

Investment share to GDP change, as well as that of exports declined marginally: -0.1% for both components, to 0.6% and 1.0% respectively.



Decline of the negative impact of imports (from -1.6% to -1.2%)

The repercussions of the UK referendum seem to materialise moderately in 2016. Growth rates in the main EU economies were unchanged in Q3'16 (Germany 1.7%, France 1.1%, Italy 1.0%)

Accordingly, the latest GDP projections for 2016 are not affected by the implications of Brexit (IMF: +1.7% y-o-y in January).



GDP increased by 1.8% y-o-y in Q3'16, after a year of continuous recession. In the same period of 2015 GDP had declined by -2.2%. The Q3'16 return to growth is mainly owed to the low base effect of Q3'15.

GDP increase in Q3'16 was mainly caused by the final consumption expansion by 3.8% y-o-y. During the same period of 2015, consumption had declined by 2.2% y-o-y.

The Greek economy: Trend change in Q3'16

Exports also increased in Q3'16, for the first time since Q2'15, by 10.2% y-o-y, against a decline of 7.0% in Q3'15.

Increase was stronger in imports (12.0% y-o-y), in contrast to a 14.1% y-o-y fall a year ago.

Investment declined in Q3'16 (-16.9% y-o-y), after three consecutive quarters of growth.

Table 1. Main Macroeconomic figures GRE vs. ROW (% changes)

	2014	2015	2016	2017
GDP (% change)				
Greece	0.7	-0.2	0.1	2.8
Euro area	1.1	2.0	1.7	1.5
Emerging - Developing Europe	2.8	3.6	3.3	3.1
EU-28*	1.6	2.3	1.9	1.7
Global Economy	3.4	3.2	3.1	3.4
Inflation (%)				
Greece	-1.4	-1.1	-0.1	0.6
Euro area	0.4	0.0	0.3	1.1
Emerging - Developing Europe	3.8	2.9	3.1	4.2
EU-28*	0.5	0.0	0.3	1.3
Global Economy	3.2	2.8	2.9	3.3
Unemployment (% of labour force)				
Greece	26.5	25.0	23.3	21.5
Euro area	11.6	10.9	10.0	9.7
Emerging - Developing Europe	-	-	-	-
EU-28*	8.7	9.4	8.9	8.5
Global Economy	-	-	-	-
Budget Balance (% of GDP)				
Greece*	-3.6	-7.6	-3.4	-1.8
Euro area	-2.6	-2.1	-2.0	-1.7
Emerging - Developing Europe**	-1.4	-2.7	-3.4	-3.7
EU-28*	-1.9	-2.5	-2.2	-1.8
Global Economy**	-2.9	-3.6	-3.6	-3.1

Sources: World Economic Outlook, IMF, October 2016; *European Economic Forecast, autumn 2016, European Commission, May 2016; **Fiscal Monitor, IMF, April 2016

Table 2: Main GDP components Greece – Quarterly National Accounts (2010 volumes)

Year/ Quarter	GDP		Final Consumption		Investment		Exports		Imports	
	bn. €	Annual rate of change	bn. €	Annual rate of change	bn. €	Annual rate of change	bn. €	Annual rate of change	bn. €	Annual rate of change
2010*	226.1	-5.5%	207.1	-5.8%	38.6	-10.6%	49.9	4.5%	69.2	-3.4%
2011*	205.3	-9.2%	188.1	-9.2%	30.2	-21.8%	50.2	0.7%	63.5	-8.3%
2012*	190.4	-7.3%	174.0	-7.5%	22.9	-24.0%	50.7	1.0%	57.5	-9.4%
2013*	184.2	-3.2%	167.6	-3.7%	20.7	-9.9%	51.3	1.1%	55.6	-3.4%
2014*	184.9	0.4%	168.0	0.3%	21.5	4.1%	55.3	7.7%	59.8	7.6%
Q1'15	46.3	0.1%	42.2	0.5%	5.0	0.0%	15.0	12.5%	16.3	15.1%
Q2'15	46.3	0.5%	42.3	0.8%	4.2	-21.3%	14.7	10.3%	15.5	4.0%
Q3'15	45.6	-2.2%	41.7	-2.2%	4.6	-17.3%	13.4	-7.0%	13.0	-14.1%
Q4'15	46.2	0.4%	41.8	-0.2%	5.7	4.1%	13.8	-2.2%	15.1	-2.7%
2015*	184.9	-0.3%	167.6	-1.3%	19.6	-8.7%	57.0	3.1%	60.0	-8.7%
Q1'16	45.9	-0.8%	41.7	-1.2%	5.9	30.6%	13.4	-3.2%	14.9	4.9%
Q2' 16	46.1	-0.5%	41.9	-1.0%	5.5	-16.9%	14.3	10.2%	16.3	12.0%
Q3'16	46.4	1.8%	42.7	-3.8%	3.9	-0.5%	14.8	1.9%	14.6	4.5

Source: Quarterly National Accounts, ELSTAT, November 2016

Table 3: Main Macroeconomic figures (Greece)

	2015	2016	2017	2018
Annual percentage changes				
Gross Domestic Product	-0.2	-0.3	2.7	3.1
Private Consumption	-0.2	-0.5	1.5	1.6
Public Consumption	0.0	-0.7	-0.7	-0.1
Gross Fixed Capital Formation	-0.2	4.0	13.7	14.2
Exports of Goods and Services	3.4	-4.0	3.6	4.7
Imports of Goods and Services	0.3	-2.8	3.0	4.2
Employment	0.5	2.2	2.2	2.3
Compensation of employees / head	-2.9	0.2	1.0	2.0
Real Unit Labour Cost	-1.2	2.9	-0.4	0.0
Harmonized Index of Consumer Prices	-1.1	0.1	1.1	1.0
Contribution to real GDP change				
Domestic Demand	-0.2	0.0	2.5	2.9
Net Exports	1.0	-0.4	0.2	0.2
Inventories	-1.0	0.1	0.0	0.0
GDP percentage				
General Government Balance	-7.5	-2.5	-1.0	0.9
Current Account Balance	0.0	0.0	0.2	0.3
General Government Debt	177.4	181.6	179.1	172.4
Percentage				
Unemployment (% of civilian labor force)	24.9	23.5	22.2	20.3

Source: European Economic Forecast, autumn 2016, European Commission, November 2016

Further reduction of unemployment in Q3 '16

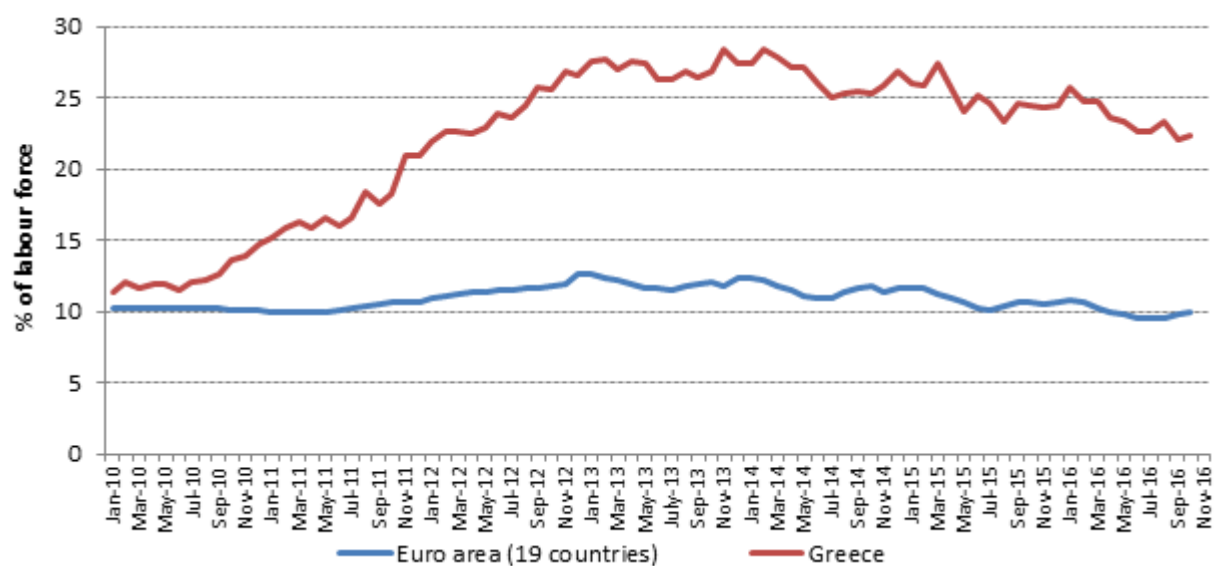
The rate of non-seasonally adjusted unemployment in Greece decreased in Q3'16 to 22.7%, (23.1% in Q1'16), 1.5 percentage point lower compared to the same period of 2015 (24.2%).

Unemployment in Greece decreased further in October '16 (22.4%), 2.0 percentage units lower y-o-y.

Unemployment in the Euro area fall below 10.0% in Q3'16, the lowest value of the past two years.



Figure 1: Unemployment in Greece and Euro area (Non-seasonally adjusted)



Sources: ELSTAT, Eurostat

Economic Sentiment indicator* improves in Q3'16

Economic Sentiment in Greece improved in Q4'16 against the previous quarter. The relevant index reached 93.6 units, 2.0 units higher than in Q3'16.

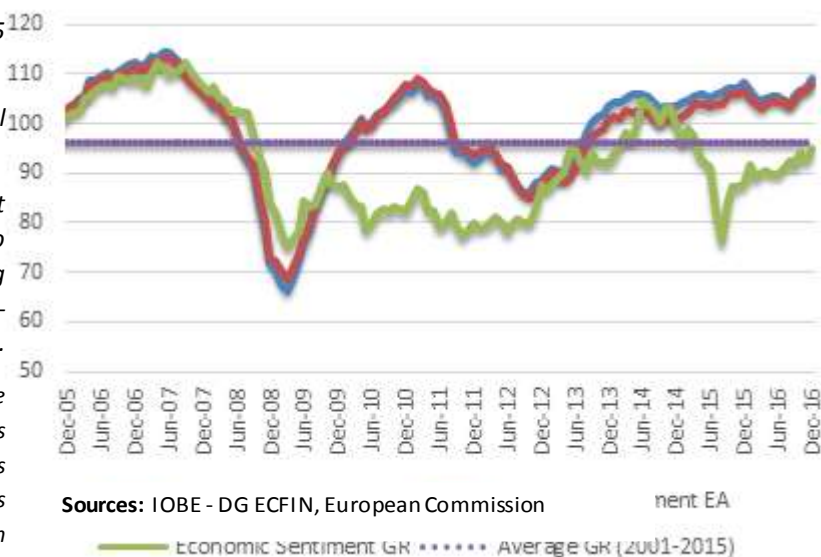
The index increased by 6 units compared to Q4'15 (87.3 units).

Overall, in 2016, the index exhibited a marginal increase of 0.7 units against 2015.

The relevant index increased during the last quarter of 2016 both in the EU28 and in the Euro area by 3.1 and 2.6 units, respectively. During 2016, the index decreased marginally in the EU (-0.3 units) and increased in Euro area by (-0.7 units).

* The Economic Sentiment Indicator is a composite indicator, comprising sectoral expectations indicators in Industry, Services, Construction, Retail trade sectors and Consumer Confidence indicator. The index is evaluated on a monthly basis for DG ECFIN, European Commission by IOBE.

Figure 2: Economic climate Indicator, Greece and the Euro area

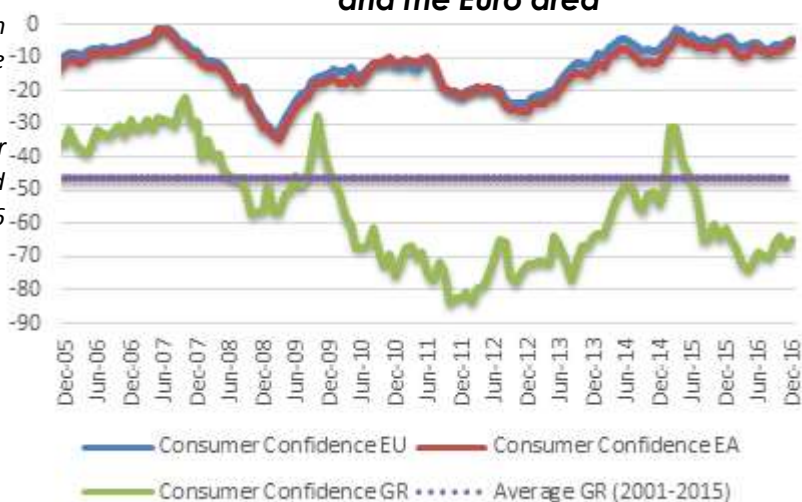


Consumer Confidence Indicator: sharp fall in 2016

Consumer Confidence improved in Q4'16, reaching -65 units (from -68.4 units in Q2'16). In 2016, the index contracted sharply, to -68 units from -50.7 in 2015, indicating the not favorable forecasts of the Greek households for the next period.

Both households' expectations regarding their economic situation in the following 12 months and their ability to save money, worsened in Q4'16 compared to the previous quarter.

Figure 3: Consumer Confidence Indicator, Greece and the Euro area



Sources: IOBE - DG ECFIN, European Commission

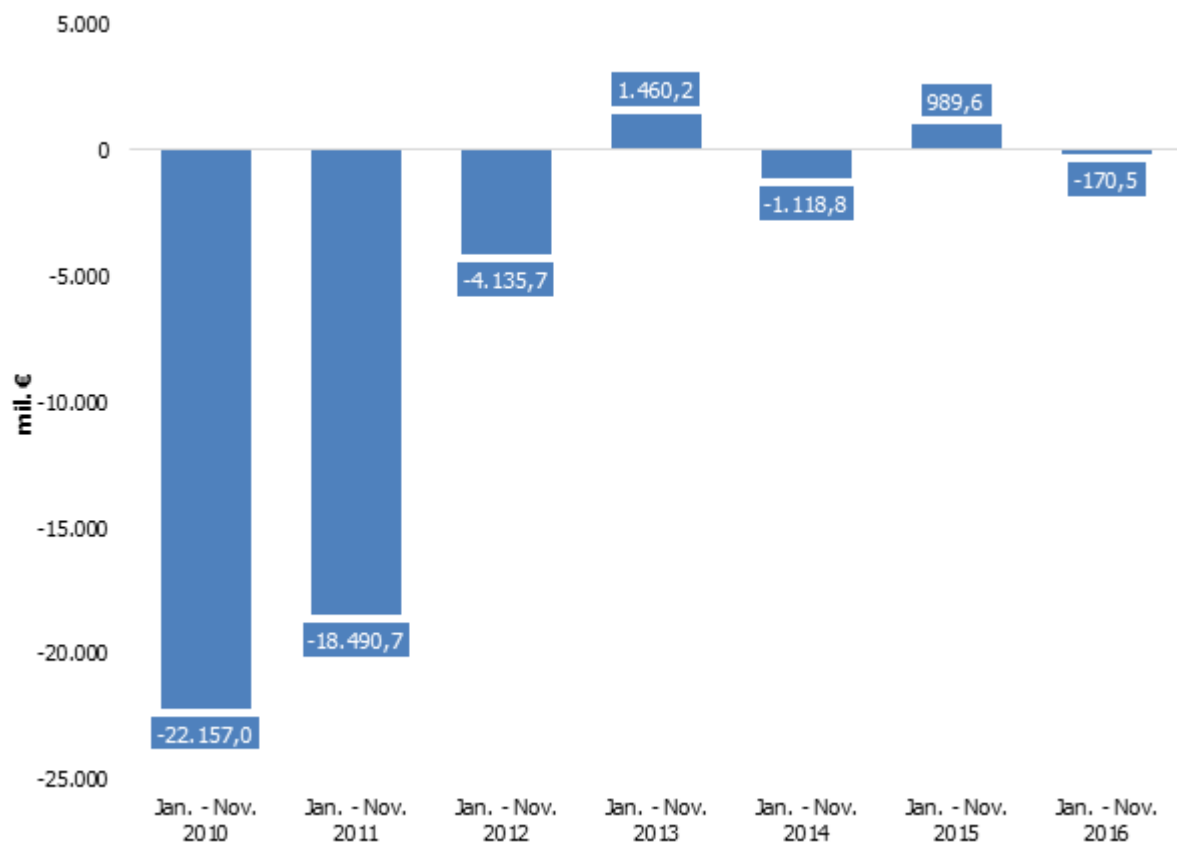
Current Account Balance (Jan. – Nov. 2016):

Current account deficit of €0.2 billion during the Jan. - Nov. 2016 period, compared to a surplus of €0.9 billion during the same period of 2015.

The primary income account balance worsened, while the secondary account balance was improved.

Despite the decrease in exports of goods, the balance of goods - services (ships and fuels not included) deteriorated, by €0.1 billion during the 11 months of 2016.

Figure 4: Current Account Balance, Jan. – Nov. 2010-2016



Source: Bank of Greece

Consumer Price Index 2016

In 2016, CPI decreased by 0.8 % against 2015, a contraction much smaller compared to 2014 (1.7%)

The Health index increased by 1.7% against 2015, following a contraction of 0.7% in that year compared to 2014.

Figure 5: Consumer price index, % change over the same period of the previous year



Source: ELSTAT

Industrial Production (Jan. – Nov. 2016):

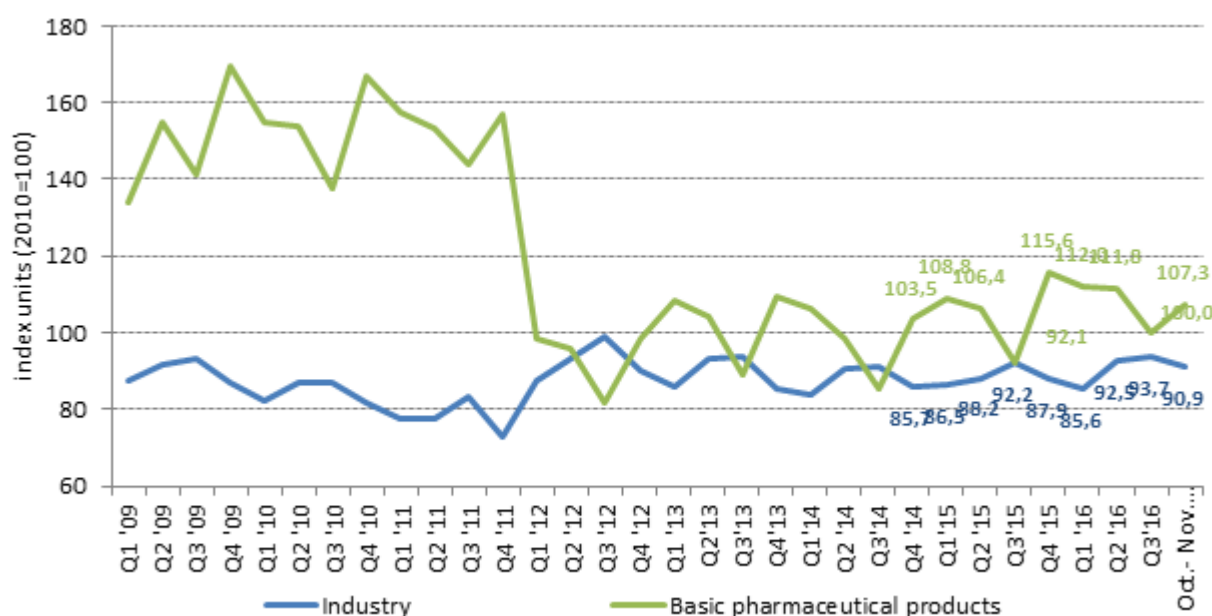
The production increased by 4.6% during the Oct.-Nov. 2016, against a more moderate increase of 0.4% in 2015.

During the first eleven months of 2016, industrial production was 2.3% higher y-o-y, compared to the same period of 2015, when it increased by 0.5% y-o-y.

In the Oct.-Nov. period, the production of basic pharmaceutical products grew by 4.3% compared to a slower increase of 1.2% during the same period of 2015.

Overall, the production of basic pharmaceutical products during the eleven months of 2016 increased with similar rates as in 2015 (5.1%).

Figure 6: Industrial Production Index



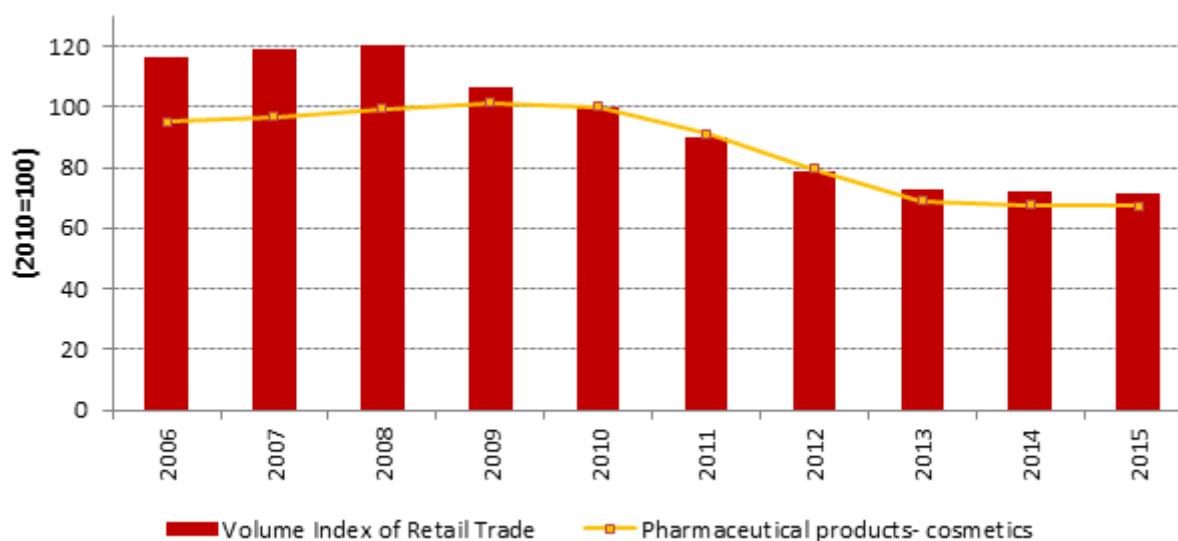
Source: ELSTAT

Retail Trade

Retail trade volume has decreased significantly since the crisis' outburst.

Trade of pharmaceutical products and cosmetics follows the same trend, exhibiting cumulative losses of almost 30% during the period 2007-2015.

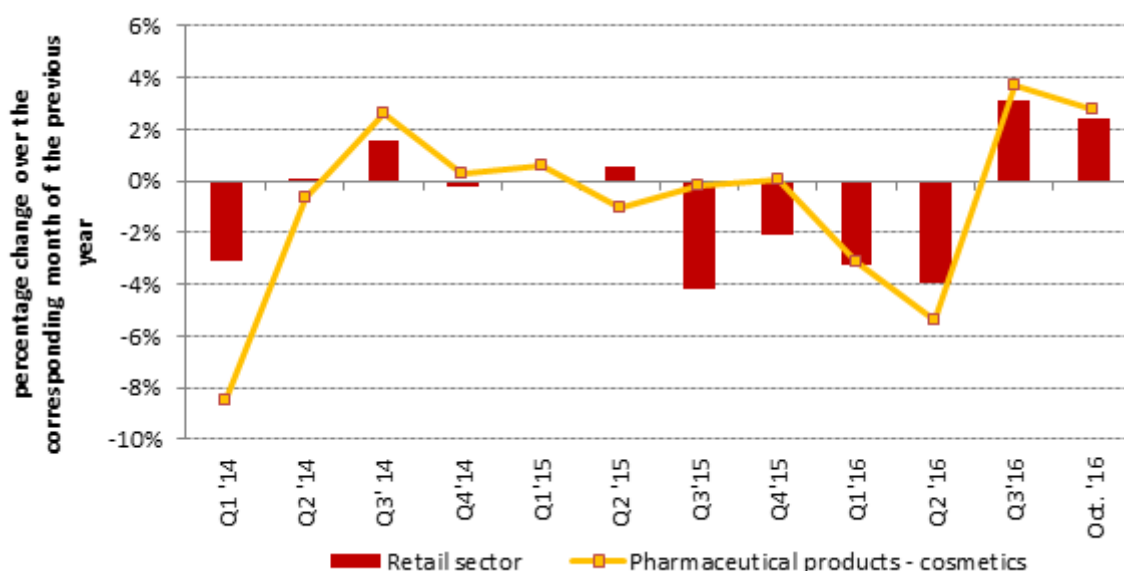
Figure 7: Retail trade and Pharmaceutical products 2006 - 2015, annual averages



During Q3 '16, the retail trade volume index increased by 3.1% y-o-y, against a sharp decrease of 4.2% in Q2 '16. The volume index of the pharma-products rose by 3.7% against Q3'15 (-0.1%).

In Oct. 2016, the retail trade volume was 2.4% higher y-o-y. In Oct. 2015 the index was losing 2.4% of its value. The respective change in pharma-products was +2.8% y-o-y (-0.4% in 2015).

Figure 8: Retail trade & Pharmaceuticals, y-o-y % change



* The results of the survey are based on the temporary turnover of 183 pharma and cosmetics firms, deflated by the Harmonised Consumer Price (HICP) index. **Source:** ELSTAT

Real Effective Exchange Rate

Real effective exchange rates (REER) are depicted in the table below for the period January 2014 – JANUARY 2015 as derived by Eurostat.

The REER (or, equivalently, the "Relative price and cost indicators") aims to assess a country's (or currency area's) price or cost competitiveness relative to its principal competitors in international markets. It corresponds to the NEER deflated by nominal unit labor costs (total economy) and consumer prices (CPI/HICP).

Table 1: Exchange rate fluctuation (REER) January 2014 / January 2015*

CURRENCY/TIME	BGN	CZK	DKK	UK £	HRK	HUF	PLN	RON	SEK	US dollar	CHF
June 2015	1.96	27.31	7.46	0.72	7.57	311.96	4.16	4.48	9.27	1.12	1.05
July 2015	1.96	27.09	7.46	0.71	7.58	311.53	4.15	4.44	9.39	1.10	1.05
August 2015	1.96	27.04	7.46	0.71	7.56	311.61	4.19	4.42	9.52	1.11	1.08
September 2015	1.96	27.09	7.46	0.73	7.59	313.14	4.22	4.42	9.39	1.12	1.09
October 2015	1.96	27.10	7.46	0.73	7.62	311.27	4.25	4.42	9.35	1.12	1.09
November 2015	1.96	27.04	7.46	0.71	7.61	312.27	4.25	4.44	9.31	1.07	1.08
December 2015	1.96	27.03	7.46	0.73	7.64	314.40	4.29	4.50	9.24	1.09	1.08
January 2016	1.96	27.03	7.46	0.75	7.66	314.68	4.41	4.53	9.28	1.09	1.09
February 2016	1.96	27.04	7.46	0.78	7.64	310.37	4.40	4.48	9.41	1.11	1.10
March 2016	1.96	27.05	7.46	0.78	7.56	311.15	4.29	4.47	9.28	1.11	1.09
April 2016	1.96	27.03	7.44	0.79	7.49	311.46	4.31	4.47	9.20	1.13	1.09
May 2016	1.96	27.03	7.44	0.78	7.49	314.58	4.40	4.49	9.29	1.13	1.11
June 2016	1.96	27.06	7.44	0.79	7.52	313.98	4.40	4.52	9.33	1.12	1.09

*Source of data: Eurostat

**BGN: Bulgarian lev; CZK: Czech koruna; DKK: Danish krone; UK £: Pound sterling; HRK: Croatian kuna; HUF: Hungarian forint; LTL: Lithuanian litas; PLN: Polish zloty; RON: Romanian leu; SEK: Swedish krona; CHF: Swiss frank

Pharmaceutical Market - IMS

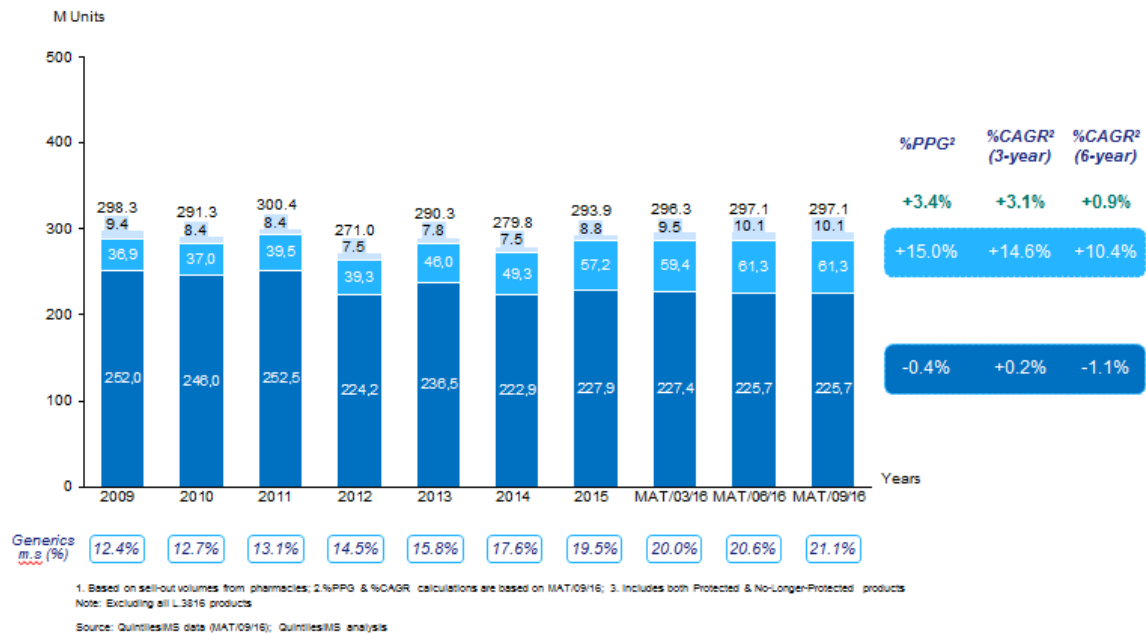
Market Share in Values (PPP) & Volume by product type (Q3/14- Q3/16), retail

- Generics continue to increase by 3% in values and 2% in volume with respect to STLY
- Classification is based on **EOF status** (originals vs. generics).
- Products belonging in L.3816 status are not included.



Market Size in volume annual evolution 2009-2016, by product type (Reimbursed market, EOF), retail

- In terms of volume, reimbursed market in MAT/09/2016 increased by 3%, reaching to ~297M Units, driven mainly by generic performance.
- In particular generics increased from 12.4% in 2009 to 21.1% in Q3/2016, demonstrating a slow, but steady rate of penetration in the reimbursed market.
- Over a 6 year period, the year-over-year growth rate for originals is declining (-1.1%), in contrast to generics which is increasing at 10.4%.



Outstanding debts evolution until 31.12.2016 (in millions)

On 31.12.2016, the total amount of the state's debt towards SFEE's member- companies was €911 million.

For 2015, a significant reduction in unsettled debts has been observed of ~11%; particularly the outstanding debts amount to ~57%

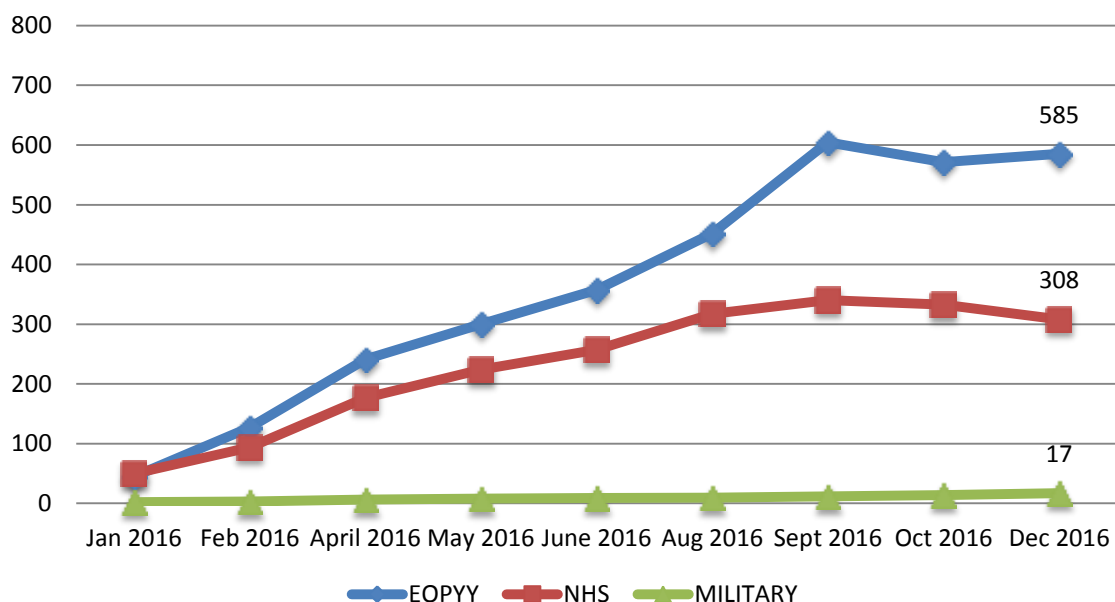
For 2016, no significant progress in payments has been recorded although a small decrease was recorded of 7.6% in total as the respective amount has reached €848mil from €917 since October 2016

The need for a stable repayment schedule is imperative as it can become evident that our member - companies are more than 6 months behind in payments in contrast to the rest of the providers in EOPYY.

On the horizontal axis, monthly update from our member-companies data is shown as of April 2015 onwards.

Sums reported here include data from member-companies of SFEE (detailed & aggregate data).

Outstanding debts 2016



Outstanding Balances 2015

