



Montreal-based firm urges government support

PHARMASCIENCE BRINGS CANADIAN KNOW-HOW TO UKRAINE

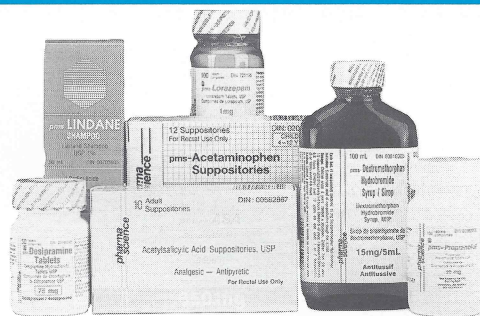
Excerpts from an address by Morris Goodman, Director of Business Development (Eastern Europe), Pharmascience Inc., to the Canada-Ukraine Chamber of Commerce Business Conference, Toronto, October 25, 1994

Pharmascience is a Montreal-based pharmaceutical company founded in 1983 which has been active in the development, manufacturing and marketing of quality, low cost pharmaceutical products for the international health care community. Producing over 350 different pharmaceutical preparations and distributing these products in well over 20 different countries, they are the third largest generic pharmaceutical manufacturer in Canada.

By early 1992, representatives of Pharmascience were busy visiting almost all of the twenty pharmaceutical factories in Ukraine. These experts are convinced that Ukraine has the potential to be the breadbasket for pharmaceuticals to the entire CIS. According to their analysis, Ukraine is capable of satisfying approximately 75-80% of its domestic needs for pharmaceuticals using current production facilities and important drug substances. However, Ukraine is currently importing 60-70% of its pharmaceutical needs in finished dosage forms.

There is significant potential to leverage Ukraine's strength and skill in transferring raw materials into finished dosage forms using their current infrastructure. The direct result of this would be to reduce the Ukraine's need to import finished pharmaceuticals translating into higher employment levels in this sector and reduction on demands for hard currency. The ultimate goal is to help transform Ukraine into a low cost producer of high quality pharmaceuticals for the world market.

Several Ukrainian pharmaceutical plants have been selected for long-term



partnerships. They currently produce tablets, injectables, solutions and syrups all in vital need by the Ukrainian Public Health Ministry. Under Canadian direction, Ukrainian plants have also begun producing pharmaceuticals for export to the CIS countries. Pharmascience supplies the formulation technology, drug substances, raw materials, packaging components and printed materials. The manufacturing is provided by the Ukrainian partner. Every product produced must satisfy both the Canadian and Ukrainian regulatory standards.

Ukraine does need to update its manufacturing equipment, but the vast majority of pharmaceuticals can be produced in Ukraine using equipment currently in possession of the Ukrainian pharmaceutical industry.

In order to limit inventory exposure, Pharmascience policy is to produce only small quantity batches. To limit financing exposure, they prefer to ship frequent

small quantities rather than large shipments.

Like other investors, Pharmascience strongly encourages the Canadian government to pass legislation to protect Canadian investments in Ukraine. To further facilitate investment in Ukraine, the EDC must include Ukraine as an insurable country under its export and foreign direct investment program.

Pharmascience is currently lobbying Canadian product registrations with the Health Protection Branch of Health and Welfare Canada to gain automatic registration in Ukraine. The result of not providing for automatic product registration is that it produces cumbersome and unnecessary bureaucracy while delaying product introduction.



Pharmascience delegation meets with Canadian Embassy staff in Kyiv. L-r: Vladimir Vereta, Commercial Officer (Emb); Arthur Lebresque, Counselor (Emb); Dr. Paul Melekhov, Dir.-Ops, Eastern Europe (Pharm); George Grushchenko, Commercial Officer (Emb); Dr. Olga Naumenko, Medical Consultant, Kyiv (Pharmascience-Ukraine); Val Gorbatyuck, Reg. Sales Mgr (Pharm).