

Daryna Taran

a third-year student

Kyiv National University of Technologies and Design (Kyiv)

Olena Babenko

PhD in Philology, Associate Professor

Associate Professor of Foreign Languages Department

Kyiv National University of Technologies and Design (Kyiv)

CHALLENGES OF PHARMACEUTICAL INDUSTRY IN UKRAINE

The pharmaceutical industry is one of the few that develops the national economy in Ukraine the most. But, unfortunately, Ukraine cannot enter the market of the developed countries yet. The main reason is a lack of trust for Ukrainian drugs and economy. The most effective way to change the attitude to domestic pharmaceutical companies is to ensure their innovative development, to introduce technological innovations.

The paper aims at analyzing current state and development of Ukrainian pharmaceutical industry.

The Ukrainian pharmaceutical industry has a great potential but a bad reputation in the foreign market. To change this trend, it is necessary to promote innovative activities of pharmaceutical companies, in particular, development and implementation of technological innovations in the production process.

Technological innovations deal with improvement of technologies, application of fundamentally new technologies in the production of new products, development of new types of technological equipment and new technological regulations [3].

For the Ukrainian pharmaceutical companies, the introduction of technological innovations is very important. Despite the significant potential of the industry, only 10% of the volume of medicines is exported compared to the import. The main reasons:

- non-compliance of the vast majority of products with the standards of Good Manufacturing Practice or GMP;
- a lack of technological changes in the production processes;
- a lack of a strong scientific base and qualified personnel in modern pharmaceutical companies.

Almost all companies pay more attention to the safety of drugs. World experience shows that a drug with an improved safety profile is entitled to a higher price and level of compensation. On the contrary, Ukrainian pharmaceutical companies prefer to develop and implement innovative products rather than technologies.

Among the factors that prevent Ukrainian pharmaceutical industry from innovative breakthrough are the following: a low quality of regulation, an unfavourable business climate and a weak technological and professional base. Taxation of imported technological equipment is also a very important and problematic issue. The financial burden of paying taxes is so high. Taxes for imported equipment for a pharmaceutical company are about 40% of value of the products. Nowadays, pharmaceutical companies are forced to invest their own working capitals into the innovative development of production, and they are taxed up to 18%. As a result, these factors influence the cost of production. But we can emphasize that introduction of innovations into the Ukrainian pharmaceutical industry would stimulate the improvement of a product quality; enhance the competitiveness of Ukrainian products in the foreign markets [1].

The gradual improvement of key macroeconomic indicators in Ukraine testifies a recovery in the economy. The analysis of the pharmaceutical industry in Ukraine based on statics illustrates a slow return to stability. The statistics also says about the growth of sales in both physical and monetary terms. However, the volume of direct foreign investment remains almost twice lower than in 2013, that is, investors still do not trust the Ukrainian economy [3].

Currently, the key trends in the pharmaceutical market are conducive to investing. Investments will give an impulse to increase production volumes and develop entrepreneurial activity. These measures will result in the competitiveness of national companies as well [2, p.287].

Thus, the pharmaceutical industry is one of the high-tech and promising industries in Ukraine, so it is very important to promote its development and modernization. Having analyzed the current state of the Ukrainian pharmaceutical industry, we can conclude that it faces a lot of obstacles and problems. But indisputably the Ukrainian pharmaceutical industry has a great potential and promising breakthrough.

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