

## Korean drug distributors face bankruptcy

26 August 2014 | News | By BioSpectrum Bureau



**Singapore:** Nearly 60 drug distributors in Korea are facing bankruptcy as the foreign drug makers do not pass on the fair share of profits to the distributors.

The Korean Pharmaceutical Distribution Association (KPDA) which represents 2121 distributors cautioned that unless necessary action was taken, many drug distributors will have to encounter severe financial crisis.

In a press conference at Seoul, KPDA president Mr Hwang Chi-yup said, "Unlike Korean pharmaceutical companies, which guarantee at least a 10 percent profit margin for distributors, foreign drugmakers set it at 7 percent or lower, levels at which distributors cannot turn a profit at all."

Mr Chi-ypu added that distributors further had to bear credit card transactions costs too. He signaled that in the absence of appropriate government intervention, these practices could seriously hamper the country's drug industry.

Prof Hwang In-kyung of Gachon University, echoed this view, stating that distributors cannot churn out profits, with margins lower than 8.8 percent.

Ms Nam Yun In-soon, New Politics Alliance for Democracy, said, "Without a fair and transparent drug distribution system, it is impossible to provide good healthcare services." The lawmaker assured that it will try hard to come up with measures to address the concerns.