# GLOBALISATION AND PHARMACEUTICAL INDUSTRIES IN NIGERIA: A STUDY OF ORIS UMOEZE NIG. LTD AND NIPRIPHARM LAB LTD IN ABUJA

**BY**

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**Supervisory Committee:**

**August, 2016.**

## Declaration

I hereby declare that this dissertation titled " Nigerian Pharmaceutical Industries in the era of Globalisation: a study of Oris Umoeze and Nipripharm Lab limited " was written by me in the Department of Political Science and International Studies, under the Supervision of Professor. Hudu Ayuba Abdullahi and Dr. Yusufu Yakubu.

The information derived from the literature has been duly acknowledged in the text and a list of references provided. No part of this work has been presented for another degree or diploma at any institution.

IBRAHIM ABU AKOH

_____ _____

NAME SIGNATURE

## Certification

This dissertation titled “Nigerian Pharmaceutical Industries In The Era of Globalisation: A Study Of Oris Umoeze and Nipripharm Lab Limited ” meets the regulation governing the award of the degree of Masters of Science in Political Science of Ahmadu Bello University and it’s approved for its contribution to knowledge and literary presentation.

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## Dedication

This work is dedicated to the Almighty God for his unalloyed providence and mercy, to all members of my family and to those who earnestly strive to ensure maximum benefit in our interactions with the outside world.

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**Abstract**

The world has become almost a single organism such that whatever happens to a part has its ripple effects on others. This study investigates the effects of globalization on Nigerian pharmaceutical industries with special focus on Oris Umoeze Nig. Ltd and Nipripharm Lab Ltd in Abuja. This was carried out to achieve the following objectives: To examine the nature of Nigerian pharmaceutical industries in this era of globalization. ii. To investigate the effects of globalization on Oris Umoeze Nigeria limited and Nipripharm Lab Limited. And finally, to examine the factors hindering Oris Umoeze Nigeria limited and Nipripharm Lab Ltd from achieving a global standard. The study used both primary and secondary data. The primary data were generated from questionnaire and interview while the secondary data were derived from journals, internet materials, unpublished materials and text books. A total of two hundred and thirty-three questionnaires were distributed to drug manufacturers, importers, wholesalers, retailers and patent drug vendors. Two hundred questionnaires were completed and returned representing 85.8 percent of the sampled population. Descriptive statistics via SPSS was employed in the analysis of the questionnaires. The data generated from the questionnaire was corroborated by the interviews and the secondary materials consulted. This was to ensure authenticity and internal validity. The research reveals that globalisation has encouraged free flow of pharmaceutical products which has brought stiff competition to the locally manufactured pharmaceutical products. This study was also able to establish that Oris Umoeze Nigeria Limited and Nipripharm Lab Limited do not employ state of the arts facilities in their production processes neither do they follow acceptable production process as such do not comply with the minimum standard set by WHO. Therefore, the medicines manufactured by these companies have not achieved WHO pre-qualification basically because of many domestic factors which are even worsened by the free flow of pharmaceutical products from countries around the world. In fact, no medicine by pharmaceutical manufacturing companies in the whole of West African Region has met with WHO Pre-qualification. Only few products of three Companies in the whole of Africa have attained WHO pre-qualification: a. Aspen Pharmacare Ltd. Port Elizabeth, Republic of South Africa.b. Maphar SA, Casablanca, Morocco and c. Quality Chemicals Industry Ltd, Kampala, Uganda**.** What this entails is that no pharmaceutical manufacturing company in Nigeria can be patronized by any international support Organizations such as the World Health Organization (WHO) or The European Union (EU).

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# CHAPTER ONE

# GENERAL INTRODUCTION

## 1.1. Background to the Study

Economic globalisation has led to the increasing economic integration and interdependence of national, regional and local economies across the world through an intensification of cross-border movement of goods, services, technologies and capital. Economic globalization has been expanding since the emergence of trans-national trade, it has however grown at an increased rate over the last few decades under the framework of General Agreements on Tariffs and Trades (GATT) and World Trade Organization (WTO) which made countries gradually cut down trade barriers. While globalization has radically increased economic integration and increased access to modern ideas, it has opened up the developing economies to stiff competition for the sale of their manufactured goods in the perfect market. Nigeria which is a developing economy has been engulfed by this wave of integration and therefore faces stiff competition in her international transaction with the outside world. This is even more challenging owing to the fact that it is signatory to the WTO and as such cannot make deliberate efforts towards protecting the local industry by placing barriers on the importation of certain goods into the country.

However, every society has its peculiarities and special health demands. Pharmaceutical products are usually developed in line with the nature of an environment and the health needs of the citizenry. It is therefore imperative that countries are self- sufficient in the area of drug production. This is also essential in view of the security implications involved in the importation of drugs from other countries.

The participation of developing countries in the globalization process should be an opportunity to better utilize their comparative advantage, employ advance technologies in their production process, and attract foreign capital and management experience. On the contrary, economic globalization has expanded the gap between the developed and developing economies. One of the major arguments has always been that it is a perfect market and free trade which means each economy has the power to determine its position in the international engagements. How then has economic globalization been a hindrance or otherwise to Nigeria's quest for self-sufficiency in the area of pharmaceutical manufacturing?

Despite the growing number of graduates of pharmaceutical sciences in Nigeria, the country still depends on importation for seventy percent of its drug needs. Globalization has seen to the flooding of the market to the point that even drugs which are on the federal government import prohibition list are still being imported into the country.

What then are the factors responsible for this problem?

### 1.2. Statement of Research Problem

The world has become so interconnected and it is unequally so that the developing economies have been exposed to the influence and dominance of the developed economies. Globalisation poses a serious challenge to Oris Umoeze and Nipripharm Lab limited because it encourages stiff competition between the products of these companies and the imported products and at the same time globalization comes with a global standard such that for every pharmaceutical manufacturing company to survive in this competitive environment it must be able to adhere to its tenets. This challenge affects the different sectors of the Nigerian economy differently. Yet, most studies have

focused on the effects of globalization on the domestic economy in general without attention to each of the sectors despite the rapid increase in the importation of pharmaceutical products into the country. This study therefore set out to examine the effects of globalization on the pharmaceutical industries in Nigeria with a special focus on Oris Umoeze Nigeria Ltd and Nipripharm Lab Ltd in Abuja.

### 1.3. Research Questions

1. What is the position of Nigerian pharmaceutical industries in the era of globalization?
2. What are the effects of globalization on Oris Umoeze and Nipripharm Lab Limited
3. To what extent do domestic factors hinder these companies from achieving global standard?
4. How can Pharmaceutical Production be raised to International Competitiveness in Nigeria?

### 1.4. Aim and Objectives

The aim of this research is to examine the nature of Nigerian pharmaceutical industries in the era of globalisation. Specifically however, the research sought to achieve the following specific objectives:

1. To examine the position of Nigeria Pharmaceutical Industries in the era of globalisation
2. To examine the effects of globalization on Oris Umoeze and Nipripharm lab Ltd

3. To examine the extent to which domestic factors hinder the companies from achieving global standard.

4. To suggest ways that Pharmaceutical Production can be raised to Global Competitiveness in Nigeria

### 1.4. Research Assumptions

This research is premised on the following assumptions:

1. Nigerian pharmaceutical industries is inefficient in this era of globalization

2. Globalisation is the major factor responsible for the poor performance of Oris Umoeze and Nipripharm Lab Ltd.

3. Domestic factors are the major hindrances to the effective performance of Oris Umoeze and Nipripharm Lab Ltd

4. Pharmaceutical Production process in Nigeria is below International Competiveness Standard

### 1.6. Research Methodology

This research employed two sources of data collection; primary and secondary sources. To get the primary data, the survey method of data collection and interview were employed. Questionnaires were distributed to the relevant stakeholders; Oris Umoeze Nigeria limited, Nipripharm lab limited as well as pharmaceutical importers, distributors, wholesalers and retailers; and extensive structured face-to-face interviews were conducted. Analysis of relevant literature was also carried out to utilize the content of communication and internet materials were also consulted.

### 1.6.1. Population of the study

The focal point of this research is the pharmaceutical industries in Nigeria. However, Oris Umoeze and Nipripharm Lab Ltd are used as case study in this research. These two pharmaceutical companies are located in the Federal Capital Territory. Therefore, the other stakeholders who form part of the population of the study are professional pharmacists and pharmacy practitioners such as pharmaceutical importers, wholesalers and retail premises in Abuja. These respondents were chosen because they are expected to be the immediate customers of the products of Oris Umoeze and Nipripharm Lab Ltd. The staffs of the National Agency for Food drug administration and Control (NAFDAC), Pharmacist Coun

cil of Nigeria (PCN) and the Federal ministry of Industry, trade and investment were the major respondents through which data were sought for this study. The staff of these institutions were consulted for data because they are directly involved in Nigerian Pharmaceutical industries as well as their international transactions.

### 1.6.2. Data Collection

The two pharmaceutical manufacturing companies; Oris Umoeze Nigeria Ltd and Nipripharm Lab limited are located in the Federal Capital Territory. Therefore, data were generated from the staff of pharmaceutical manufacturing companies themselves, as well as pharmaceutical importers wholesalers and retailers as well as patent drug vendors in the area. This was done because the premises are the closest to the Pharmaceutical manufacturing companies and should be their immediate customers.

### 1.6.3. Sampling Procedure and Sample Size

There are three hundred and thirty-two (332) PCN licensed Pharmaceutical retail premises in the Federal Capital Territory. One hundred and sixty-six (166) of this was selected through systematic sampling technique. The pharmaceutical retail shops were arranged in Alphabetical order and the second unit after each selection was taken resulting in a sample size of one hundred and sixty-six (166) for the pharmaceutical retail shops. Only twelve (12) companies are licensed drug importers in Abuja. Due to the size, they were all covered. The PCN also licensed forty-five (45) wholesale premises; twenty-three (23) of this was selected through the same systematic sampling technique. Having selected (22) through alphabetical arrangement, the last company was added thereby bringing the number to (23). Also, the systematic sampling technique was adopted in selecting a total of thirty patent drug vendors; five from each of the six area Councils of the federal capital territory. The total number of patent drug vendors in the FCT was still being compiled by the Pharmacists Council of Nigeria (PCN) Head Office, Abuja, as at the time of this study. Therefore, the exact number is not at the researcher's disposal for this work. As stated earlier, questionnaire was also used in generating data from Oris Umoeze and Nipripharm Lab Limited in Abuja. Accordingly, the sample size for the respondents to the questionnaire was two hundred and thirty-three (233).

Purposive sampling technique was employed in selecting the respondents for the structured face-to-face interview. Thus only pharmacists and pharmacy practitioners and government officials in involved with the pharmaceutical industries were interviewed. The researcher also used two research assistants who helped tremendously in the distribution and retrieval of the questionnaires.

### 1.6.6. Analytical Technique

With the permission of some of the respondents, the interviews were recorded via a tape recorder. Each session of the interviews lasted between forty-five minutes to one hour depending on the disposition of the respondents. A total of seven respondents were interviewed. This was later transcribed into notes and the content further selected into various themes in line with the research objective and references were made to them in the discussion segment.

Descriptive method of analysis using the Statistical Package of the Social Sciences, {SPSS) was used in analyzing the questionnaire. A number of journals and internet materials and other publications were also examined to corroborate the data generated from interview and questionnaires.

### 1.7. Significance of the Study

One cannot deny the fact that a lot has been written on the effects of globalization on industrial development but the pharmaceutical industry which is the bedrock of a healthy nation is usually subsumed in the general study of globalization. Nigerian Pharmaceutical industry has not been performing optimally owing to a number of factors. This study is therefore significant because it carefully analysis the nature of Nigerian Pharmaceutical industry in this era of globalization with special attention on Oris Umoeze Nigeria Limited and Nipripharm Lad limited. These too companies have been struggling to be major players in the pharmaceutical sector, but this has been a big challenge due to the factors discussed subsequently in this work. Therefore, this study is significant because it has brought to the fore the factors militating against the effective performance of these companies within the framework of a global standard. This study will also help decision makers in the area of economic policies have information on the state of the pharmaceutical sector in Nigeria in the global economy.

### 1.8. Scope and Limitations of the study

This study focuses on the Pharmaceutical industries in Nigeria but Oris Umoeze and Nipripharm Lab Ltd were used as case study. These companies, as earlier stated, were chosen in view of the fact that they have not been able to perform optimally. It therefore becomes imperative to examine the situation in line with global pharmaceutical practices and globalization. However, this study would have been broadened but for lack of financial resources to gather data from other pharmaceutical manufacturing Companies outside the Federal Capital Territory (FCT), focus was restricted to the FCT.

### 1.9.7. Chapters Outline

This work is divided into five Chapters. Chapter one introduces the topic. Here the researcher established the problematic of Nigerian Pharmaceutical industries in the era of globalization. In Chapter two, attempt was made to carefully review the major literature relevant to the research problem. This was done thematically; focusing on issues and concepts pertinent to the topic. In this process, it was discovered that attention has not been given to the pharmaceutical industries especially Oris Umoeze and Nipripharm Lab limited within the framework of globalization. This is therefore the gap filled by this study. The theoretical framework for this study is also clearly stated in this chapter. This study adopts the economic perspective of globalisation. The core of this research which is an examination of Nigerian Pharmaceutical industry in the era of globalization focusing on Oris Umoeze and Nipripharm Lab Limited was handled in chapter four. This is done thematically and statistically so as to give a clear picture of the position of Oris Umoeze and Nipripharm Lab limited within the framework of economic globalization. The data generated from the field were carefully analyzed, discussed and the findings presented in an appropriate format. Chapter five is a

summary of the entire research. Here conclusions were made and the findings were clearly itemized. All the materials consulted in the process of this research have been carefully documented at the end of this work.

# CHAPTER TWO

# LITERATURE REVIEW AND THEORETICAL FRAMEWORK

## 2.1. Introduction

A large chunk of literature abounds on globalization and industrial development in Nigeria, a large mass of these however focuses on other industries. In other words, Nigerian pharmaceutical industries have not been directly studied in line with the present trend of economic globalization. At best, only a passing mention of them is done in researches focusing on globalization or industrial development. Suffice to say that there is no study at present on Oris Umoeze and Nipripharm Lab limited. Yet, we have tried to take a holistic survey of all the relevant literature pertaining to this topic. This is necessary in order to have a good understanding of the prevailing perspectives on the topic vis-à-vis the assumption of this research. This review is done thematically in order to capture all the variables relevant to the research.

## 2.2. Meaning and Evolution of Globalization

One of the major challenges in the world today is to ensure that globalization becomes a positive force for the entire world's people. The forces of globalization have swept every nook and cranny of the world as such there is no shield for any clime. The focus now therefore is how to exploits the positives instead. Inclusive globalization must be built on the great enabling force of the market, but market forces alone will not achieve it. It requires a broader effort to create a shared future, based upon our common

humanity in all its diversity. Of the world's six billion people, 1.2 billion live in extreme poverty, or on an income of roughly US $1 a day or less. Just fewer than 3 billion people live on $2 a day or less. Industrialized countries, with 19 per cent of the world's population, account for 71% of global trade in goods and services, 58 per cent of foreign direct investment, and 91% of all Internet users. More than US$1.5 billion is now exchanged on the world's currency markets each day. Foreign investment topped US$400 billion in 1997, seven times the level, in real terms, of the 1970s. Between 1983 and 1993, cross-border sales of US Treasury bonds increased from $30 billion to $500 billion per year. International bank lending grew from $265 billion in 1975 to $4.2 trillion in 1994. The world's 200 richest people more than doubled their net worth in the four years before 1998, to more than $1 trillion. The assets of the top three billionaires total more than the combined GNP of all the least developed countries with their 600 million people (Roberston, 1992).

Globalisation has enjoyed many definitions as are scholars. To AL brow (1990; Angell, 2010), globalisation is the process by which the world has become as interdependent as to make national independence an anachronism especially in financial market. This interdependence is driven by science, technology, and economics-the forces of modernity; and these forces not government, determined international relations. On his part, Mcgrew, (1999) argues that globalization is simply the widening, deepening and speeding up of worldwide interconnectedness. Each epoch of modern society has its central concept which is the sum of the main trends in development, power structure and dominant ideological code. In the view of Vidojevic (2009), the concept of this current era is globalisation.

Although the word ‘global’ is over 400 years old (OED, 1989) ,the common usage of such words as ‘globalization’, ‘globalize’ and ‘globalizing’ did not begin until about 1960, and in 1961 Webster became the first major dictionary to offer definitions of globalisation and globalism (Roberston, 1992). Robertson (1992) argues that it was not recognized as academically significant until the early or possibly the mid- 1980s but thereafter its use has become, well, globalized. Although he says that its pattern of diffusion is virtually impossible to trace. Water (2008) also argues that the many items published by Roberston on the topic in 1983 and 1985 may possibly be the factor responsible for its overwhelming popularity.

Globalisation unarguably has its root from capitalization. In essence globalization can aptly be described as modern capitalism. However, capitalism as a concept is more restrictive and confined to an ideological system. Capitalism emerged to describe a polarized world between the North and the South and between Eastern and Western Europe; a concept used to describe the system of production and distribution of goods and services from the 15$^{th}$ century to the 21$^{st}$ century. In other worlds, Globalisation is used do explain specifically economic integration and the unification of world economies such that whatever happens in one clime has an instantaneous effects on distant locations.

Aja, (2002) argues that globalization is more than the flow of money and commodities through shrinking space, time and disappearing borders, globalization refers to the greater openness of national and international economies to the flow of trade capital, science and technology, Foreign Direct investment (FDI), and market integration. It signifies the ever growing importance of international trade. Aja records that between 1985 and 1995, world trade has grown twice more than global world output. The ratio

of world export to world GDP was around 19% in 1985, reached 20% in 1988 and then 23% in 1995. He also stated that the rise of international production outside the home country of the firm has risen from about 7000 in the late 1960s to about 40,000 in1993, with some 27000 foreign affiliates. Arising from the activities of Multinational Corporations (MNCs) world exports has been doubled. Consequently, intra-firm trade across national boundaries has reached reasonable proportions relative to countries total trade.

Eskor, Toyor (in Fischer, 2003) contends that the reductions in tariffs and the growth in trade in the past half century have been greater among the OECD countries than between industrialized and developing countries. In particular, as it is well known, agricultural protection in the European Union, the United States and Japan discriminates against those goods in which many developing countries are relatively most efficient. This position corroborates the stand presented by opponents of globalization. This group argues that globalization is to the detriment of the developing world because it is impossible for two countries which are not at the same level of politico-economic development to relate equally. The international trading system is biased against developing countries. To buttress this point, Nigerian only export a paltry 1% (though has recently increased as a result of the reduction in US' crude oil export from Nigeria) of its crude oil and just about 1million tones of cassava to China. But Nigerian market has been taken over by cheap and sometimes substandard Chinese, Indian pharmaceutical products and even from other countries such as Pakistan, Netherland and others.

Marx in (Aja, 2002), draws our attention to the results of globalization. Marx argued that globalization caused an enormous increase in the power of the capitalist class

because it opened up new markets for it. Indeed, the discovery of America and the opening of navigation routes to Asia established a 'world-market' for modern industry. The bourgeoisie rushed into this opportunity with alacrity:

'The need of constantly expanding markets for its products chases the bourgeoisie over the whole surface of the globe. It must nestle everywhere, settle everywhere, and establish connections everywhere'. But this development is cultural as well as economic, Marx argues, because it gives a cosmopolitan character not only to production but to consumption.

### 2.3. Globalization and the Third World

Globalization has the potential of wiping out industrial enterprise in Nigeria. As global integration of economics progresses and grows more intense, it causes rising efficiency of resource and input utilization in the world economy as countries and regions specialize in line with their comparative advantage and produce goods and services at their lowest opportunity costs (Das, 2007). This gospel has been preached relentlessly by the instruments of globalization namely the International Monetary Fund (IMF), World Bank, World Trade Organisation (WTO) and the G8. The rules and regulations of these agencies have forced many developing countries to adopt free trade policies and liberalization. Consequently, in the last several decades, there have been ambitious efforts in much of the developing world to liberalize trade and streamline protectionist tariff regimes (Das, 2007). Standard trade theory suggests that trade liberalization leads to a more efficient allocation of resources, enhanced productivity, and higher economic growth (Zafar, 2005). Hammouda (2004: 217) in his research conducted on behalf of the Economic Commissi…the unanimous agreement on the beneficial effects on growth and development of trade liberalization goes back to the emergence of the Washington

consensus in the early 1980s which emerged in response to the economic crisis affecting most developing countries at the time, triggered by the debt crisis. The Washington consensus sought to tackle that problem through Structural Adjustment Programmes (SAPs) with support from IMF and World Bank to help developing countries restore major macroeconomic balances, ….., the decision to liberalize external trade was part of that broad set of reforms aimed at restoring major macroeconomic balances, promoting growth and improving the global integration of developing countries.

on for Africa states:

Trade liberalization in itself has not yet been un-ambiguously and universally linked to subsequent economic growth, despite the vast literature looking at this link, numerous empirical studies have not found the evidence conclusive (Ayoola, 2013). But rather, the impact of trade liberalization is less clear-cut with little or no positive effect on growth performance in Africa. Academic studies have shown that the main impact of liberalization on trade flows is to increase the demand for export, that is, following trade liberalization, countries tend to buy more than they sell every year and as a result, their trade balance worsens; as import increases, demand in the country for locally produced goods falls, because people are buying imported goods instead. Essentially, local producers are priced out of their markets by new, cheaper, better –marketed goods. Melamed (2005 says that the losses incurred by Sub-Sahara African countries as a consequence of two decades of trade liberalization under World Bank/IMF economic programmes far exceed the 40 billion dollar worth of debt relief offered by the G8 summit. Trade liberalization has cost Sub-Saharan African 272 billion dollars over 20 years (Melamed, 2005). Recent evidence from the United Nations shows that countries

which liberalized their trade most tended to suffer from increases in poverty. On the whole, economic globalization has made the world a single organism and has subjected developing economies to the rules set by the developed economies.

**2.4 Globalisation and Industrial Development in Nigeria**

Industrialization is regarded as a veritable channel of attaining the lofty and desirable national goals of improved quality of life for the citizenry. Governments, especially in developing countries, see industrialization as a way of transforming their economies (Ayodele and Falokun 2003). They seek to use industrialization as a weapon for increasing their national output, minimizing unevenness in development outcomes, generating funds for the government, minimizing their dependency on the developed countries, and in some cases, minimizing fluctuations in foreign exchange earnings.

Globalization is a phenomenon that has attracted considerable research, both theoretical and empirical. According to Ebong et al, (2014), Globalization leads to an increase in the growth rate of developing countries both directly and indirectly. Directly, it affects the determinants of economic growth such as transfer of technology, from developed to developing countries; reduction in the cost of capital as well as the development of agricultural exports. Indirectly, it increases production due to better risk management as well as improvement in macroeconomic policies and the competitive pressure. However, globalization has both positive and negative consequences on the growth of developing countries.

UNCTAD (1996) succinctly summarizes the opportunities and challenges of globalization in its report to the 9th session of the conference to include: Trading

opportunities arising from international capital flows and financing of department; Opportunities provided by international production through FDI; and increased opportunities for economic co-operation among developing countries to boost south-south cooperation. The report also identifies a number of potential negative consequences and challenges associated with globalization to include: Loss of policy autonomy by developing countries arising from economic liberalization policies and stringent multinational discipline; financial openness and the risk of instability and disruption due to the development sentiments of external investors; and. the marginalization of developing countries by the developed ones, especially LDCs who are unable to meaningfully participate in globalization due to supply – side weaknesses and debt.

Empirical studies on the imperatives of globalization on the economy are numerous. Employing time series data from 1970-2000, Ndiyo and Ebong (2003) examined the challenges of openness in developing countries to draw lessons for Nigeria, the study revealed that globalization has more negative than positive effects. That the predominance of the negative effect was because the country was not yet ready for full-scale globalization.

However, Oyefusi and Udoh (2004) in their analysis of openness, trade Liberalization and economic growth in developing countries came to the conclusion that openness to trade is a necessary path a developing country must tread if it is to attain sustainable growth and development. The study however argued that the ability of a nation to benefit from trade liberalization is largely dependent on appropriate domestic policies, adequate human capital, the capacity for strategic government intervention, and proper

harnessing of the socioeconomic-cum political factors supportive of growth. From this conclusion, it may rightly be inferred that the lack of positive impact of globalization on Nigeria is due largely to the failure of the country to possess these preconditions. Alimi and Atanda (2011) investigate the effect of globalization on economic growth in Nigeria between 1970 and 2010 allowing for cyclical fluctuations in foreign investments. The autoregressive models employed for this paper revealed that in Nigeria, trade integration – a proxy of globalization - has significant positive effect on real output growth - a measure of economic growth. This indicates that globalization leads to a rise in trade, increases living standards, investment and more capital flows as well as facilitates technology transfer to some extent. It has also led to increase in inequality and poverty levels which have deteriorated the level of development. In a similar study, Kareem, Bakare and Ologunla (2013) investigated the nexus between globalization and economic growth in Nigeria from 1970-2008. This study employed descriptive statistics, regression technique and correlation analysis in evaluating the relevant results. The result of the regression analysis shows that trade openness has positive and significant relationship with economic growth in Nigeria.

In their study, Aluko, Akinola and Fatokun (2004) examined the impact of globalization on the Nigerian manufacturing sector with particular reference to textile firms selected from Lagos, Asaba and Kano. This study employed both qualitative and quantitative techniques in the collection of the relevant data while parametric and non-parametric methods were adopted in the data analysis. The study utilized a sample of 630 respondents. Result from this study shows that globalization has had an inverse effect on the manufacturing sector. In particular, the result shows that globalization has strong adverse effects on capacity utilization in the manufacturing sector. The study then

concludes that Nigeria and her manufacturing firms are not fully prepared for the challenges of globalization. On the other hand, Zainawa (2006) examined the impact of globalization on Nigerian industries, focusing attention on the footwear industry in Kano State for the period covering 1980 to 2004. Descriptive methods were mainly used in analyzing the data. Finding from this study shows that globalization has a serious negative impact on footwear industry in Kano State. In specific terms, the results showed that the phenomenon of globalization has led to industrial closures, production capacity underutilization, unemployment, stagnation, industrial backwardness, and over dependence on imported leather footwear products from industrialized economies. Also**,** Anugwom (2007) investigated the influence of globalization on labour utilization in Nigeria's construction industry between August and November, 2000. For this purpose, a random sample of 45 respondents was interviewed.

The results of the interview as reported by this study show that the process of globalization has greatly changed the manner of labour utilization in terms of nature of employment, poor earnings, global control of the economy, and de-unionization of workers. The study concludes that outcomes from globalization have been unfavorable to labour in the construction industry, particularly workers in the semiskilled category. Utilizing data from 1975-2010, Essien and Mozie (2012) studied the effect of globalization on industrial performance in Nigeria, focusing mainly on plastic firms. The study period was divided into two: the pre-SAP and the post-SAP periods. The study adopted both descriptive and econometric approaches in the analysis of the relevant data. The result of the cointegration test confirmed the existence of a long run relationship among the variables. However, contrary to expectations, the results show

that the process of globalization has led to de-industrialization of plastic firms in Nigeria. The manufacturing capacity of these firms remained very low, leading to closure of many of them.

From this brief review of the literature above, it is interesting to note that in spite of the sea of studies on globalization, controversy over its effect on economic growth, employment and industrial performance persists. Previous studies in Nigeria were all case studies of globalization on the performance of selected industrial firms, with no consideration of the effects of globalization on the pharmaceutical industry. This dissertation is an attempt to fill this gap especially as it affects Orjis Umoeze Nigeria Limited and Nipripharm Lab Limited.

**2.7. The Pharmaceutical Sector in Nigeria**

A diverse group of people operate in the Pharmaceutical sector in Nigeria. This ranges from the manufacturers to the final consumers of drugs. In the views of Chinwendu (2008), Pharmaceutical manufacturing consists of foreign manufacturers that can produce drugs for export to another country or local manufacturers that manufacture and sell within the country of production. There are also different types of drug manufacturers according to this analysis. They are generic and branded drug manufacturers, licit and illicit drug manufacturers. A generic drug manufacturer is a manufacturer of drug who is not the original innovator, it can have the same active ingredients as a trade mark brand name version and is mostly less expensive than the brand- name version. It has common name for its identity as opposed to a brand used by a particular company for marketing purposes. An illicit drug manufacturer produces

drugs that are prohibited, unauthorized and are not allowed by law to be manufactured or sold.

Another set of players in this sector are the drug importers. Raufu, (2003) argues that about 70% of drug in Nigeria are imported and India and China are major drug exporters to Nigeria. Some Nigerian drug importers connive with some Indian and Chinese manufacturers to produce fake and substandard drugs at a cheaper rate with less active ingredients. These drugs are imported into Nigeria, sold to the wholesalers and retailers who may or may not know if the drug is faked or not. The wholesaler and retailers are not monitored to know how they distribute their products; they can sell to any one for profit. The idea is all to make double gain for what the real cost of the genuine drug. Consequent upon this, the National Agency for Food Drug Administration and Control banned 19 Indian and Chinese companies confirmed to be fake drug producers from exporting drugs to Nigeria because most of their products were tagged 'for export only.' For example Akunyeli, (2005) gathered that there was a case of poorly packaged paracetamol tablets in blisters labeled 'Not for sale in Southeast Asia.' Some fraudulent importers bought the product at a cheaper rate and brought it to Nigeria. Hence, NAFDAC stated categorically, that any drug that is not meant for sale in the area or country of manufacture would not be allowed into the country.

The drug professionals (the pharmacists) are the main practitioners in this sector. They are under the umbrella body of professional organization of pharmacist in Nigeria; the Pharmaceutical Society of Nigeria (PSN). The organization was established in 1927, with membership of over 7000 pharmacists. As Erhun, (2001) gathered, its main functions are to determine the skill and knowledge that are required of anyone who

seeks to be registered as a member of the pharmacy profession, preparation and review of the code of conduct, regulate and control the practice of the pharmacy profession. PSN also has a panel that investigates and disciplines erring pharmacists. According to Erhun, (2001), the main sources of fake drugs in Nigeria are India, China, Pakistan, Egypt and Indonesia. The influx of fake drugs is quite worrisome to the health experts. It is difficult to get reliable data on mortality or morbidity caused due to the consumption of fake drug in Nigeria. The effect from fake drug consumption usually goes unnoticed, except in cases where it results to mass death. These problems made the PSN as a body to pressure Nigerian government in taking definite step towards the control of fake drug. Hence, the promulgating of the counterfeit and fake drug decree No. 21 of 1988 that prohibits the sale and distribution of fake drugs in open markets and created penalties for anyone who breaches the law (www.nafdac.gov.ng).

Perhaps, the least on the ladder is the informal drug sellers. They are those that sell medicines in an unregulated manner without professional consultation and with limited knowledge on pharmacy. One of their aims in drug business is the profit they make even when they are aware of fake drug proliferation. They can store and handle drugs in inappropriate ways that can endanger the drug potency. Informal drug sellers can be found in shops, kiosks, open markets, general stores etc, and can operate as itinerant hawkers. Just like any other business, their existence is maintained in accordance to consumer demands for easy accessibility, convenience and affordable supplies. They can be very friendly, approachable and promising to their customers. Goodman, (cited in Chinwendu, 2008) corroborates this by saying that attraction to those that patronize them is that they have cheaper products when compared to the formal outlets and their products can be given on credit because they often time source their products from

cheaper places. Most of these drug sellers are less knowledgeable about the doses of medicine appropriate for a particular illness; they can over prescribe or under prescribe because their major aim is more on profit taking and meeting up with competition from other sellers.

A study carried out by Erhun 2001, showed 6 out of 7 respondents who believed that the presence of non-professionals in drug business is a major contributing factor to the availability of fake drugs in Nigeria. Under the Nigeria drug law, pharmacists have the authority to manufacture, sell, distribute, import, export, dispense and compound drugs. Community or retail pharmacists can acquire premises for sale and dispensing of drugs and such premises are usually registered. However, we also have the non- pharmacists such as the licensed medicine vendors that are holders of 'patent and proprietary medicine vendors right' which is granted to them by government, they are non-professionals who might be less capable of identifying genuine from fake drugs. The minimum academic requirement for them to obtain a license is the first school- leaving certificate (Erhun, 2001). These vendors are only allowed to sell over the counter (OTC) drugs but rather they sell different categories of drugs both prescription and over the counter drugs as long as they will make profit from it, such drugs can include antibiotics, narcotics, toxoids and antihypertensive for profit purposes with no adequate monitoring systems in place to check them (Erhun, 2001). Sometimes, they are seen prescribing drugs to their customers or even treating them and giving injections (personal observation). These vendors are supposed to be monitored by the state ministry of health (MOH) pharmacy division. However, they are not monitored adequately because the officials can be corrupt and overlook many issues or may be incapable of the work (Okeke, 2006).

Another problem faced by this sector is the chaotic drug distribution network. Drug distribution network in Nigeria consists of chaotic open markets that act as major source for purchase to medicine stores, pharmacy outlets, private and public hospitals, wholesalers/retailers and pharmaceutical manufacturers. According to Erhun (2001), the result of this chaotic drug distribution makes drug monitoring very difficult. In addition, gives room to drug hawking in buses, kiosks, motor parks by illiterate vendors whose aim is profit oriented. The medicines are often time left under the sun in such conditions that could facilitate the deterioration of the active ingredients. In furtherance of this view, Akunyeli (2004) also informs us that most of the drug wholesalers and importers supply drugs to these open drug markets because they make more profit from there. Drug sellers, health professionals have easy access to patronize the drug markets. It also gives services to the street drug hawkers and commercial drug sellers in buses.

Inefficient cooperation between stakeholders is also another major challenge. Lack of cooperation between the regulatory authorities, and other stakeholders such as the judiciary that oftentimes delays or averts judgments, Police and Customs Services due to conflict of interest, bribery and corrupt practices makes the control of drug markets and enforcement of drug legislation very difficult. Such inefficiencies can create avenues for a drug faker to escape detention, arrest and penal sanctions and the problem still flourishing (NAFDAC, 2007).

This review has shown that the pharmaceutical sector has been bedeviled with a myriad of problems ranging from corruption, inefficiency to weakened regulatory Agency.

### 2.7. Theoretical Framework: The Economic Perpective of Globalisation

The theory of globalization has provoked many debates. Scholars are numerous and often opposing views too are numerous because many writers try to highlight its individual aspects. Some definitions emphasize the economic dimension of globalization which entails removing “artificial” barriers to flow of goods, services factors of production on the world market (Held and McGraw, 2007, p. 5), (Stefanović, 2008). In this sense, a sociologist of modernism, Anthony Giddens, considers globalization as a phenomenon shaped by forces of "modern" capitalism: politics, military power and industrialism (Giddens, 1990). These forces are the sources of dimensions of globalization. Four basic dimensions of globalization are world capitalist economy, system of national state, world military order and international division of labor. The specified dimensions of modernity have enabled western countries to become the leading force in the world. The major proponents of the theory of globalization are Roberston, 1992, Wallerstein, 1999, p. 6), (Fukuyama,1992), Held and Mcgrew, 2007, among others.

Some of the propositions of globalization are: Globalisation is the creation of global civilization in which the market is integrated on the world level, multinational companies are becoming major actors in the economic process and international institutions substitute the role of national states. The hyperglobalists state that Multinational companies have fundamental influence on the economy and represent natural response to the "borderless" economy that is characterized by homogenous consumer tastes. These companies crowd out national models of economy as relevant units of economic activity (Ohmae, 1990).

(ii) Another proposition is the proposition of worldwide social relations which link distant locations in such a way that local happenings are shaped by events happening

many miles away and vice versa. Globalisation also proposes the intensification of global flows of goods and production factors facilitated by transportation and communication means and the compression of time and space in a way that events in one part of the world would have instantaneous effects on distant location (Stefanovic, 2008,) (Waters, 1995). Globalisation is however criticized for encouraging rapid liberalization of developing economies thereby leading to dumping and over flooding of their markets.

**2.9. Summary of Review**

There is a consensus that international trade has been an inevitable part of relations among nations. Thus in this contemporary time no nation in any dint of imagination can afford to live in isolation. This has become even more rapid since the wave of globalization began to swallow every nook and cranny of the world. But this politico-economic development, from the available evidence has been more beneficial to the developed rather than the developing world of which Nigeria is one. Relations between the developed and the developing world have never been mutually beneficial as facts of history provided. This has led to the continuous flooding of Nigerian market with imported pharmaceutical products owing to the liberalization of the Nigerian economy by the forces of globalization. Yet in the study of the effects of globalization on the domestic economy Nigerian pharmaceutical industries have not been carefully examined, hence Oris Umoze and Nipripharm Lab Limited have not be studied to determine the effects of globalisatoion on these companies therefore the need for this.

## CHAPTER THREE

# HISTORICAL BACKGROUND OF ORIS UMOEZE NIGERIA LIMITED AND NIPRIPHARM LAB LIMITED

### 3.1. Introduction

The profession we now know as Pharmacy and Medicine were practiced together in olden times by those known as Apothecaries, who diagnosed the patients' diseases and prepared and administered the Medicine. In the 9th century in Bagdad, Pharmacy first became specialized in the art of drug making. It became a separate profession in the 13th century. Pharmacy separation from Medicine resulted from a series of edicts issued

in Sicily in 1240 and passed by Frederick 11 of Hohenstaufen of the Holy Roman Empire (Emperor of Germany and King of Italy- 1194 to 1250) (Adenika, 1998). From that time on, the Preparation and dispensing of medicaments were done by individual Pharmacists. By the Middle of the 19th century, it was generally accepted that the Pharmacist was the compounder of drugs while practitioners of Medicine diagnosed and treated the ailment of patients.

Modern medicine or drugs were brought to Nigeria through two means; first by the Europeans during the slave trade era in West Africa, and secondly through the Europeans under the Niger trading company. Presumably, they brought in drugs to treat themselves and to some extent for the enhancement of the market value of their slaves. Among the most popular drugs during this period were quinine for malaria and aspirin as pain reliever (Adenika, 1998).

### 3.1.1. The Development of Pharmacy in Nigeria: The Colonial era

Nigeria's Pharmaceutical sector has passed through a series of stages of historical development. According to Adenika (1998), the period between 1887 and 1926 is referred to as the early period in pharmacy's development in Nigeria. This period was the genesis or the ground-breaking period in pharmacy practice, legislation and training. During this first or early colonial period, European Pharmacy was introduced into Nigeria. Dr Richard Zacchaeus Bailey was the first person to open a pharmacy shop for Europeans on Balogun Street, Lagos and Emmanuel John was the first Nigerian whose name was entered into the Register of Pharmaceutical Chemists. The West African

Drug Company (WAD) Ltd was established in the 1920's. On the eve of independence in1960, there were as many as 150 community pharmacy shops in Nigeria (Mora, 2014).

In the area of manufacturing, only the multinationals- May and Baker, Glaxo and Pfizer were operational in Nigeria and were largely involved in importation and marketing of drugs with little or no serious manufacturing taking place on Nigerian soil. During this period, the health care facilities where drugs were to be accessed were also very few. The challenge of distribution was therefore minimal as not many Nigerians were patronizing the hospitals compared to what it is today (Mora, 2014)

### 3.1.2. The Post-Independence Drug Production and Distribution in Nigeria

This period of pharmaceutical development in Nigeria will be discussed under the following heading: (a) 1960-180, (b) 1980-2000 (c) 2000-date. This breakdown does not mark any specific landmark but it is done this way specifically for the sake of convenience and to avoid clumsiness.

The first two decades of Nigeria's independence was characterized by nationalism and the euphoria of independence. The pharmaceutical sector was still dominated by the British personnel especially Government Healthcare facilities such as Government Hospitals in Lagos which was the seat of the Federal Government, Ibadan, Enugu and Kaduna which were the regional capitals. The period witnessed the establishment of the first generation universities in Nigeria with at least six of them with established faculties of Pharmacy for the training of pharmacy at the degree level (Mora, 2014).

The establishment of these degree awarding faculties of pharmaceutical sciences led to the provision of the much-needed pharmacists to many hospital pharmacies, retail

pharmacies, and industries wholesale/importation companies of pharmaceutical products. Similarly, the period also saw the establishment of multiple private pharmacies of retail, wholesale and importation levels. As at 1971, Nigeria's population of 55.63million was served by a total of 614 registered pharmacists and 465 pharmacies (Olaopa, 2010).

In the area of manufacturing, the period also witnessed the penetration and rapid expansion of more multinational drug companies in Nigeria. Companies such as May and Baker, Glaxo and Pfizer that were pre-independence pioneers expanded their activities with the massive production of essential drugs for the nation's healthcare system. Other manufacturers during this period were Messrs Hoechst, Sterling Products, Boots, Bayer, Wellcome, Roche and Beecham among other major ones. Pharmacists, especially those with university degree were highly sought after during this period. They were employed by these companies as pharmaceutical representatives and were highly remunerated with a myriad of benefits (Olaopa, 2010).

The pharmaceutical sector during this period had order with clearly structured prices of drugs differentiated variously as wholesale, chemists and retail prices. It was a period of price control in the industry. The structure was so organized that they clearly designated and appointed distributors of manufacturers within the country. Equally, the foreign manufacturers had designated sole representatives and distributors who imported and distributed the products such that these overseas manufacturing companies never sold to any other person or organization except their sole distributors. As a result, the sector was vibrant and the Pharmacy graduates from Nigerian Universities had job waiting for them before graduation (Mora, 2014). The establishing of more Universities offering

degree programme in Pharmacy meant an increase in the number of pharmacists in the country and thus making manpower available for the expanding Pharmaceutical industries.

It was also during this time that the National institute for Pharmaceutical Research and Development (NIPRD) was created; precisely in1987. In 1992, the promulgation of Decree 91 of 1992 saw the establishment of the Pharmaceutical Council of Nigeria (PCN), almost at the same time NAFDAC was established. The establishment of these important Agencies significantly helped the production, control and distribution of drugs in the country. While NIPRD was to engage in active research for active pharmaceutical ingredients (API), NAFDAC was saddled with the responsibility of inspection and regulation of pharmaceutical premises. Perhaps one of the most significant milestones of this period was the migration of Emzor Pharmacy Ltd from being a retail Pharmacy to a full-fledge Pharmaceutical Manufacturing company; the first Nigerian owned Pharmaceutical Manufacturing Company and presently the biggest Pharmaceutical Manufacturing company in West Africa (Mora, 2014).

The pharmaceutical sector however had some bad experiences during this period. During the second republic (1979-1984) and even the regime after its collapse import licenses for the importation of essential products into the country were indiscriminately issued to importers and regrettably, drugs were included. The worst aspect of the licenses according to Mora (2014) was the fact that the licenses were given to all and sundry irrespective of whether or not these bodies were approved by the relevant regulatory Agency, the then Pharmacy Board of Nigeria. The Structural Adjustment programme (SAP) was also a major disservice to the growth of the Pharmaceutical sector during this period. The attendant poor economic climate occasioned by the

Structural Adjustment programme of President Babangida's regime affected the importation of raw materials for the production of drugs in the country. Some multinationals divested their investments and left the shores of the country to countries with better economic climate and good prospect. It was also during this period that the menace of fake drug began to manifest.

With the return of Civilian rule to the country in 1999, they appeared to be relative freedom for the advancement of corrupt practices in the Pharmaceutical Sector. The period has been characterized by the menace of fake and substandard drugs whose preponderance has been made easier with the collapsed system of drug distribution in Nigeria. NAFDAC has actively been in the lime light in the fight against fake and substandard drugs in the country during this period.

In terms of the production of Pharmacists, there is a tremendous improvement. More Universities especially State-owned, Faith-Based and Privately owned Universities were accredited for the training of Pharmacists at Bachelor of Pharmacy (B. Pharm) degree level. It is quite evident that the period under focus witnessed the proliferation of new faculties of Pharmacy in Nigerian University system. This also implies that more Pharmacy graduates are being produced in the country. Therefore, the issue of man power is not much of a challenge in the pharmaceutical sector.

### 3.1.3. Pharmaceutical Research and Development in Nigeria

Research is the prime driving force of a modern pharmaceutical industry, but it is a costly, skill intensive and low-yield enterprise. It is therefore a critical decision to determine the extent and mode of involvement in research which a developing pharmaceutical industry should assume.

A survey by UNTAD has shown that 33% of total drugs produced in the industrialised world are plants- derived and that if microbes are added, 60% of the medicinal products are of natural origin. Farnsworth and Morris (1976) showed that over the period 1959-1973, the total number of prescriptions dispensed in the USA had consistently contained about 25% of plant-derived drugs in the form of either a crude plant material or a crude extract from plants. According to Professor Abayomi Sofowora of Obafemi Awolowo University, OAU the prospects are greater for finding new drugs from plants; the chances are even greater in developing countries such as Nigeria, where a lot of plants used in traditional medicine are yet to be checked. He and his colleagues were reported to have documented about 2000 recipes of traditional medicine. It has also been brought to our knowledge by the works of other Nigerian Scientists that economic substitutes can now be developed locally for millions of Naira worth of imported drug items (Adenika, 1998). Examples: Anthraquinone laxatives can be got from local cassia species, reserpine antihypertensive from local Rauwolfia vomitoria roots; pharmaceutical grade starch from cassava and cocoyam, tablet binders from Albizzia ferruguinea (gum), glidants from Irvingia gubonesis (Ogbono). Theramecitin sweeteners are contained in Thaumotococus danialli, and Fagara species Zanthoxylum zanthoxyloides provides acasia-type gum (Chiori and Udeala, 1977). Despite this potential Nigeria still depends on importation for seventy percent of her pharmaceutical needs.

Prior to now, Nigeria's pharmaceutical research had been confined to isolated works of individual scientists in our universities, with little cross-pollination and without central guidance. Some Nigerian Pharmaceutical scientists are outstanding and internationally

recognized individuals but the nation as a whole has achieved very little that is concrete and relevant. The major concern is the capacity of the sector to absorb this growing number and a good condition of service. As a result of the poor condition of service in in the country, many of the graduates are fleeing the country to UK, USA, Saudi Arabia, Canada and Australia to practice (Mora, 2014).

### 3.1.4. Channel of Drug distribution in Nigeria

The manufacturing, handling and dispensing of Drugs are the responsibilities of a Pharmacists who must have undergone and passed a programme in an approved institution and licensed by any of the Drug Regulatory Agencies (DRA's) to handle drugs for the benefit of patients for diagnosis, prophylactic or curative purposes (Mora, 2014). In other words, a drug is not simply a good that ordinarily would be marketed by all and sundry or accessed in any premise by anybody as it is now in Nigeria. According to Act 91 of 1992 establishing the Pharmacists' Council of Nigeria (PCN), Pharmacists are the officially recognized professionals for handling drugs in Nigeria (Adenika, 1998). The choice of drug distribution channel is largely the responsibility of the manufacturer who may decide to choose one sequence or the other. In the final analysis however, the outlet must be selected with the convenience of the eventual customers in mind.

Below is a sample of drug distribution channels that a manufacturer may choose.

**1. Direct**. This is a distribution channel in which the Manufacturer decides to deal with the customers directly without any intermediary.

**2. Mail Order.** This channel involves using a Post Office as the intermediary between a Manufacturer and the Customer. In this case drugs are sent to the customers via a post office.

**3. Retailing.** This involves three groups as well. The Manufacturer sells the drugs to a Retailer who then distributes to the customers.

**3. Wholesaling**. This involves two intermediaries in which only the wholesaler has direct access to the manufacturer. He buys from the manufacturer and sells to the Retailer. Just as the Retailer has no direct access to the Manufacturer, the Wholesaler does not deal directly with the final consumers. Thus the Retailer is closer to the consumer while the wholesaler is closer to the Manufacturer.

The two official sources of drugs in Nigeria are local manufacture and importation. In both cases NAFDAC must have inspected the facilities for the production of the drugs in the case of locally manufactured and or issued licenses in the case of imported drugs and must as well issued registration numbers for both locally manufactured and imported drugs (Mora, 2014)

The third source of drug in Nigeria which is actually the bane to the pharmaceutical sector in Nigeria is the unofficial and illegal route- smuggling. Usually, the smuggled drugs find their ways into the country and follow the distribution route along with genuine drugs that have been registered by NAFDAC and eventually end up in the retail/ hospital end of the drug distribution chain and finally get consumed or administered to the patients (Mora, 2014).

According to the honorable Minister of Health, Professor Onyebuchi Chukwu, in the forward of the National Distribution Guidelines:

> The drug distribution system of the country has remained uncoordinated; a situation which has posed a very big challenge to the Pharmaceutical Sector in particular and to government in general because of the negative impact the situation has on the entire health care delivery system of the country….

**Source: National Drug Distribution Guidelines, Federal Ministry of Health (FMOH, 2012).**

This lack of a Systematic Format for Drug Distribution in Nigeria is a major challenge in the Pharmaceutical sector. As a result of this drugs are sold in unofficial, illegal and unregulated premises. This also paves way for the distribution of fake and substandard drugs in the country.

Worse is the presence of non-professionals. This group of people enters into the business for the singular purpose of making profit by making the products available to the ultimate consumer or user at the retail premises. Pharmaceutical Premises whether retail or manufacturing is expected to be registered and licenced by the PCN to carry out the professional act of pharmaceutical manufacturing and the display of drugs for sale to patients. The pharmaceutical premises having been registered, licenced and approved by PCN must be subjected to regular monitoring through inspection by the inspectors of DRA's. Similarly, a superintendent Pharmacist licensed by the same PCN must be in continuous personnel supervision of the licenced premises to ensure compliance with the law and that professionalism is imparted and maintained at all times in the practice. This is the requirement of the law (Mora, 2014).

### 3.1.5. Relationship between NAFDAC, PCN and NDLEA

The Pharmacists Council of Nigeria (PCN) came into being through Decree 91 of 1992. With the promulgation of the Decree, the regulation and control of the practice of pharmacy profession became the responsibility of the PCN, a function which was hitherto performed by the Pharmacist Board of Nigeria (PBN) (PCN, 2009).

The PCN has a governing Council headed by a Chairman appointed by the President of the Federal Republic of Nigeria for a three year term. The position is renewable for a second and final term. The Registry and Head of the PCN is in Idu, Abuja and headed by a Registrar as the Chief Executive officer of the PCN.

The PCN is responsible for the Licensing, Regulation and Control of the Premises where Pharmaceutical endeavours take place as well as the training of the needed human resources for such facilities. The Decree 91 of 1992 has given the PCN the absolute authority for regulating and controlling the education and practice of pharmacy in its entire ramifications in Nigeria. Thus the Curriculum for all Pharmacy programmes in all the tertiary institutions in Nigeria must be in line with the set standard by the PCN (PCN, 2009).

The National Agency for Food Drug Administration and Control (NAFDAC) on the other hand, was established through Decree now Act 15 of 1993 as a parastatal of the Federal Ministry of Health with a Director-General as its Chief Executive Officer (CEO) appointed by the President and Commander- in-Chief of the Federal Republic of Nigeria on the recommendation of the Honourable Minister of Health. Its activities are also supervised by a twelve-member Governing Council Constituted in accordance with Decree 15 of 1993 under a Chairman who is appointed by the President on the recommendation of the Honourable Minister of Health (PCN, 2009). Its responsibilities are the control and regulation of food, drugs and drug related items.

Prior to the establishment of NAFDAC, the Department of Food and Drugs Administration and Control, (FDAC) of the Federal Ministry of Health was responsible for the regulation and control of food and drugs related matters. Due to the bureaucratic

bottleneck in the Ministry, the department could not carry out this work effectively, hence the establishment of NAFDAC (wwwnafdac.gov.ng).

The National Agency for Food Drug Administration and control is the current major regulator of pharmaceutical operations in Nigeria. Like every other regulator, the objective of the drug regulatory agency is the protection and promotion of public health. The enforcement directorate arm of NAFDAC established under the provisions of the counterfeit and fake drugs (miscellaneous provision) act is charged with the responsibility of enforcing the provisions of the counterfeit and fake drug decree, which includes:

i. Conducting surveillance on companies and persons suspected to be violating NAFDAC regulations and carrying out investigations on such persons and companies.

ii. Paying unscheduled visits to all ports of entry and border posts and interrogation of suspects

iii. Sampling of NAFDAC regulated products to the laboratory and compilation of case files

iv. Raiding of drug hawkers and destruction of fake and spurious regulated products

v. Coordination of activities of state task force among others (Olaopa, 2010).

Another Drug Regulatory Agency is the National drugs Law Enforcement Agency (NDLEA). This agency was established through Act 48 of 1989. It is therefore the oldest drug regulatory agency among the three in existence currently. It is saddled with the responsibility to enforce laws against the cultivation, processing, sale, trafficking

and use of hard drugs and the law empowers the agency to investigate persons suspected to have dealings in drugs and other related matters (Olaopa, 2010).

In terms of relationship, the three regulatory agencies were established to create the enabling environment for good medicine distribution in the country. But a closer look at the provisions of the acts establishing these agencies shows that there are overlaps and conflicts in the interpretation of the laws establishing each of the DRAs. In line with this Olaniyi (2005) advocated the proper harmonization of the existing laws as well as the responsibilities of the DRAs in the country to remove conflicts and unnecessary overlapping of functions among them.

However, it seems the regulatory agencies in the performance of their statutory functions have by default delineated their areas of focus. NAFDAC for example is more concerned with the quality of food and pharmaceutical products as well as the inspection of pharmaceutical practice premises. PCN on its part has decided to concentrate more on the licensing and accreditation of pharmaceutical Premises and accreditation of faculties of pharmacy and pharmaceutical Sciences in Nigerian Universities and Schools of Health Technology. On the other hand, NDLEA has taken to the regulation of the circulation and use of Hard Drugs such as Cocaine, Marijuana, etc.

### 3.2. Historical background of Oris Umoeze Nigeria Limited:

Oris Umoeze Nigeria Limited is a pharmaceutical company providing a wide range of services from formulation development through to clinical, stability, 'specials' and licensed batch manufacture. Oris Umoeze was founded in 2000 and continues to expand to meet the growing needs of its widening client base. Operating from purpose built

facilities in Kubwa in Abuja; the Company has gathered a world class team of scientists with considerable experience in the pharmaceutical and healthcare markets. Oris Umoeze aims to give its customers a competitive edge in the market .The Company's services include dosage formulation design for both clinical trials through to Specials and full commercial manufacturing . Oris Umoeze has developed a range of products based on the most commonly prescribed (non-sterile).

### 3.3. Historical background of Nipripharm Lab Limited:

Nipripharm Lab Limited Limited has a vision to position herself as a quality oriented Company since the year 2000. This Company goes the extra mile to ensure that its products have the best in class quality, so as to maintain its heritage of quality, trust and efficacy.

In the last few years, Nipripharm Lab Limited has maintained a steady growth and progress, in spite of the global economic recession. Today, the company has more than 100 branded products cutting across different therapeutic classes which include: Anti-malarial, Multi-vitamins (minerals), Anti-bacterial, Anti-fungals, Anti-hypertensives, Analgesics, Anti-diabetics and Anti-viral etc, with staff strength of more than 100.

Nipripharm Lab Ltd seeks to excel in the provision of effective and dynamic healthcare delivery through the manufacturing of high quality pharmaceutical products, education, medical services and research.

> Nipripharm Lab Limited, has well over 200 different drug products and formulations across different therapeutic classes and pharmacological segments, it provide offerings and options to prescribers and patients that are

second to none. From cardiovascular, anti-diabetic, chemotherapy, antiretroviral, psychiatry, analgesics, haematinics, nutraceuticals among many others.

### 3.4. Challenges Of Oris Umoeze And Nipripharm Lab Limited

The major challenges facing Oris Umoeze and Nipripharm Lab Limited are broadly categorized into two: The high cost of production and the presence of cheaper imported alternatives.

#### 3.3.1.High Cost of production

The cost of doing business in Nigeria generally is very high and Oris Umoeze and Nipripharm Lab Limited are not. shielded from this difficulty. According to the superintendent Pharmacists of these two companies, virtually all the inputs needed for drug manufacturing in the country are sourced abroad (interview, 2016).The companies rely heavily on importation for Active Pharmaceutical Ingredient (API) to manufacture most of the essential drugs. This therefore leads to high cost of production.

**3.4.2**. **Epileptic power supply:** Another factor accounting for the high cost of production is epileptic power supply and the outright lack of water supply. According to the interviews conducted with the proprietors of these pharmaceutical companies, they rely more on personal generating set for most of their activities. As such the cost of production is very high. Hence, the high price of the final product.

**3.4.3. Low Patronage:** Oris Umoeze Nigeria Limited and Nipripharm Lab limited also suffer the challenge of low patronage of their products. According to an interview had with NAFDAC'S representative corroborated by (Olaopa, 2013), no Pharmaceutical manufacturing company in Nigeria has achieved World Health Organization (WHO) Pre-qualification status. WHO Prequalification refers to the standardized quality assessment procedures put in place to evaluate the acceptability of pharmaceutical products. The purpose is to evaluate whether certain products meet requirements recommended by The WHO and are manufactured in compliance with current codes of GMP. This is done to ensure that companies apply unified standards of acceptable quality, safety and efficacy. It comprehensively evaluates the quality, safety and efficacy of medicinal products, based on information submitted by the manufacturers, and inspection of the corresponding manufacturing and clinical sites. In close cooperation with national regulatory agencies and partner organizations, the Prequalification Programme aims to make quality priority medicines available for the benefit of those in need. Inability to achieve this fit dwindles consumers' confidence on the quality of the products of this company. Hence, the low patronage.

WHO-prequalification is achieved through its evaluation and inspection activities, and by building national capacity for sustainable manufacturing and monitoring of quality medicines If the product is found to meet the specified requirements, and the manufacturing site complies with GMP, both the product linked to this manufacturing site and company are added to a list hosted by WHO on a public web

site. (Olaopa, 2013). What this implies is that no drug produced by any of these companies has been certified by WHO. Therefore their products are not for international consumption. This is one of the major challenges not only of these two pharmaceutical companies in Nigeria but the whole pharmaceutical sector. This has created a notion of inferiority about all drugs produced in Nigeria. Consequently, many drug dealers prefer to import some certain drugs than patronizing the local pharmaceutical industries (interview, 2016).These pharmaceutical companies suffers a myriad of problems which makes it hard for them to be competitive globally. Hence, the low pace of growth.

### 3.5. The Role of The State in Industrial Development in Nigeria

The government or the State is central to the industrial and economic development of any economy, basically in the area of industrial policies and programmes. The role played by the government or the state in promoting economic growth can be traced to the Renaissance. This also reveals that the present antagonism between state and market, which has characterized the twentieth century, is a relatively new phenomenon. Since the Renaissance one very important task of the state has been to create well-functioning markets by providing a legal framework, standards, credit, physical infrastructure and if necessary to function temporarily as an entrepreneur of last resort.

The government performs three basic roles in the industrial and economic development of any society:

(1) The State as a provider of institutions. In the widest sense; establishing the rules of the game' 'providing an even playing field"

(2) The State as a provider of income distribution and as an ``insurance Company" (preventing evil/``sharing the pie").

(3) The State as a promoter of economic growth (promoting happiness/ ``increasing the size of the pie").

A State then, has one of two ends in view; it designs either to promote happiness, or simply to prevent evil" (Humbolt, 1996,p. 19). Another German economist, Adolph Wagner, divides the role of the State into two different categories of objectives: Law and Power (Rechts- und Machtzweck) and Culture and Welfare (Kultur- und Wohfahrtszweck). The welfare aspect can be expressed in two very different categories: the creation vs the distribution of income. This aspect is central to this dissertation; therefore point three is further elaborated here below.

The state plays a more active role in the economic development of a nation much more than a mere invisible hand represented by institutions as Adam Smith argued. According to (Reinert 1999), we must look behind the State as a provider for institutions for which there is a ``natural demand" into another role of creating demand for things which are necessary, but for which there is no articulated demand. If people do not want to educate their children because they are themselves not educated, and because they need their daily labour the State plays a new role: the State uses ``its power of coercion in order to create a general demand for the institutions which it has established', says Cohn (1895). The state therefore performs a more visible hand here. The state enters into the production process as a factor of production.

In the view of Reinert, (1999), the roles of the state in economic growth are historically listed under the following headings:

### 3.5.1. Getting the nation into ``the right business''

Historically, all presently industrialised nations (see Reinert, 1980; 1994; 1995) for the right or for the wrong reasons have passed through an initial stage with a policy based on the understanding that not all economic activities are equally feasible as starting points for the self -enforcing positive feedback system which we call development. Creating a comparative advantage in the right business is a common element of all successful strategies for catching up with richer nations; the conviction that free trade is not wanted until the nation has created a comparative advantage in the ``right" economic activities. This could among other things, means skill-based, not resource-based).

### 3.5.2. The Role of the State as a Supplier of Infrastructure

This is a unifying element of most ``enemies" of classical and neo-classical economists, from Colbert (canals, turnpikes, ports, merchant marine, navy) to Friedrich List (known in Germany as the father of the German railway system") and to Al Gore/Robert Reich (the electronic super-highway). Infrastructure is, as all other systemic elements of the economy, conspicuously absent from today's economic theory (e.g. not to be found in The New Palgrave). Infrastructures are key factors in extending markets and are ``highways" which the positive feed-back mechanisms need in order to displace themselves geographically.

### 3.5.3. Setting standards

Setting standards has always been a very important task of the state, from the neo-

classical point of view to lower transaction costs, from the evolutionary point of view to form a basis for standardised mass production. A visitor to the Renaissance towns of Italy can to this very day observe the iron bars fastened to the church wall on the main square, establishing the standard units of measurement valid in the city. Each city had different measurements, which made information and conversion tables on these issues an important task for early economic. Today the setting of standards is important to hi-tech products like mobile telephony. Clearly the state also has an important role in setting legal standards and providing a social virtue which is crucial to prosperity.

### 3.6. The role of Nigeria State in Pharmaceutical Manufacturing in Nigeria

The major role played by the Nigeria government in the development of the Pharmaceutical sector is basically in the area of policy formulation. In 1995, the Nigerian Investment Promotion Commission (NIPC) was established under the NIPC Act. The Commission is a Federal Government Agency established to encourage, promote and coordinate investments in Nigeria. It provides services including the granting of business entry permits, licences, authorisations and incentives. In 2007, NIPC published an investment incentives brochure outlining various incentives approved by Government to stimulate private sector investment from within and outside the country. While some of these are applicable to all economic sectors, others are limited to specific sectors. The nature and application of these incentives has been considerably simplified. For example, the tariff structure for pharmaceuticals has been designed to discourage imports and stimulate local drug production.The Incentives with implications for the pharmaceutical sector includes:

The Companies Income Tax Act has been amended to encourage potential and existing investors and entrepreneurs. The current rate of tax on companies in all sectors, except petroleum, is 30 per cent. Pioneer status is a tax holiday granted to eligible industries (including the formulation and manufacture of pharmaceuticals) anywhere in the Federation and provides for a seven year tax holiday for industries located in economically disadvantaged Local Government Areas of the Federation. To qualify, a joint venture company or a wholly foreign owned company must have incurred capital expenditure of not less than 5 million Naira (about US$ 41,600) whilst a qualified indigenous company should spend no less than 150,000 Naira (about US$ 1,200). Up to 120 per cent of expenses on research and development (R&D) are tax deductible, provided that such R&D is carried out in Nigeria and is connected with the business from which the income or profit is derived. Other incentives include:

Industrial establishments that have set up in-plant training facilities enjoy a 2 percent tax concession for a period of five years; Industries that provide access roads, pipe borne water and electricity can deduct 20 per cent of these costs from their taxes. Industries with a high labour capital ratio are entitled to tax concessions. A re-investment incentive in the form of a generalised allowance for capital expenditure incurred is granted to companies for the expansion of production capacity, modernisation of production facilities and diversification into related products. A tax credit of 20 per cent is granted for five years to industries that attain a minimum level of local raw material sourcing and utilization.

The Federal Ministry of Health (FMoH) is responsible for implementing the National Health Policy (NHP). In 2004, a Health Sector Reform Programme was launched by the Ministry, outlining key strategies and a plan of action (2004-2007). The overall objective was to significantly improve the health status of Nigerians and reverse the vicious cycle of poverty, ill-health and underdevelopment.

# CHAPTER FOUR

# DATA PRESENTATION AND ANALYSIS

## 4.1. Introduction

The popular adage that whatever touches the nose affects the eyes best describes the condition of the Pharmaceutical industry in general and Oris Umoeze Nigeria Limited and Nipripharm Lab Limited, in particular. Globalisation as already discussed, has made the world a single organism with virtually the same rules applying to all parts irrespective of the strength and position of each in the world. In other words, the Nigerian Pharmaceutical industries are caught up in the present wave of globalization and are therefore open to competition occasioned by the tenet of globalisation and at the same time stand to benefit from the effects thereof. Nevertheless, from the statistics available, and considering the nature of Nigerian Pharmaceutical industry, globalization brings unhealthy competition to the industry.

From recent statistics on Nigeria's trade relations, globalization has led to continuous negative trade balance in her transactions with other countries. It has led to continual increase in the importation of pharmaceutical products into the country. This is more challenging in view of the cheapness of the imported pharmaceutical products vise-a-vise those manufactured in the country. There is however no denying the fact that some of the drugs imported are not manufactured locally but the fact remains that even those the country is self- sufficient of are still being imported.

The gross implication of this growing negative trade balance is the continuous decay and degeneration of Nigerian Pharmaceutical manufacturing companies. The culture of dependency has become institutionalized as a result of this proliferation of imported drugs in Nigerian Market. In 2009 for instance, Nigeria spent N42, 423,300, 674 on the importation of 135,971,259 Kg of Pharmaceutical products from countries such as India, China, Pakistan and others while it only generated N756, 146, 157 from exporting 1,402, 548kg of pharmaceutical products to mostly African countries. This results in a trade deficit of N41, 677,154,517, in a single year (NBS, 2009), (see Apendix 1-3).

The following year, 2010, the trade deficit increased to N60, 427,019,501, resulting from the importation of 590,850,852kg of pharmaceutical products from largely the countries mentioned above. This deficit increased to N61, 137,379,869 in 2011. It Consequently, the data below was generated to examine the effects of globalization vise-a-vise domestic factors on Oris Umoeze Nigeria Limited and Nipripharm Lab Limited in Abuja.

### 4.2. Data Analysis and Discussion

A total of 233 questionnaires were distributed to the respondents. Out of this, 200 were completed and returned representing 85.8 percent of the sampled population which is a good response rate and thus makes the analysis and deduction highly representative and reasonably objective. Descriptive statistics via SPSS was employed in the analysis of the questionnaires. The data generated from the questionnaire was corroborated by the interviews and the secondary materials consulted. This was to ensure authenticity and internal validity. Both the interview questions and the questionnaires were prepared in line with the research questions and objectives. Descriptive statistics is usually

performed using tables. Thus in this work, before each table, the question or statement is provided and the frequency and percentage of the respondents who chose a particular option is clearly indicated in the table. The option with the highest percentage of respondents therefore lends credence to the question or statement as the case may be. A graphical presentation of the views of the respondent is also provided to make richer the analysis of the respondents' views.

**Table 4.1 Age of Respondents**

| Age | Frequency | Percentage | Cumulative percentage |
|---|---|---|---|
| 20-30 | 88 | 44.0 | 44.0 |
| 31-40 | 89 | 44.5 | 88.5 |
| 41-50 | 12 | 6.0 | 94.5 |
| 51-60 | 5 | 2.5 | 97.0 |
| 61and above | 6 | 3.0 | 100 |
| Total | 200 | 100 | |

**Source: field survey, 2014**

The statistics presented above shows that the pharmaceutical sector is dominated by young people within the age range of 20 to 40 years. 177 respondents representing a cumulative percentage of 88.5 of the questionnaire returned fall within this age range. This is good for the pharmaceutical sector. A youthful population is usually the most active population in any nation. Therefore, having majority of the participants in the pharmaceutical business come from the youth is a plus to the sector. This is better appreciated looking at fig. 5.1 below.

Figure 4.1. Age of respondents

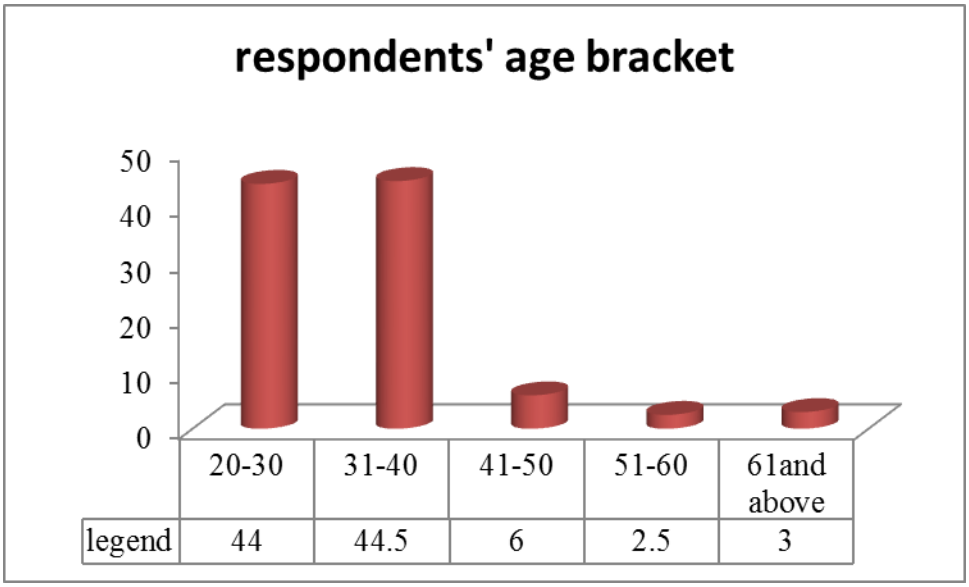



**Table 4.2. Gender of Respondents**

| Gender | Frequency | Percentage | Cumulative percentage |
|---|---|---|---|
| Male | 168 | 84.0 | 84.0 |
| Female | 32 | 16.0 | 100 |
| Total | 200 | 100 | |

**Source: field survey, 2014**

Only 32 respondents representing a paltry 16.0 percent of the total respondents are females. This again shows how the pharmaceutical sector particularly its practice in Abuja is to some extent being dominated by the male folk. Though the discipline of pharmacy is not a gender sensitive one but it appears from what can be deduced from the field work that the female pharmacists seem to prefer to work with government

establishments than being involved in drug importation, manufacturing and or distribution.

Figure 4.2. Gender of Respondents

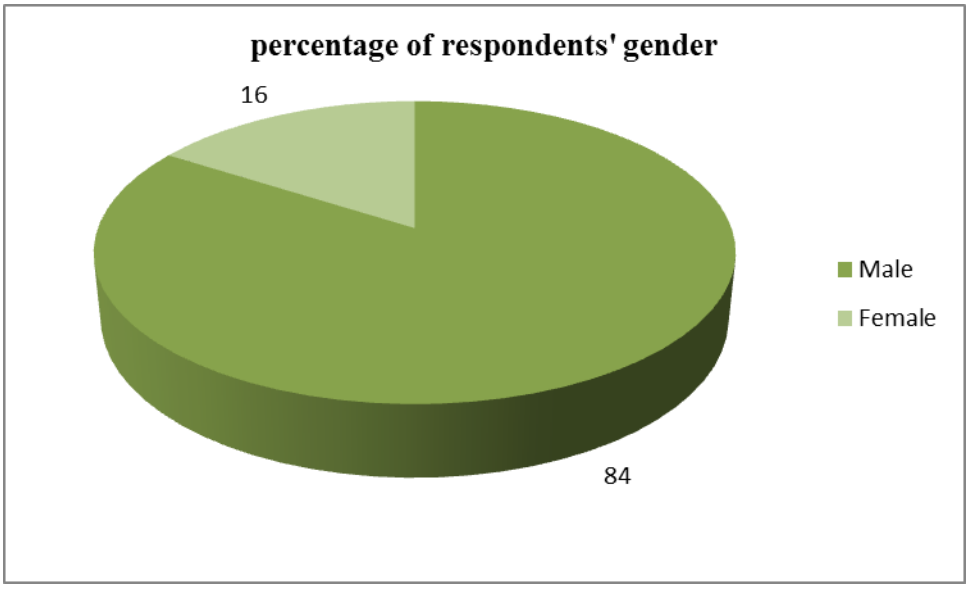



**Table 4.3. Respondents' Educational Qualification**

| Qualification | Frequency | Percentage | Cumulative percentage |
|---|---|---|---|
| FLSC/WASSC/SSCE | 7 | 3.5 | 3.5 |
| National Diploma | 19 | 9.5 | 13.5 |
| Higher National Diploma | 4 | 2.0 | 15.0 |
| First Degree and above | 170 | 85.5 | 100 |
| Total | 200 | 100 | |

**Source: field Survey, 2014**

The distribution on educational qualification in the above table shows that 15% of the respondents have WASSC and FSLC, National Diploma or Higher National Diploma. The pharmaceutical sector is organized such that one's position tallies with his or her educational qualification. Hence this question was put forward before the next. Those with first degree and above comprise 85 percent of the respondents. Those with this qualification and above are those qualified by law to be involved in drug importation, wholesale, retail and manufacturing. These groups have been presented in a pie chart for clearer understanding.

**Fig. 5.3. Respondents' Educational Qualifications**

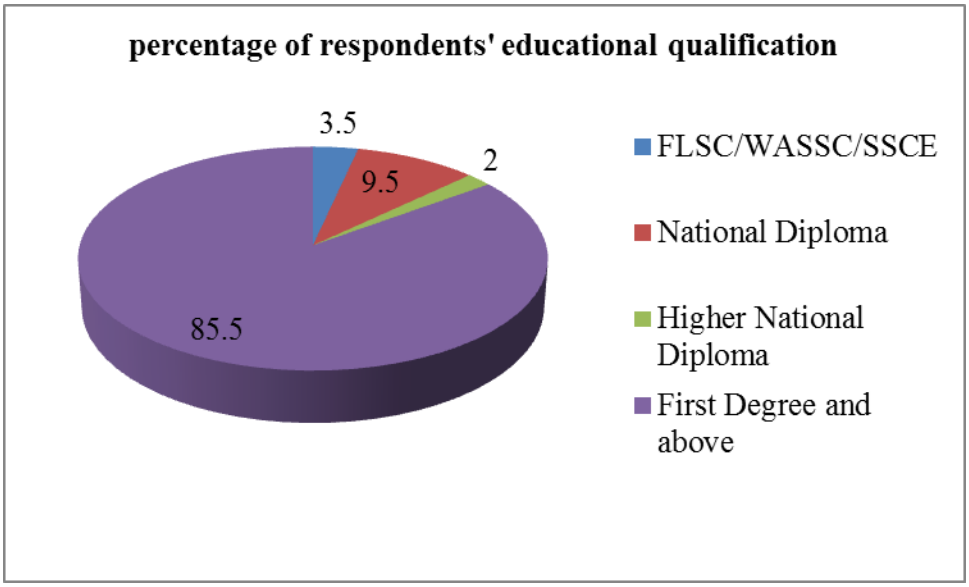



**Table 4.4. Respondents' position in the pharmaceutical industry**

| Positions | Frequency | Percentage | Cumulative percentage |
|---|---|---|---|
| Drug vendor | 15 | 7.5 | 7.5 |
| Drug Dispenser | 15 | 7.5 | 15.0 |
| Manufacturer | 2 | 1.0 | 16.0 |
| Professional Pharmacist | 168 | 84.0 | 100 |
| Total | 200 | 100 | |

**Source: field survey, 2014**

The pharmaceutical sector is organized such that one's qualification determines his or her position in the sector. A patent drug vendor is one who is licensed to dispense less sensitive drugs otherwise referred to as over the counter drugs. The qualification for this is simply the ability to read and right and the prospective vendor must be more than 18

years of age (Mora, 2014). He can also be referred to as a drug dispenser. However pharmacy technicians; those with diploma and higher National diploma from School of Health Technology are also referred to as drug dispensers. The researcher made sure that the views of these groups were sought. Consequently efforts were made to retrieve the thirty questionnaires distributed among them and coincidentally, fifteen of the respondents indicated to be patent drug vendors while the other fifteen indicated to be drug dispensers. They both constitute fifteen percent of the sampled population.

Hundred percent response rate shows that the researcher enjoyed a high level of cooperation among the licensed patent drug vendors. From the professional pharmacists comprising manufacturers, importers, wholesalers and retail premises, a total of one hundred and seventy questionnaires; 85.0 percent of the total was retrieved. It also implies that the 33 questionnaires that were not retrieved were distributed among the professional retail and wholesale pharmacists. In order to ensure the validity of the research, the researcher ensured the retrieval of all the questionnaires distributed to the drug importers and manufacturers for they form the fulcrum of this study. The pie chart below shows a pictorial representation of the distribution.

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**Table 4.5. Respondents' years of Experience in the Pharmaceutical Sector**

| Years | Frequency | Percentage | Cumulative percentage |
|---|---|---|---|
| 1—5 | 120 | 60.0 | 60.0 |
| 6—10 | 54 | 27.0 | 87.0 |
| 11—15 | 14 | 7.0 | 94.0 |
| 16 and above | 12 | 6.0 | 100 |
| Total | 200 | 100 | |

**Source: field survey, 2014**

A total of one hundred and seventy-four of the respondents representing eighty-seven of the totals have been in the industry for not more than 10 years which is adequate experience to judge objectively, the performance of the sector. And 26 of the respondents have been in the sector for not less than ten years. Their experience is indeed overwhelming and was instrumental to the conclusion of this study.

**Fig. 4.5. Respondents' years of Experience in the Pharmaceutical Sector**

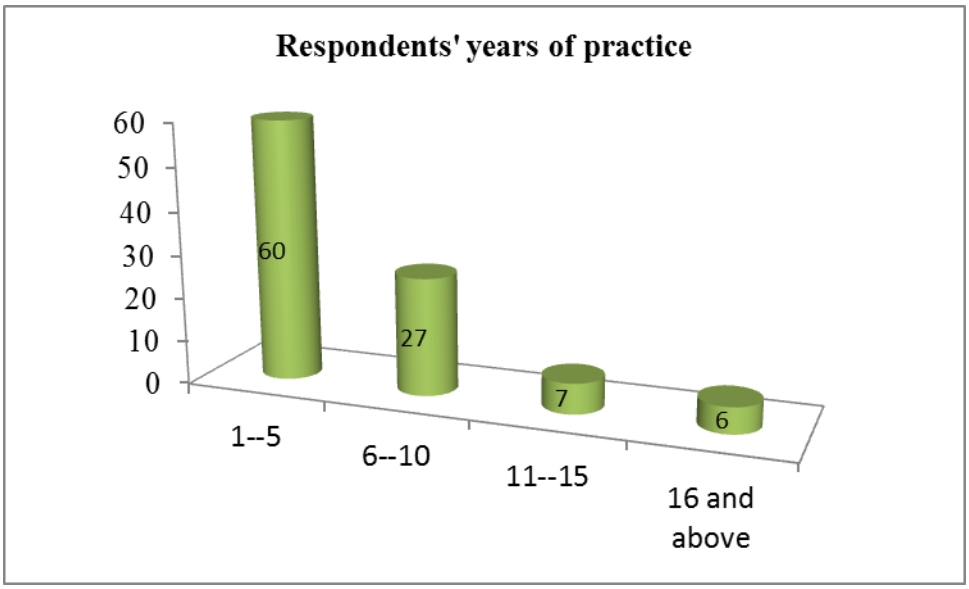



**Table 4.6. Respondents' Frequency of Importation or Sale of Imported Drugs**

| Options | Frequency | Percentage | Cumulative Percentage |
|---|---|---|---|
| Very often | 95 | 47.5 | 47.5 |
| Often | 62 | 31.0 | 78.5 |
| Rarely | 37 | 18.5 | 97.0 |
| Not all | 6 | 3.0 | 100 |
| Undecided | - | - | |
| Total | 200 | 100 | |

**Source: field survey, 2014**

The above question was asked in an attempt to provide answers to the first research question of this study. The statistical analysis in the table above shows that majority of the respondents, one hundred and fifty-seven to be precise, representing a staggering 78.5percent of the total respondents import or sell imported drugs, designated

Importers inclusive.

**Fig.4.6. Respondents' Frequency of Importation or Sale of Imported Drugs.**

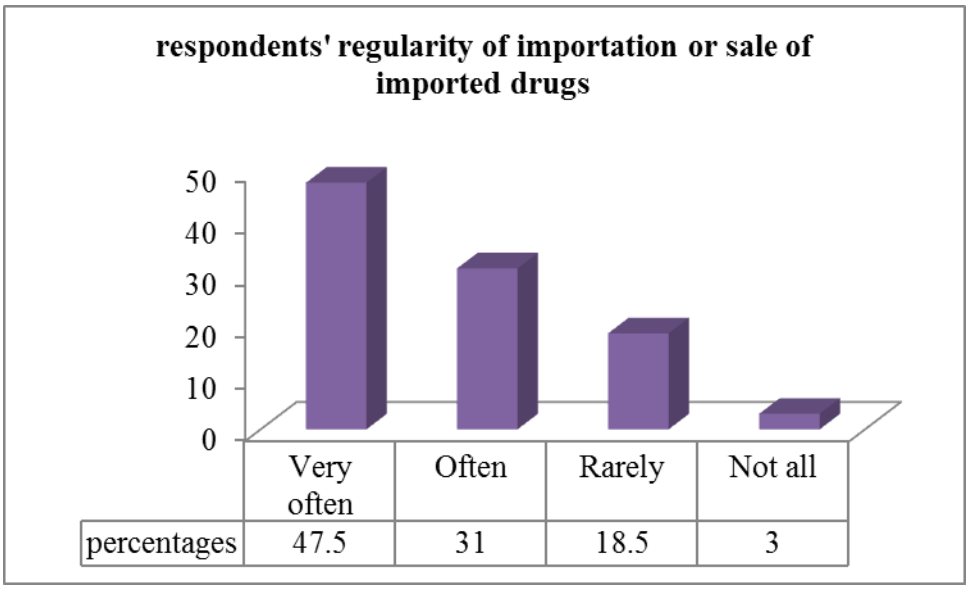



**Table 4.7. Respondents' Percentage of Imported Drugs.**

| Options | Frequency | Percentage | Cumulative Percent |
|---|---|---|---|
| Less than 20 | 47 | 23.5 | 23.5 |
| 21-40 | 42 | 21.0 | 44.5 |
| 41-60 | 5 | 2.5 | 47.0 |
| More than 60 | 86 | 43.0 | 90.0 |
| Undecided | 20 | 10.0 | 100 |
| Total | 200 | 100 | |

**Source: field survey, 2014**

Only 20 respondents representing a meager 10% of the total respondents were indifferent. Therefore not less than 90% of the respondents agreed that certain percentage of their drugs is imported. Interestingly, 86 of the 200 respondents, 43% that

is, agreed that more than 60 percent of their drugs are imported. This was corroborated by an interview which revealed that 70% of the pharmaceutical products in Nigeria are imported from different parts of the world (interview, 2014). It was further reviewed during the interview that:

> Population sea port and customers are necessary for the establishment of pharmaceutical manufacturing companies. These are not found in Abuja. Additionally, before a Manufacturing Company can start operation in Nigeria, it must register with the Corporate Affairs Commission (CAC) with the particulars of its Directors one of whom must be a Pharmacist who must have undergone training in a PCN accredited institution. In fact, most of the manufacturing companies started with importation. It is when they are well established in the business that they go into manufacturing.

It thus suffices to say that like other sectors of the Nigerian economy, the pharmaceutical sector is highly dependent on importation. In a study carried out by NAFDAC in 2005, out of the 385 samples, 133 were manufactured in Nigeria while 252 (65%) of the samples were imported. They also concluded that about two-third of the medicines available in Nigerian market were imported (NAFDAC, 2005). The pie chart below shows a clear description of the nature of pharmaceutical imports among the respondents in Abuja.

**Fig.4.7. Respondents' Percentage of Imported Drugs**

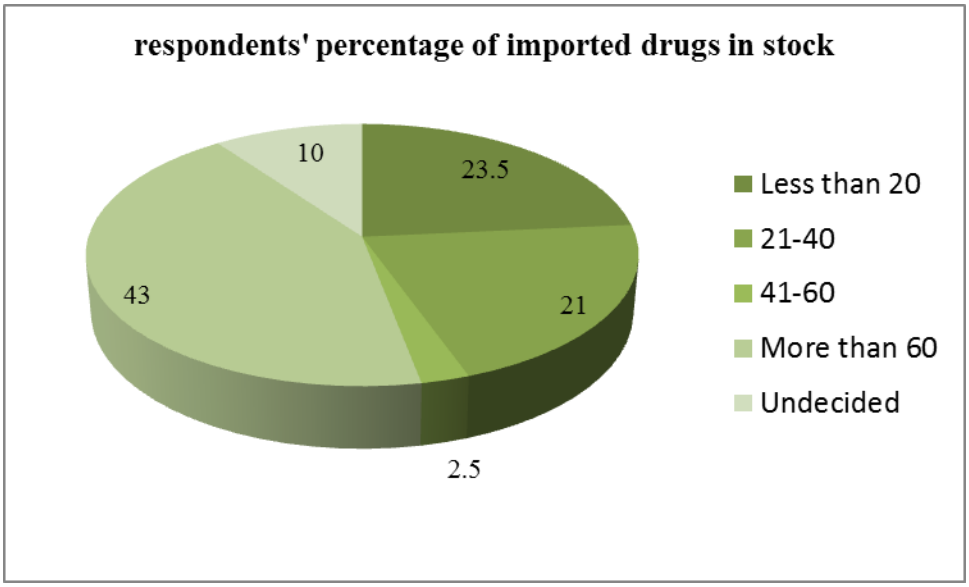



**Table 4.8. Respondents patronage level of Oris Umoeze and Nipripharm Lab limited**

| | frequency | Percentage | Cumulative percentage |
|---|---|---|---|
| 0-5 | 188 | 94.0 | 94.0 |
| 6-10 | 12 | 6.0 | 100 |
| 11-15 | - | - | - |
| 16-20 | - | - | - |
| 20 and above | - | - | - |
| Total | 200 | 100 | 100 |

Source: Field survey, 2014

The table above shows that pharmaceutical wholesale and retail premises in the FCT hardly patronise Oris Umoeze and Nipripharm Lab limited in Abuja. A total of 188 respondents representing 94 percent of the respondents had just 0-5 of their goods from these companies while only 6percent had just 6-10 of Oris Umoeze and Nipripharm

Lab's drugs in their stalls. The subsequent questions were therefore asked to buttress this point.

**Table 4.8.The views of Respondents on whather the Importation and Sale of Imported Drugs is because they are not Manufactured in Nigeria.**

| Options | Frequency | Percentage | Cumulative percent |
|---|---|---|---|
| Agree | 49 | 24.5 | 24.5 |
| Strongly agree | 84 | 42.0 | 66.5 |
| Disagree | 48 | 24.0 | 90.5 |
| Strongly disagree | 15 | 7.5 | 98.0 |
| Undecided | 4 | 2.0 | 100 |
| Total | 200 | 100 | |

**Source: field survey, 2014**

This statement was put forward to further buttress the reasons for the importation of pharmaceutical products from China. In response to the above statement, 24.5 percent

of the respondents simply agreed that they import or sell Chinese drugs in Nigeria because they are not available with the local manufacturing companies while 42.0 percent strongly agreed, all amounting to 66.5 percent. It can therefore be deduced that the local manufacturing companies do not actually produce some of these Chinese drugs. However, the point to be made here is that the importers or sellers of imported Chinese drugs do not restrict themselves to those drugs that are not locally manufactured. It was against this backdrop that the Chairman of the Pharmaceutical Manufacturing Group of the Manufacturers Association of Nigeria (PMGMAN), Mr. Bunmi Olaopa in a paper presented at a meeting with the Minister of Trade and Investment pleaded with the federal government for the enforcement of the ban on the importation of some specific drugs.

He also in this letter pleaded with the Ministry to increase the list of drugs on the import prohibition list from seventeen to twenty-five (Olaopa, 2012). Perhaps even more alarming is the fact that the drugs which are on the prohibition list still find their ways into the country through unofficial channels aptly referred to by (Mora, 2014) as "other sources of drugs." Some of these drugs are still being peddled by drug hawkers in luxurious buses otherwise known as ' EL Rufai Buses' in Abuja. See the two lists; the drugs currently on the import prohibition list and those suggested by the Chairman of (PMGMAN) in the appendix section. The bar chart below presents a pictorial view of the responses.

**Fig.4.8.The views of Respondents on whether the Importation and sale of Imported Drugs is because they are not Manufactured in Nigeria**

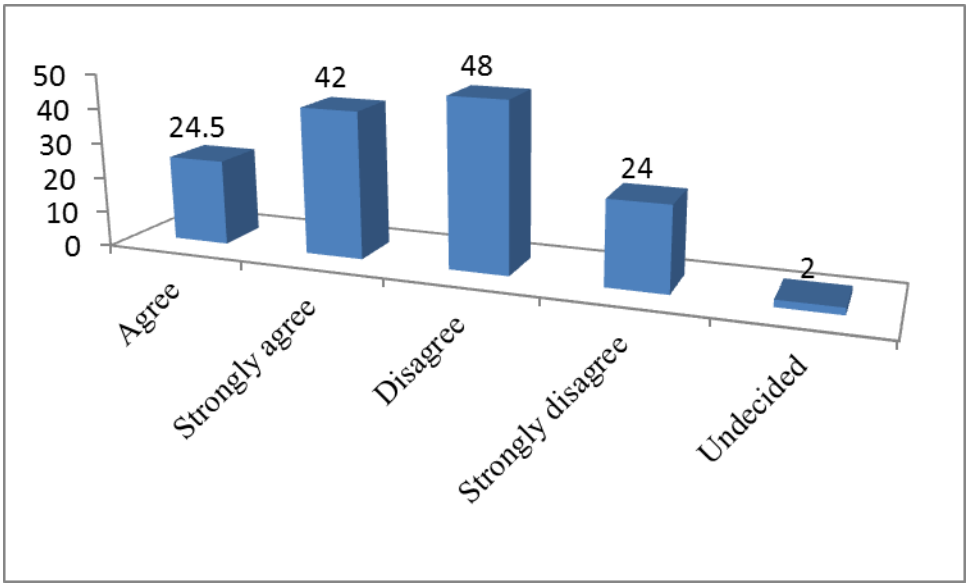



**Table 4.9.The views of Respondents on the Quality of Imported Drugs**

| Options | Frequency | Percentage | Cumulative percent |
|---|---|---|---|
| Agree | 14 | 7.0 | 7.0 |
| Strongly agree | 22 | 11.0 | 18.0 |
| Disagree | 87 | 43.5 | 61.5 |
| Strongly disagree | 56 | 28.0 | 89.5 |
| Undecided | 21 | 10.5 | 100 |
| Total | 200 | 100 | |

**Source: field survey, 2014**

The cumulative percentage of those who simply agreed and those who strongly agreed with the above statement stands at 18 percent. 71.5 of the respondents disagreed and strongly disagreed respectively. Presumably, Nigerian drugs are not inferior to China made drugs. This was validated in an interview with the representative of The National Agency for Food and Drug Administration and Control (NAFDAC) whose duty it is to ascertain the quality of drugs in circulation in Nigeria. He said:

> …Drugs manufactured in China are not better than those made in Nigeria. We as the regulator of drugs and drug related activities in Nigeria carry out routine checks at every stage of drug production in Nigeria. Until a drug is finally certified by us it cannot officially be distributed in Nigerian market. Even when a Company is certified at the first instance, in every two to three months we still check to make sure it does not compromise the set standard. This we cannot do to China based pharmaceutical manufacturing companies.

The levels of agreement to the above statement are presented in the bar Chart below.

**Fig.4.9.The views of Respondents on the Quality of Imported Drugs**

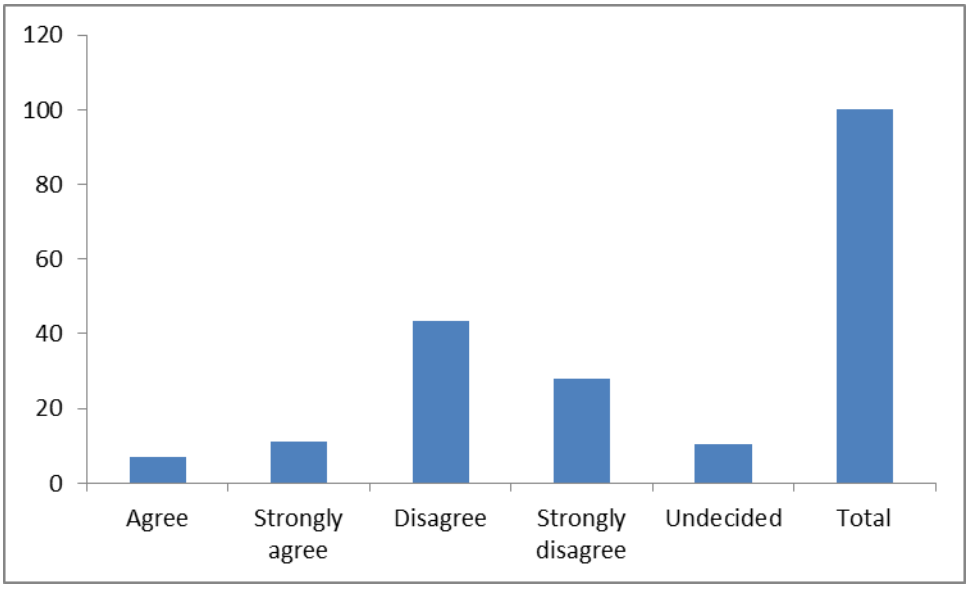



**Table 4.10. The views of Respondents on the Cost of Nigerian Drugs in comparison with Imported Ones**

| Options | Frequency | Percentage | Cumulative percent |
|---|---|---|---|
| Agree | 32 | 16.0 | 16.0 |
| Strongly agree | 54 | 27.0 | 43.0 |
| Disagree | 57 | 28.5 | 71.5 |
| Strongly disagree | 40 | 20.0 | 91.5 |
| Undecided | 17 | 8.5 | 100 |
| Total | 200 | 100 | |

**Source: field survey, 2014**

On the issue of affordabilty of Nigeria made drugs, the respondents variously made the following assertions. 16.0 percent simply agreed that Nigerian drugs are more expensive than Chinese drugs while 27 percent strongly agreed same bringing the level of agreement to a cumulative percentage of 43 percent. On the other hand, 28.5 percent simply disagreed and 20 percent strongly disagreed thereby bringing the cumulative percentage of the level of disagreement to 48.5 percent. The issue is rather a complex one as shwon by the little margin between the respondents that agreed and those that did not. But interviews with the manufacturers revealed that indeed their drugs are costlier than imported drugs in view of obvious factors which will be discussed as we try to analyse the challenges facing the pharmaceutical sector subsequently. A graphical preseentation of the respondents views is done beneath.

**Fig. 4.10. The views of Respondents on the Cost of Nigerian Drugs**

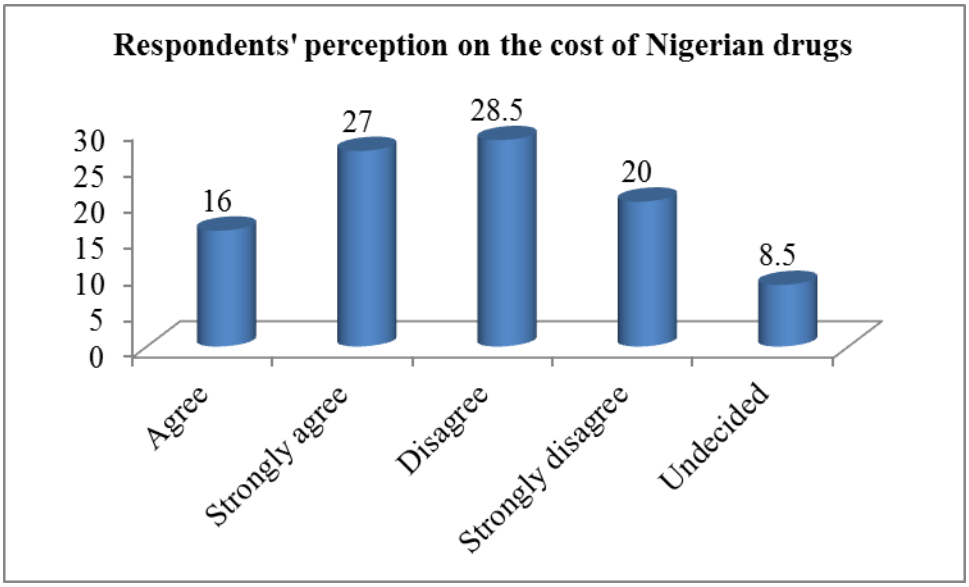



**Table 4.11. Respondents' Percentage of Drugs Exported**

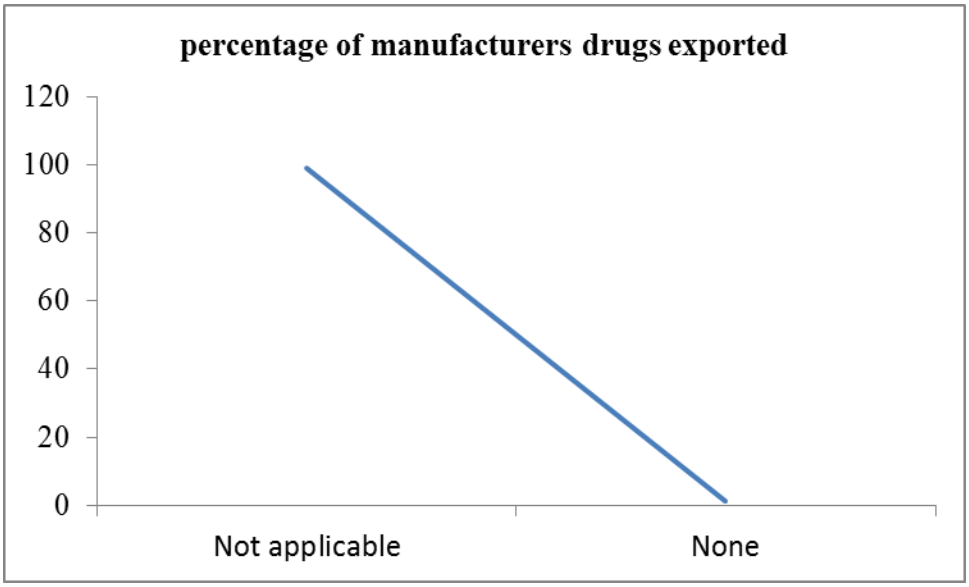
| Options | Frequency | Percentage | Cumulative percent |
|---|---|---|---|
| Less than 20 | - | - | - |
| 21—40 | - | - | - |
| 41—60 | - | - | - |
| More | - | - | - |

| | | | |
|---|---|---|---|
| than 60 | | | |
| Not applicable | 198 | 99.0 | 99.0 |
| None | 2 | 1.0 | 100 |
| Total | 200 | 100 | |

**Source: field survey, 2014**

The above question was directed to the manufacturers. Both Companies stated that none of their products is exported. This is very clear in view of the level of stability of these two companies. Aside from struggling to compete with imported drugs these companies also face teething problems common to most manufacturing companies in Nigeria. Again these will be further discussed in details subsequently.

**Fig.4.11. Respondents' Percentage of Exported Drugs**




Just like the previous question (Q13), this question was also directed to the manufacturers and the views presented there also applies to this question

**Table 4.12. Respondents' type of licence from a pharmaceutical company abroad**

| Options | Frequency | Percentage | Cumulative percent |
|---|---|---|---|
| Permanent | - | - | - |
| Renewable in less than one year | - | - | - |
| Renewable annually | - | - | - |
| Renewable bi-annually | - | - | - |
| Renewable after two years | - | - | 100 |
| None | 200 | 100 | |
| Total | 200 | 100 | |

**Source: field survey, 2014**

This is is another of the questions meant for the manufacturers. The table above shows that neither of the two companies is operating under a licence. Besides, even the pharmaceutical importers, wholesalers and retail shops are not also representing any foreign company.

**Table 4.13. Responents with Dispensary Shop?**

| Options | Frequency | Percentage | Cumulative percent |
|---|---|---|---|
| Yes | 200 | 100 | 100 |
| No | - | - | |
| Total | 200 | 100 | |

**Source: field survey, 2014**

The manufacturers also dispense. This question was meant to find out if the manufacturing companies also have dispensary shop and the response as the table presents is 100 percent yes. The next question makes clearer the reasson for this question.

**Table 4.14. Local Manufacturers having Imported Drugs in their Dispensary Shops**

| Options | Frequency | Perventage | Cumulative percent |
|---|---|---|---|
| Agree | - | - | - |
| Strongly agree | 2 | 1.0 | 1.0 |
| Disagree | - | - | - |
| Strongly disagree | - | - | - |
| Not applicable | 198 | 99.0 | 100 |
| Total | 200 | 100 | |

**Source: field survey, 2014**

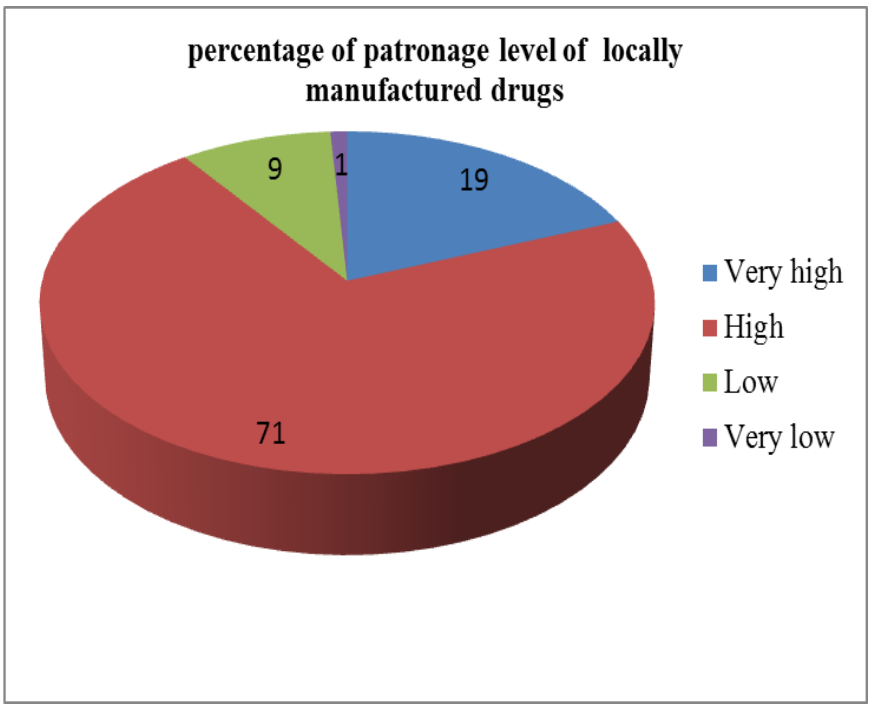
The two Manufacturing Companies strongly agreed that they also sell imported Chinese drugs in their dispensary shops. The 99 percent response to the option of not applicable was due to the fact that originally the question was not meant for any other group aside from the Manufacturers. Besides the pharmaceutical wholesaler, importers and retailers originally should be preoccupied with dispensing of drugs of manufacturers for they do not have their own products thereby making nonsense of the above statement supposing it was directed to them

**Table 4.15. Response of Manufacturers on the Patronage Level of their Products**

| Options | Frequency | Percentage | Cumulative percent |
|---|---|---|---|
| Very high | 38 | 19.0 | 19.0 |
| High | 142 | 71.0 | 90.0 |
| Low | 18 | 9.0 | 99.0 |
| Very low | 2 | 1.0 | 100 |
| Total | 200 | 100 | |

**Source: field survey, 2014**

**Fig. 4.15.Response of Manufacturers on the Patronage level of their Products**




The two manufacturers responded positively to the last option. That is, they both admitted that the patronage level of their products is very low. This is caused by a number of factors one of which is the presence of imported alternatives especially from

India, China and Pakistan. It creates competition and because of the nature of Nigeria's business environment the locally manufactured pharmaceuticl products cannot compete favourably in a free market as ours. Hence, the products of the Manufacturing ccompanies are left unsold in their warehouses thereby impacting negatively on the Nigerian economy and making life miserable to the manufacturers.Imported drug are usually cheaper than Nigerian made due to a number of reasons which the follwowing set of questions and statements sought to address.

In trying to get the views of consumers on the factors responsible for the preference of imported drugs to those manufactured by Oris Umoeze Nigeria Limited and Nipripharm Lab Limited, four medical doctors and two pharmacists who are in active practice were interviewed. The reasons adduced for this situation are that consumers of drugs themselves do not really go into any drug vendor of pharmaceutical premises requesting specifically for imported drugs or outrightly rejecting drugs manufactured by the local pharmaceutical companies but that medical practioners doing the prescription scarly prescrbe drugs manufactured by these companies. One of the reasons given was that the drugs are not as affordable compared to those imported those imported. The ressearcher also gathhered that WHO- prequalification is a testement to good quality drugs. Therefore any drug manufacturing company which has not achieved this or at least about to do that creates the impression of low standardof produccts. Hence, drug consumers prefer to patronise imported drugs especially sensitive drugs at the expense of the local Pharmacutical industries

**Table 4.16.The views of Respondents on Local Manufacturing Companies' Capacity to Meet Market Demands.**

| Options | Frequency | Percentage | Cumulative percent |
|---|---|---|---|
| Agree | 75 | 37.5 | 37.5 |
| Strongly agree | 95 | 47.5 | 85.0 |
| Disagree | 27 | 13.5 | 98.5 |
| Strongly disagree | 3 | 1.5 | 100 |
| Undecided | - | - | |
| Total | 200 | 100 | |

**Source: field survey, 2014**

The respondents' views of the capacity of the local manufacturers to meet market demands is presented in the table above. A total of 37.5 percent simply agreed that the local maufacturing companies are unable to meet market demand. 47.5 percent on the other hand strongly agreed. Cumulatively, 85percent of the respondents affirmed the above statement. Being the regular customers of the manufacturing companies, it is therefore safe to conclude that indeed some of the drugs are being imported because the local manufcturing compnaies cannot meet up with the demands of the market. This assertion was further strengthened by examining the total production capacity of the local manufacturing companies. The Report of the Nationwide Assessment of the installed and utilized capacity of the local manufacturing companies by the Department of Food and drug services of the Federal Ministry of Health in 2008, identified the key pharmaceutical manufacturers within the six geopolitical zones of the country.

In all a total of 49 pharrmaceutical manufacturing companies were assessed as follows:

| Zones | Number of Companies |
|---|---|
| North-West | 7 |
| Souh-East | 6 |
| North-Central | 5 |
| South-South | 2 |
| South-West | 29 |
| Total | 49 |

**Source: Mora, 2014**

During this assessment period there was no Pharmaceutical Manufacturing Company in the North-East Zone. Hence it was not reperesented in the assessment. A sample of the findings covering four Zones in respect of some drugs is presented below.

The findings of this assessment team in respect of paracetamol syrup (litres), paracetamol tabs, cotrimoxazol tablets, cotrimoxazol Suspension (litres); Metronidazole tabs Ferrous Gluconate tablets, Chloroquine tabs, Chloroquine syrup, Ferrous Sulphate tablets; Folic Acid tablets, Vitmine B Complex tablets, Multivitamin tablets, Multivitamin Capsules; Multivitamin Syrup (lites); Acetylsalicycic Acid tablets; Magnesium Trisilicate tablets, Magnesium Trisilicate Suspension (litres), Piperazine tablets, Piperazine Suspension, Levamizole tablets, Levamizole Suspension, Miconaze Cream, Ampicillin/Cloxacillin Capsules, Penicillin Ointment, Pyrantel pamoate tablets, Pyrantel Pamoate Suspension (litres), Dextrose Infusion andnormal and Saline infusio

shows that it is quite noticeable that most pharmaceutical companies are located wthin the South West geo-political region of the country. This is largely due to the proximity of the region to the country's major sea and airports. It was also concluded in the final analysis that these drugs manufactured by the local pharmaceutical companies represents only forty percent of the total consumption capacity of Nigerian Population.

Similarly, as at December 31st, 2010, they were 159 pharmaceutical manufcturing companies in the pharmaceutical register of the PCN (PCN,2010). The capacities of these companies contributed just about 40 percent of Nigeria's need of drugs (PMG-MAN,2008). The views of the respondents presented above therefore corresponds with the reality of the capacity of pharmaceutical manufacturing in Nigeria. Besides most of the drugs manufactured by the local manufacturing companies are simple drugs. This makes importation almost inevitable. Nevertheless, these drugs which are manufactured locally and which are legally prohibited to be imported are still brought into the country through other means. What the interviewees said on this issue is here presented.

> The local pharmaceutical Manufacturing Companies only have the capacity to produce simple drugs such as paracemotol and others of this category…. It may interest you to know that no local Pharmaceutical Manufacturing Company has achieved WHO pre-qualification. In other words, no Pharmacutical Manufacturing Company in Nigeria is certified ok to produce drugs for the usage of the organisation. What this implies is that all the financial support we get from international Organisations for the procurement of drugs such as anti malaria drugs and ati retroviral drugs is expended on the importation of these drugs from either South Africa, India or China.

For a pictorial view of the responses of the respondents, see the pie chart below.

**Fig.4.16. The views of Respondents on the Capacity of Local Manufacturing Companies to Meet Market Demands**

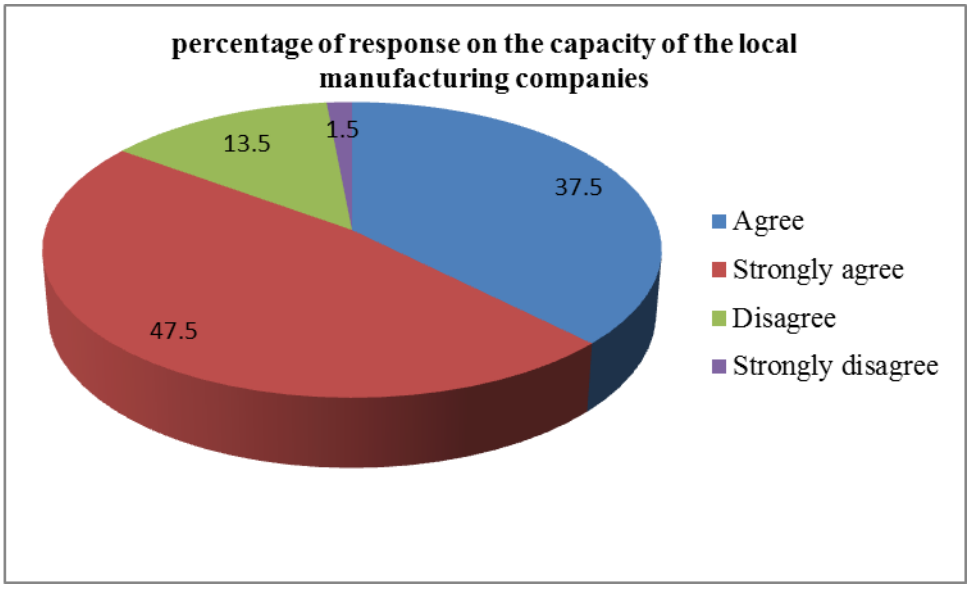



**Table 4.17. Response on the Regularity of Special Intervention Fund from Government?**

| Options | Frequency | Percentage | Cumulative Percent |
|---|---|---|---|
| Very often | 3 | 1.5 | 1.5 |
| Often | 11 | 5.5 | 7.0 |
| Rarely | 40 | 20.0 | 27.0 |
| Not all | 146 | 73.0 | 100 |
| Total | 200 | 100 | |

**Source: field survey, 2014**

The above table shows that 73 percent of the respondents do not enjoy any intevention fund from the government. The Pharmaceutical sector is capital intensive and long time

funding is required. It was in line with this that the president of (PMGMAN) pleaded for the establishment of a special intervetion fund by the Federal government in 2012. See the bar chart beneath.

**Fig.4.17. Response on Special Intervention Fund from Government**

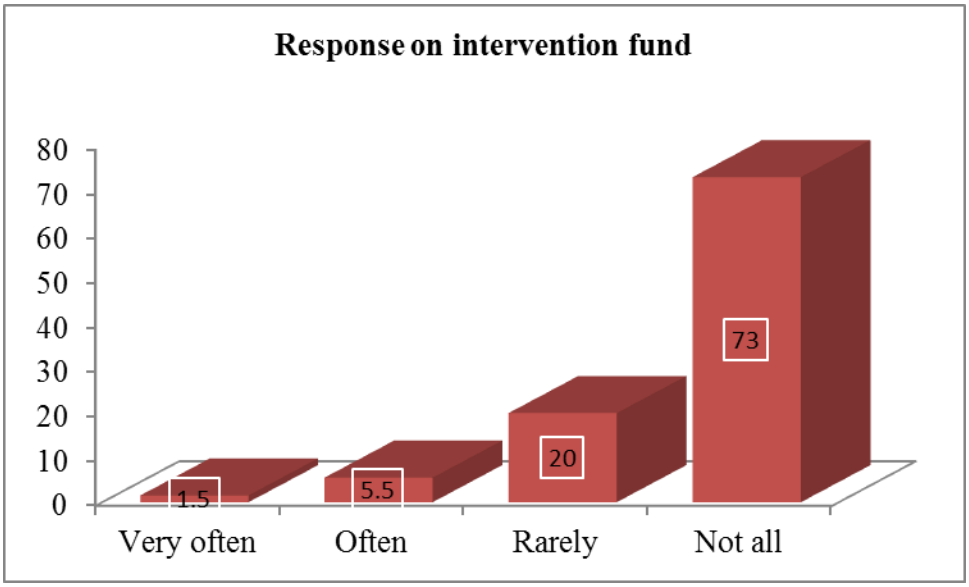



**Table 4.18.The views of Respondents on High Cost of Inputs as one of the Challenges of the Industry.**

| Options | Frequency | Percentage | Cumulative percent |
|---|---|---|---|
| Agree | 104 | 52.0 | 52.0 |
| Strongly agree | 77 | 38.5 | 90.5 |
| Disagree | 16 | 8.0 | 98.5 |
| Strongly disagree | 3 | 1.5 | 100 |
| Undecided | - | - | |
| Total | 200 | 100 | |

**Source: field survey, 2014**

The respondents almost all greed completely with the above statement. A cumulative percent of 90.5 percent agreed and strongly agreed respectively. This again buttresses the fact stated earlier that the sector is capital intensive and if not supported by the government, may not achieve the prediction of contributing a whooping $2.61 billion by the year 2016. The cost of input is even higher Particluarly in the manufacturing, All the manufacturers import their raw materials otherwise called Active Pharmaceutical ingredients (API). Thus they constantly suffer the biting impact of import duties. The bar chart below presents the repondents' percentage views.

**Fig.4.18. The vew of Respondents on High Cost of Inputs**

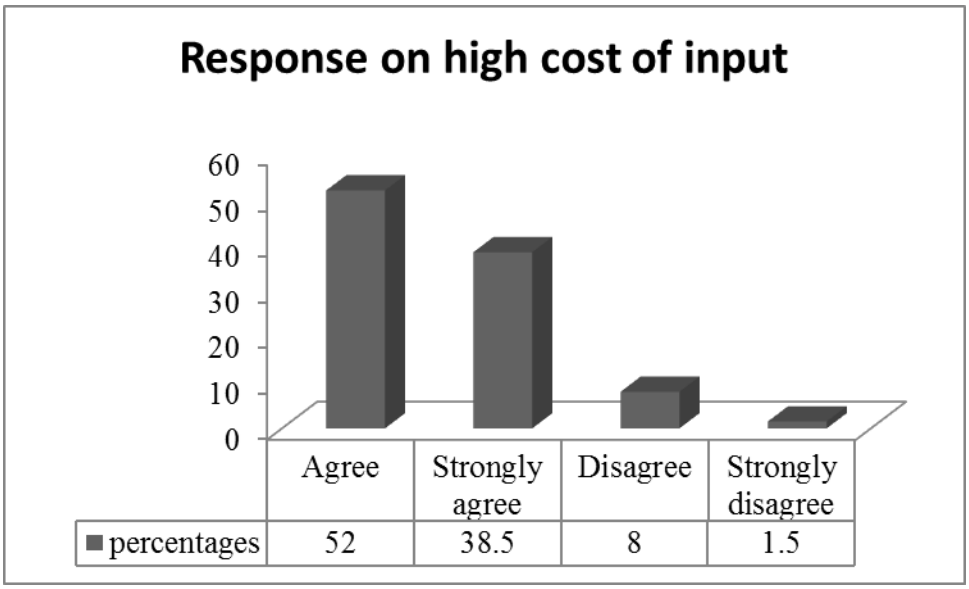


**Table 4.19.The views of Respondents on High the Cost of Production**

| Options | Frequency | Percentage | Cumulative percent |
|---|---|---|---|
| Agree | 112 | 56.0 | 56.0 |
| Strongly agree | 77 | 38.5 | 94.5 |
| Disagree | 11 | 5.5 | 100 |
| Strongly diagree | - | - | |
| Not applicable | - | - | |
| Total | 200 | 100 | |

**Source: field survey, 2014**

This statement was meant to validate the response to the previous and as the table above clearly demonstrates, a higher cumulative percentage of 94 percent agreed and strongly agreed respectively. This is graphically presented in the Pie chart below.

**Fig.4.19.The views of Respondents on High Cost of Production**

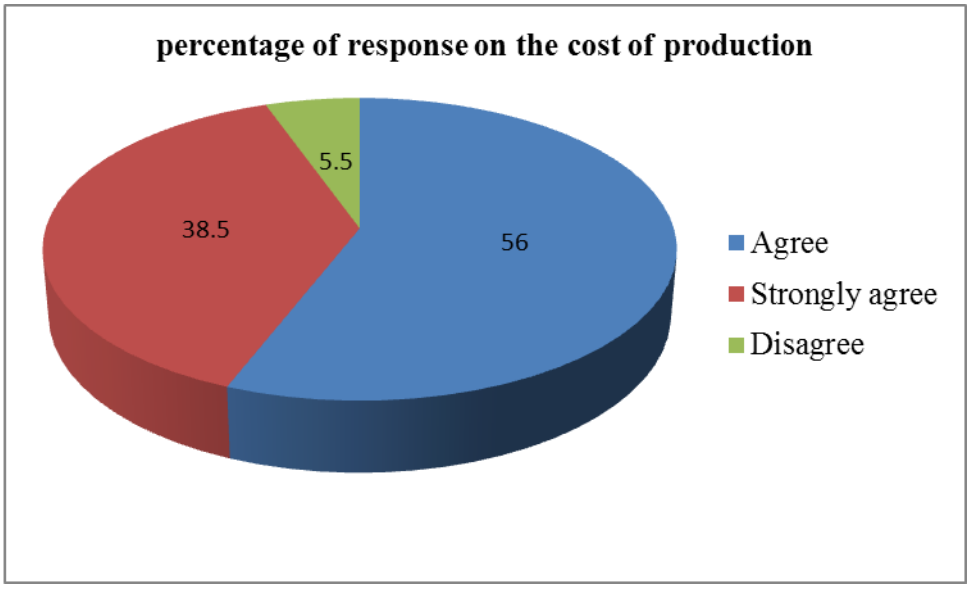



**Table 4.20. The views of Respondents on Multiple Taxations and the Imposition of Levy**

| Options | Frequency | Percentage | Cumulative percent |
|---|---|---|---|
| Agree | 94 | 47.0 | 47.0 |
| Strongly agree | 76 | 38.0 | 85.0 |
| Disagree | 30 | 15.0 | 100 |
| Strongly disagree | - | - | |
| Undecided | - | - | |
| Total | 200 | 100 | |

**Source: field survey, 2014**

This statement garnered the third-highest affirmative response of 85 percent cumulatively. The respondents overwhelmingly agreed that they are multiple taxations

in the sector. The reason for this was revealed in the interview section of the field work thus:

> …the Pharmaceutical sector is on the exclusive list of the Constitution of the Federal Republic of Nigeria. This implies that before any Pharmaceutical Company can begin operation it must register with the Corporate Affairs Commission which is a Federal Government Agency and by extension, the revenue goes into Federal account. On the other side, the States and Local governments always argue that the companies are sited in their territories as such they must pay the tax for benefitting from the good will of location and indirect state services they enjoy. When this happens, the Companies see themselves paying multiple taxes….

This implies that the Nigerian made drugs must be costly eve the investors must break even. Hence the preference for imported cheap Chinese drugs by drug dealers and users. The chart below shows the distribution of the respondents' views.

**Fig.4.20. Response on Multiple Taxation and Imposition of Levy**

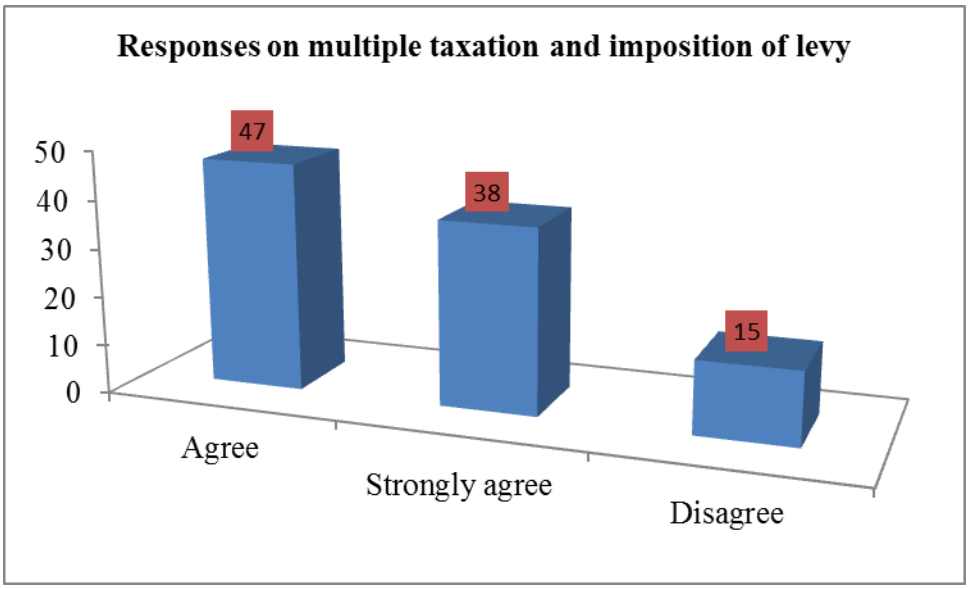


**Table.4.21.The views of Respondents on Lack of State of the arts facilities as another Challenge facing the Industry**

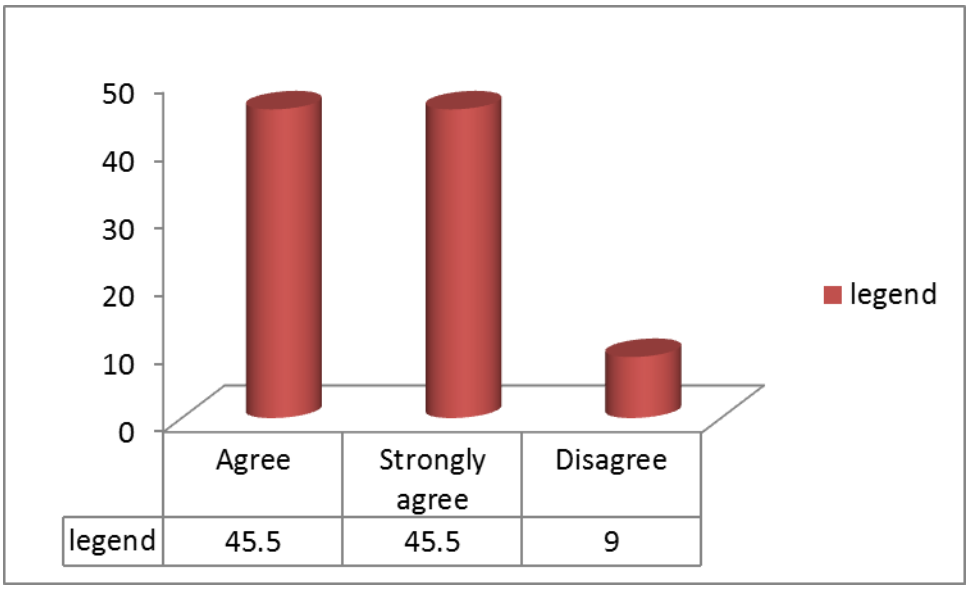
| Options | Frequency | Percentage | Cumulative percent |
|---|---|---|---|
| Agree | 91 | 45.5 | 45.5 |
| Strongly agree | 91 | 45.5 | 91.0 |
| Disagree | 18 | 9.0 | 100 |
| Strongly disagree | - | - | |
| Undecided | - | - | |
| Total | 200 | 100 | |

**Source: field survey, 2014**

Manufacturing Companies in the country generally have not been able to employ state of the arts facilities. 91 percent of the respondents do not approve of the production method in the pharmaceutical manufacturing sector. In this era of technological innovation, crude production method would invariably imply high production cost and by extension high cost of output. It is indeed the lack of technologically advanced production method that influenced. The World Health Organisation (WHO)'s refusal for Pre-qualification. WHO pre-qualification refers to the standardized quality assessment procedures put in place to evaluate whether certain products meet requirements recommended by WHO and are manufactured in compliance with current codes of good manufacturing practices. Therefore, the views of the respondents presented above only further confirm this situation. A cumulative percentage of 91

agreed and strongly agreed respectively. It therefore suffices to say that the crudity of the production method is a great challenge in this sector and effort must be made to ameliorate the situation especially as this is a prerequisite to WHO pre-qualification. These views are presented in the chart beneath.

**Fig.4.21 The views of Respondents on lack of state of the arts facilities as another Challenge facing the Industry**




Similar to the general believe that most of the drugs imported from China are substandard, the views of the respondents in the above table shows that a cumulative percentage of 54 percent agreed and strongly agreed that Chinese drugs are usually sub-standard. But this view was countered in an interview session with a NAFDAC official who said:

> Before any drug comes into this country it must be certified by NAFDAC and we always ascertain that a drug contains an approved percentage of the Active Pharmaceutical Ingredient (API) before it can be allowed into the country. NAFDAC has been working round the clock to eliminate counterfeit and substandard drugs from circulation in Nigeria. NAFDAC has been able to reduce the incidence of fake drugs from 26 percent to 6.4 percent and we are still striving to achieve hundred percent. I should also disabuse your mind of this general notion that anything from China is substandard. This is not true. I have been to

China on many occasions to inspect the pharmaceutical manufacturing companies from whom drug importers bring drugs into the country. There are many good pharmaceutical manufacturing companies in China. But this is not to say that we are not aware that fake drugs are still being smuggled into the country while some are secretly counterfeited in the country. That is why we are collaborating with The Nigerian Custom Service for the effective patrol of our borders. We also are aware that some drugs in China are tagged "exclusively for export or not to be used in Asian countries." These are all parts of the things we are working against.

Though there is no official record as to the number of casualties resulting from the use of fake or substandard drugs, it undoubtedly has led to the death of many and development of acute resistance to these drugs. The percentage of the views of the respondents is shown in the chart below**.**

**Table 4.22.The views of Respondents on Cheapness of Imported Drugs**

| Options | Frequency | Percentage | Cumulative percent |
|---|---|---|---|
| Agree | 110 | 55.0 | 55.0 |
| Strongly agree | 32 | 16.0 | 77.0 |
| Disagree | 56 | 28.0 | 99.0 |
| Stronngly disagree | 2 | 1.0 | 100 |
| Undecided | - | - | |
| Total | 200 | 100 | |

**Source: field survey, 2014**

Seventy-seven percent of the respondents agreed and strongly agreed that the cheapnes of Chinese goods is a major challenge in the sector.Imported goods are generally chaeper than Nigerian made in view of the availablity of cheap labour and thus low cost of production. Therefore allowing these products to compete freely with Nigerian made is definitely a great disservice to the sector. Thus, the government needs to promulgate patronage and domestic preference policy in order to maximise the relevance of the pharmaceutical sector in the over all performance of the Nigerian economy. This is also presented in bar chart below.

**Figure 4.22.The views of Respondents on Cheapness of Imported Drugs**

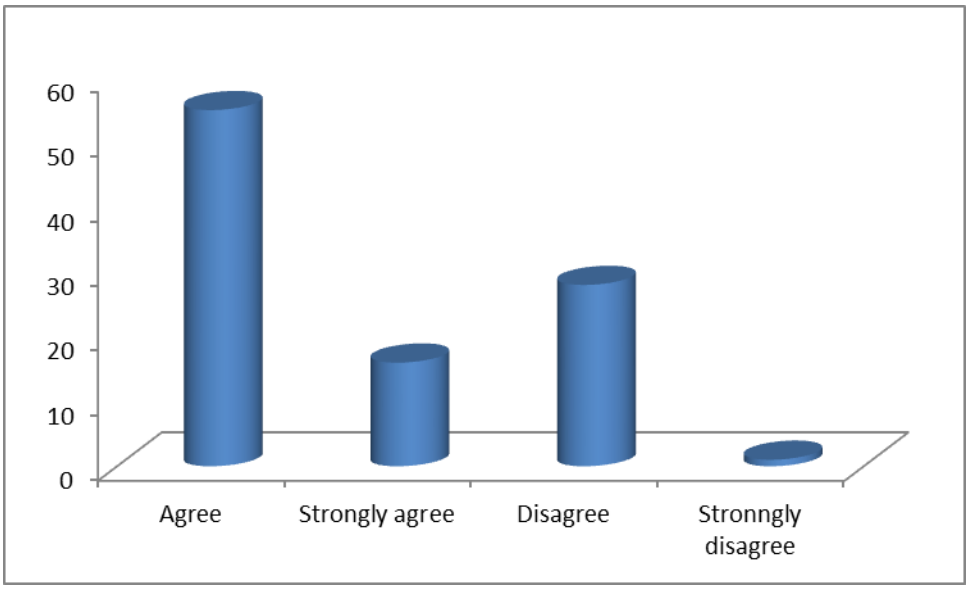



**Table 4.23.The views of Respondents on the Fffectiveness of the Regulatory bodies such as NAFDAC and PCN**

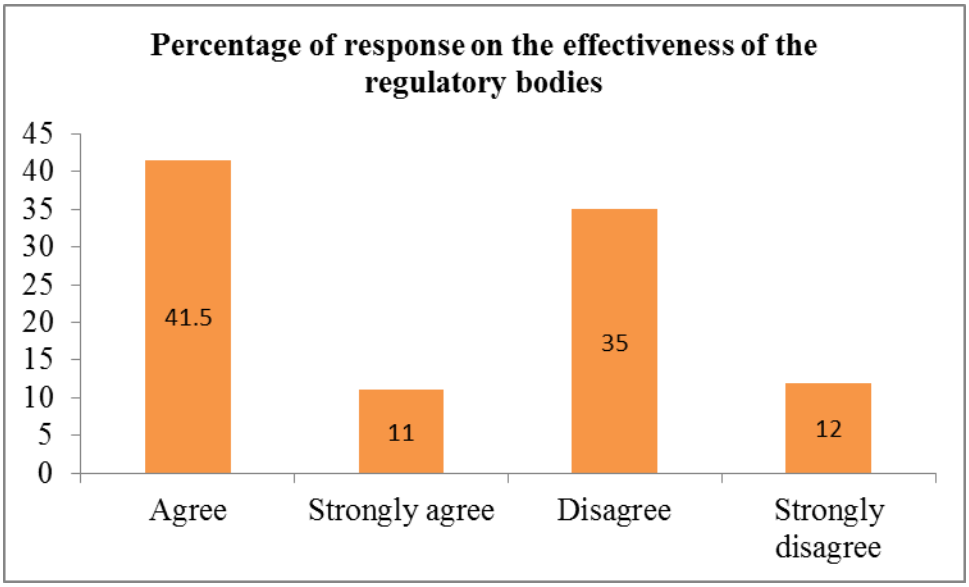
| Options | Frequency | Percentage | Cumulative percent |
|---|---|---|---|
| Agree | 83 | 41.5 | 41.5 |

| | | | |
|---|---|---|---|
| Strongly agree | 22 | 11.0 | 52.5 |
| Disagree | 70 | 35.0 | 87.5 |
| Strongly disagree | 24 | 12.0 | 99.5 |
| Undecided | 1 | .5 | 100 |
| Total | 200 | 100 | |

**Source: field survey, 2014**

The views of those who agreed that the regulatory agencies are not carrying out their fuctions effectively and those who disgreed are almost parallel. A cumulative percentage of 52.5 percent agreed and strongly agreed respectively. While a cumulative percentage of 47 percent also disagreed and strongly disagreed respectively. While it cannot be said categorically that these agencies are not performing their duties, it must be said that there is always room for improvement. The ovewhelming proliferation of Chinese drugs in Nigeria in general and in Abuja in particular brings undue rivalry to the almost moribund pharmaceuttical manufacturing companies in Abuja. It is therefore imperative to control the importation of Chinese drugs into the country. See the chart below.

**Fig.4.23.The views of Respondents on the effectiveness of the regulatory bodies**




On the whole, this chapter has successfully examined and analysed the views of the respondents on the impact of the importation of pharmaceutical products from China on pharmaceutical companies in Abuja and Nigeria in general. These were further corroborated by examining the responses vis-a-vis the content of secondary source materials consulted. The next chapter is dedicated to summary and general conclusion. Therefore no other separate conclusion is made on this chapter.

The views of consumers of the quality of drugs manufactured by Oris Umoeze Nigeeria Limited and

# CHAPTER FIVE

# SUMMARY AND CONCLUSION

## 5.1. Summary

This worked examined the effects of globalization on the pharmaceutical manufacturing companies in Nigeria with attention focused on Oris Umoeze and Nipripharm Lab. In the study of the effects of Globalisation, emphasis has always been laid on the other aspects of the Nigerian economy despite the obvious preponderance imported drugs in Nigerian markets. This work assessed the effects of globalization on the pharmaceutical industries in Nigeria in Oris Umoeze Nigeria Limited and Nipripharm Lab limited as a case study. This was therefore the problem of this study. Chapter two dealt with

conceptual and empirical review and theoretical frame work. In this chapter the researcher examined the concept of Globalization and carried out review of the Manufacturing sector in Nigeria and the pharmaceutical manufacturing industry in Nigeria. In all this, it was discovered that the pharmaceutical industry has never assessed in the study of the effects of globalization on Nigerian economy.

Chapter three gave us a historical background of pharmacy in Nigeria. Here this work was able to bring to our knowledge the chronological developments in the pharmaceutical sector. Despite the rapid growth in pharmacy education in Nigeria, Nigerian pharmaceutical sector still sources 70 percent of its pharmaceutical products abroad. This therefore means that the pharmaceutical sector is highly dependent on foreign pharmaceutical products especially from India and China, Pakistan and other countries. Chapter four contains the crux of this study. The data generated through questionnaires and interviews were carefully analyzed in this chapter and the summary of findings is presented beneath.

**5.1.2. Summary of Findings**.

1 Oris umoeze and Nipripharm Lab limited and other pharmaceutical manufacturing companies in Nigeria suffer low patronage of their products as a result of the presence of cheap imported alternatives.

2. Nigerian made drugs are costly because of high cost of production resulting from poor infrastructural facilities such as power and water supply as well as multiple taxations.

3. Oris Umoeze Nigeria Limited and Nipripharm Lab limited in Abuja and by extension the totality of pharmaceutical manufacturing companies in Nigeria do not employ state

of the arts facilities in their production processes and as such do not comply with the minimum standard set by WHO.

4. No medicine manufactured by any pharmaceutical company in Nigeria has achieved WHO pre-qualification. In fact no product of any pharmaceutical manufacturing company in the whole of West African Region has been prequalified. Only the products of three Companies in the whole of Africa have attained WHO pre-qualification:

i. Aspen Pharmacare Ltd., Port Elizabeth, Republic of South Africa.

ii. Maphar SA, Casablanca, Morocco and

iii. Quality Chemicals Industry Ltd, Kampala, Uganda**.**

What this entails is that no pharmaceutical manufacturing company in Nigeria can be patronized by any international support Organizations such as the World Health Organization (WHO) or The European Union (EU). Thus we constantly lose foreign currencies in the importation of drugs such as Anti- malaria and Anti-Retroviral drugs which these international Organizations support.

5. The policy which allows non-pharmacists (non-professionals) to practice the manufacture, distribution and sale of pharmaceutical products is a major factor responsible for the importation of fake and substandard drugs in Nigeria. These business men, because their interest is on profit taking, they take advantage of the cheapness of foreign drugs and its marketability to flood Nigerian market. Hence despite the prohibition on the importation of some drugs they are still being smuggled into the country.

6. Many Pharmaceutical premises operate by proxy. In other words the superintendent pharmacists who are licenced by PCN to be in continuous personnel supervision of the pharmaceutical premises usually do not have direct relationship with the premises. Rather they make copies of their certificate and place in the premises. In some cases you find copies of one certificate in many different shops whereas the owner of the certificate is hardly available for the running of the premises.

7. NAFDAC does not take into cognizance the country of origin of any drug in her analysis of the quality of drugs in Nigeria**.** This impairs effective control of the importation of fake and substandard drugs into Nigeria.

**5.2. Research Assumptions and Findings: A synthesis**

This study was premised on three cognate assumptions. The findings reveal all the assumptions are correct and corroborate the theoretical framework. The first assumption which states that Nigerian Pharmaceutical industry is inefficient in this era of globalization has been confirmed. This dissertation has shown that Oris Umoeze Nigeria Limited and Nipripharm Lab limited as well as other Pharmaceutical manufacturing companies in Nigeria do not employ state of the art facilities and as such do not comply with WHO Standard which makes them inefficient and less competitive in the global pharmaceutical industry The second assumption which states that Globalisation is a major factor responsible for the poor performance of Oris Umoeze Nigeria Limited and Nipripharm Lab limited was also confirmed. Globalisation encourages undue competition thereby making it difficult for these companies to sell their products; hence they are unable to maximize their installed capacity. And finally, the assumption which states that Oris Umoeze and Nipripharm Lab limited and other pharmaceutical manufacturing companies in Nigeria experience other teething domestic

challenges problems such as poor infrastructural facilities resulting in high cost of production was confirmed. These hinder the effective performance of Oris Umoeze and Nipripharm Lab limited as well as other pharmaceutical manufacturing companies in Nigeria. Nigeria pharmaceutical manufacturing companies are therefore unable to meet market demands. Accordingly, Nigeria depends on the importation of drugs to service her health sector.

### 5.3. Conclusion

Globalisation has many effects on the domestic economy. The preponderance of imported drugs and the preference of these drugs by the price sensitive Nigerian consumers is a major factor militating against the effective performance of Nigeria's Pharmaceutical industries. This has led to the neglect of the provision of the necessary infrastructure needed for the effective performance of the sector. Thus the sector cannot satisfy the overwhelming demands of the people.

This work examined the impact of Globalisation on the pharmaceutical sector in Nigeria with emphasis on Oris Umoeze and Nipripharm Lab Limited in Abuja. Globalisation has led to the overdependence of the Nigerian economy on imported finished drugs. This has led to the constant decay and underperformance of the pharmaceutical sector. As a result of the proliferation of cheap imported drugs in the Federal Capital Territory, the pharmaceutical manufacturing companies have almost folded up. This is due to the fact that the high cost of production makes their products highly uncompetitive. Hence, the populace patronizes imported drugs as a result of the high cost of the locally manufactured drugs. This is even made worse by the porosity of our borders which allows for the penetration of drugs on the prohibition list. Therefore, for the pharmaceutical sector to perform optimally there is need for rapid infrastructural

development especially power and water supply. Most of the pharmaceutical companies survive on generator as a source of power and personal borehole for water source. Most importantly, the local pharmaceutical manufacturing companies must be protected against cheap Chinese drugs. This would help tremendously in the growth and performance of the pharmaceutical sector. Consequently jobs would be created for the teaming unemployed graduates in the country.

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**Appendix IV: Drugs on the Federal Government Import Prohibition List**

i. Paracetamol Tablets and Syrups

ii. Cotrimoxazole Tablets and Syrups

iii. Metronidazole Tablets and Syrups

iv. Sulphadoxine/ Pyrimethamine Tablets

v. Chloroquine Tablets ans Syrups

vi. Haematinic Tablets (Such as Ferrous Sulphate and Ferrous Gluconate and Folic Acid Tablets)

vii. Vitamin B Complex Tablets (Except special formulations)

viii. Multivitamin Tablets, Capsules and Syrup (Except Special Formulations)

ix. Aspirin Tablets (Except Modified Release Formulations and Soluble Aspirin)

x. Magnesium Trisillicate Tablets and Suspension

xi. Piperazme Tablets and Syrups

xii. Levarrusore Tablets and Syrup

xiii. Clotrimazote Cream

xiv. Penicillin/Gentamicin Ointment

xv. Intravenous Fluid (Dextrose, Normal Saline)

xvi. Pyrantel Pamoate Tablets and Syrups

xvii. Disinfectants and Germicides

**Source: Mora, 2014**

**Appendix V: Drugs suggested by PMG-MAN to be added to the list of drugs on import** prohibition list:

a .Ampicillin Capsules/Powder

b.Amoxilin Capsules/Powder

c. Chloropheniramine Tablets and Syrups

d. Ascorbic Acid Tablets and Syrups

e.Tetracycline caps 250mg

f.Ibuprofen Tablets and Syrups

g. Dextrose 5%, 10%

h. Dextrose 5%+ 0.9% NaCl Dextrose 5%+4.3% NaCl and 0.9% NaCl

**Source: Olaopa, 2012**

**Appendix VI. Field questionnaire**

**Department of Political Science and**

**International Studies,**

**Faculty of Social Sciences,**

**Ahmadu Bello University, Zaria**

Dear Sir/Madam,

I am a student from the above named institution. I am undertaking a research on **GLOBALISATION AND PHARMACEUTICAL INDUSTRIES IN NIGERIA: A STUDY OF ORIS UMOEZE NIGERIA LIMITED AND NIPRIPHARM LAB LIMITED.** Please kindly assist me in answering the questions below. Your responses will be used strictly for the purpose of this research, I assure you.

Please do not write your name or address; it remains anonymous.

Thanks for your time and cooperation.

Akoh A. I.

**SECTION A: BIOGRAPHICAL INFORMATION.**

Please tick as appropriate.

1. Age range

(a) 20-30 (___) (b) 31-40 (___) (c) 41-50 (____) (d) 51-60 (____) (e) 61 and above (_____)

2. What is your gender?

(a) Male (___) (b) Female (____)

3. What is your highest educational qualification

(a) West African Senior School Certificate (WAEC)/ Senior School Certificate (NECO) (___) (b) National Diploma (___) (c) Higher National Diploma (____) (d) First degree and above (____)

4. What is your position in the Pharmaceutical industry?

(a) Patent Medicine Vendor____ (b) Drug Dispenser_____ (c) Pharmaceutical Manufacturer (____) (d) Professional Pharmacist (_____)

5. How long have you been in the industry? (In years)

(a) 1-5 (____) (b) 6-10 (____) (c) 11-15 (____) (d) 16 years and above (_____) (e) Undecided (____)

**SECTION B: NIGERIAN PHARMACEUTICAL INDUSTRIES IN THE ERA OF GLOBALISATION**

6. How often do you import or sell imported drugs?

(a) Very often (____) (b) Often (____) (c) Rarely (___) (d) Not all (____) (e) Undecided (___)

7. What percentage of your Pharmaceutical Products is imported?

(a) Less than 20 (____) (b) 21-40 (___) (c) 41-60 (____) (d) More than 60 (____) (e) undecided (____)

8. You import Pharmaceutical products because they are not manufactured in Nigeria?

(a) I agree (____) (b) I strongly agree (____) (c) I disagree (___) (d) I strongly disagree (____) (e) Undecided (___)

9. Imported drugs are better and more effective than Nigerian drugs

(a) I agree (___) (b) I strongly agree (____)(c) I disagree (___) (d) I strongly disagree (____) (e) Undecided (____)

10 Nigerian drugs are more expensive than imported drugs

(a) I agree (____) (b) I strongly agree (____) (c) I disagree (___) (d) I strongly disagree (____) (e) Undecided (____)

11. What percentage of your Pharmaceutical Products is exported?

(a) Less than 20 (____) (b) 21-40 (____) (c) 41-60 (_____) (d) More than 60 (____) (e) Undecided (_____)

12. What type of licence from a Pharmaceutical company abroad are you operating under?

(a) Permanent (____) b) Renewable in less than one year (____) (c) Renewable annually (____) (d) Renewable bi-annually (_____) (e) Renewable after two years (____) (f) Undecided (____)

13. Do you have a dispensary shop?

(a) Yes (____) (b) No (___)

14. What is the patronage level of your Pharmaceutical Products?

(a) Very high (____) (b) High (____) (c) Low (____) (d) Very low (____) (e) Undecided (___)

15. In addition to your own products, you also sell products manufactured by other companies in your shop

(a) I agree (____) (b) I disagree (____) (c) I disagree (____) (d) I strongly disagree (____) (e) Undecided (____)

16. Local Pharmaceutical manufacturing companies are unable to meet market demands

(a) I agree (____) (b) I strongly agree (___) (c) I disagree (____) (d) I strongly disagree (___)

**EFFECTS OF DOMESTIC FACTORS ON THE PHARMACEUTICAL INDUSTRIES**

17. How often does your Company enjoy a special intervention fund from the government?

(a) Very often (____) (b) Often (_____) (c) Rarely (_____) (d) Not all (____) (e) Undecided (___)

18. Shortage of affordable credit to procure inputs is one of the challenges of the industry

(a) I agree (___) (b) I strongly agree (____) (c) I disagree (___) (d) I strongly disagree (___) (e) Undecided (____)

19. The cost of production is very high

(a) I agree (____) (b) I strongly agree (____) (c) I disagree (____) (d) I strongly disagree (___)

20. There is the problem of multiple taxation and imposition of levy

(a) I agree (___) (b) I strongly agree (____) (c) I disagree (____) (d) I strongly disagree (____)

20. Cheapness of imported drugs is also a challenge facing the Pharmaceutical Industry

(a) I agree (____) (b) I strongly agree (___) (c) I disagree (____) (d) I strongly disagree (___)

21. The regulatory bodies such as NAFDAC, PCN and SON have not been carrying out their jobs effectively

(a) I agree (___) (b) I strongly agree (____) (c) I disagree (___) (d) I strongly disagree (____) (e) Undecided (____)

22. In a few words, what do you think can be done to improve on the performance of the sector?

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THANKS ALOT

## LIST OF INTERVIEWEESS

| NAME | DESIGNATION | ADDRESS | TIME | Date |
|---|---|---|---|---|
| Mr. Tatama Forim | Deputy Director | Research, Planning and Statistics Department, National Agency for Food Drug Administration and Control (NAFDAC) Corporate Headquarters, Zone 7, Abuja. | 11:00-11:45am | 10/04/2014 |
| Mr. Yohana Adamu | Head of Department | Registration and Licensing, Pharmacist Council of Nigeria (PCN) Head office, Idu, Abuja | 10:45-11:15am | 15/04/2014 |
| Mr. Humphrey Mokobia | Deputy Director, | Industrial Division, Federal Ministry of Industry, Trade and Investment,Old Federal Secretariat, Area 1, Garki Abuja | 12:30-1:30pm | 17/06/2014 |
| Oris Umoeze | Superintendent Pharmacist and | Oris Umoeze Nig. Ltd, Plot 206, | 3:00-4:00pm | 30/06/2014 |

| | | | | |
|---|---|---|---|---|
| | Proprietor, | Extension 2/1, Naking close, Kubwa, Bwari Area Council, Abuja. | | |
| . Ilori, T.O | Superintendent Pharmacist and Proprietor | Nipripharm Lab Ltd,Adjacent Kuje Prison, Kuje, Abuja | 11am:12am | 07/06/2016 |
| Professor I.A. Yakasai | Lecturer | Department of Clinical Pharmacy and Pharmacy Practice, Ahmadu Bello University, Zaria. | 10:am-11am | 10/05/2015 |
| Pharm. Agogo Yakubu | Chief Pharmacist | Wuse General Hospital Abuja | 2:10pm-3pm | 17/05/2016 |
| Dr. John Azuka | Resident Doctor | Bwari Hospital, Abuja | 11am-11:45am | 25/05/2016 |
| Dr.Assanariman O | Resident Doctor | Bwari General Hospital, Abuja | 10am-1o:45am | 10/06/2016 |
| Pharm. Emmanuel Ajayi | Superintendent Pharmacist | Modex Pharmacy. Dutse Alhaji, Abuja | 10:30am-11:30am | 27/07/2016 |

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