

Greece in healthcare blow

European pharma body complains over debts

Government struggles to finance huge deficit

By Andrew Jack in London and Kerin Hope in Athens

Europe's leading healthcare companies have complained to Brussels over the non-payment of debts on drugs and other medical products they say total almost €7bn by the Greek public health system.

The moves come as Greece struggles to raise funds on international markets to finance its swollen budget deficit and public debt in the face of credit rating downgrades.

Standard & Poor's yesterday

cut its rating on long-term sovereign debt to BBB+ from A-, following Fitch, which downgraded Greece last week.

George Papaconstantinou, finance minister, embarked on a roadshow of European capitals this week in an effort to rebuild Greece's credibility, before the country launches a €55bn borrowing programme in January.

"There is a lot of will to do whatever it takes to bring down the deficit," Mr Papaconstantinou told the Financial Times yesterday. "Our big concern is how we buy some time."

George Papandreou, the prime minister, singled out corruption in public hospital procurement this week as being "in urgent need of rooting out" as he launched a campaign to eliminate graft in the state sector.

The Socialist government said when it took office in October that settling outstanding hospital debts, which it estimated at between €2.5bn and €3bn, would be a priority.

But Yiannis Chrysospathis, legal counsel at the Hellenic Association of Pharmaceutical companies, said the debt was significantly larger than the official statistics.

He said drug and device com-

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panies were cumulatively owed €5.2bn by the end of last year and by this summer the total had reached €6.5bn.

No regular payments have been received from the Greek ministry of health since 2005, when a settlement was reached on outstanding bills from earlier years.

He pointed to one "astonishing" proposal made this spring, when the previous government had proposed that drug and device companies should provide further loans to tide over the current debts, rather than offering any repayment.

That offer was refused, and a number of companies have begun legal action in Greek courts in recent weeks against hospitals for debts that in some cases have accumulated over

four years. The European Federation of Pharmaceutical Industries and Associations, a trade body, has lodged a formal complaint with the European Commission that the Greek government has violated a European Union directive on the speedy payment of bills.

Octapharma, a Swiss-based business specialising in blood plasma products, has recently obtained an interim order to freeze the assets of one Greek hospital that owes it money.

Kim Björnstrup, vice-chairman of Octapharma, said it was owed "tens of millions of euros", adding: "It's never nice to sue your customer."

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