API markets showing strong potential punch in 2021

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The South-East Asian region is the next big destination for pharmaceutical markets. The potential growth of the patient pool and ageing population has advanced the healthcare system. The eight South-East Asian markets of Indonesia, Malaysia, Singapore, the Philippines, South Korea, Vietnam and Thailand are projected to have the total pharmaceutical market value of US$69.1 billion at the retail price as seen in the next big destination for the pharma industry.

Outside of the main markets in China, Japan and India in Asia are closely followed by Indonesia, Thailand, Malaysia, and Vietnam, with the last two among the 12 nations that have signed the Trans-Pacific Partnership (TPP) trade pact.

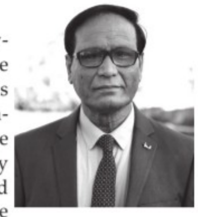
With a half-billion population depending on APIs, the South Asian nations represent the main medical needs. In Indonesia, 255 million people live in the vast archipelago of thousands of islands. A phased universal healthcare insurance programme has been launched that has increasingly shaped the demand for drugs. That proved a challenge to meet the under local partner manufacturing requirements.

The $26 billion Indonesian healthcare market is expected to rise to $33 billion by 2021; the $30 billion South Korean markets are rising at a CAGR of 7.5 per cent. Thailand's pharmaceutical market, on the other hand, is predicted to grow from $4 billion in 2013 to $9 billion in 2020, a more than two-fold growth in just seven years.

Honestly, the pharma experts are encouraging governmental assistance with sophisticated facilities that have strict regulations. The South-East countries like Singapore and Malaysia have favourable factors to the pharmaceutical and biotechnology industries that will grow in South-East Asia.

The Association of Southeast Asian Nations (ASEAN) region, particularly Malaysia, has become an attractive destination due to its simplified investment regulations, including a 10-year tax holiday, duty exemptions, reliable infrastructure, tailor-made incentives for large investments, and free-trade agreements with no restrictions on equity. According to the experts, Singapore's strict regulatory system has attracted significant contract research and clinical research activity.

According to the Epsilon Business Intelligence research, eight South-East Asian pharmaceutical markets are developing at varying rates and are characterised by different macroeconomic factors. At retail prices, these markets are expected to have a total pharmaceutical market value of $85 billion in 2020.



When it comes to Government of India, the Look East Policy makes it realise that the potential business is with the ASEAN. There is plenty of enormous trade and cooperation between the 10- member ASEAN countries of Indonesia, Malaysia, the Philippines, Singapore, Thailand, Brunei, Myanmar, Cambodia, Laos and Vietnam.

India has become a specific sector that had a dialogue partner with ASEAN in 1992. It advanced fully in the year 1996. And later, in the year 2011-2012, the trade between ASEAN and India touched a score of $79.3 billion. The target is above $70 billion by 2019, yet 2021 data is not released in this case. The prospective growth to accelerate the trading revenues has reached $100 billion as of 2015, whereas the Indian pharma and healthcare sector has shown promising growth.

Indian pharma is in a state where it feels like Malaysia and Singapore will eventually increase their investments in research and methodology. API has vehemently reached the corners of the places and now favouring the government

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Thai govt playing an active role

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policies as well. A positive investment lured the growth of three companies from Karnataka Strides Arcolab, Biocon and Stempeutics to set up facilities here.

According to Gurudatta GG, chief executive officer of Estima Pharma Solutions, Pharma in South-East Asia has been engaged in manufacturing only for domestic use. Now, enterprises in the region are working hard to develop the necessary knowledge to persuade global majors to place contract manufacturing orders.

"Over the last decade, the South-East pharmaceutical market has been gradually developing. In this portion of the world, the generic medication sector is one area that is fast growing. Companies want to take advantage of this and devote significant resources to devising ways to realise the generic medication industry's potential fully. This growing tendency will undoubtedly have an impact on drug pricing, making treatment more accessible. Many of the larger companies have been able to increase their market share through aggressive competitive pricing," said Ariff Khan, president of Kemwell Biopharma's manufacturing division.

Bal Pharma, a Bengaluru-based maker of formulations and active pharmaceutical ingredients (APIs), has been following the Technical Requirements for Registration of Pharmaceuticals for Human Use. "We export our formulas to the Philippines, Myanmar, Sri Lanka, Vietnam, and Cambodia. Taiwan, Indonesia, and Malaysia are among the countries that receive our APIs." As a result, according to Mitra, Indian pharma in the small-and-medium segment has a lot of room to register goods and adhere to national regulations.

6 Key driving sectors of APIs in South-East countries

- Sector
- Players
- Investment
- Market
- Profitability
- Partnership

As the South-East Asian sector is growing rapidly, there are economic growth and demographic changes. The players are eventually homegrown, and global is rising at an alarming stage. The companies' investment is increasing day by day, which is heavily crossing the sales and marketing. The sector's profitability has not increased due to the material cost and overall range of wages. The end of the patent protection has been between the generic manufacturers and big pharmaceuticals.

Spending on healthcare

Several broad trends have boosted demand for pharmaceutical products in the region, including rising household income, rising government healthcare spending, longer life expectancies, consumer health awareness, and the rising incidence of chronic developed-world diseases linked to changing lifestyles. Governments in the region have already been investing in healthcare services and infrastructure to relieve household burdens and adapt to changing diseases.

Market Overview

In the South-East countries, there are different sorts of growth that have been noticed. Likewise, despite the pharma growth and APIs in Vietnam, there is a negative trade balance that has not been reversed over the coming years.

In Thailand, the exposure of the pharma expenditure stood high for majority of the sales. The country is highly dependent on pharma API imports and continues to run a persistent trade deficit. The Thai government is playing an active role in the healthcare provisions that have made stronger pledges in changing the lifestyle and increasing urbanisation in pharma sector involvement.

The potential of the Philippines' universal healthcare system to stimulate the pharmaceutical and healthcare sectors would be limited. While a high enrollment rate offers upside risk to our healthcare estimate for the Philippines, constraints such as a shortage of human resources, inadequate patient access to clinics and hospitals, and restricted insurance coverage will all stifle growth.

Pharmaceutical spending in 2017 amounted to 1.03 per cent of GDP and 20.38 per cent of healthcare spending in the country. Because of strong conventional preferences, the dubious quality of copied products, aggressive advertising, and the availability of parallel imports, the generic medication sub-sector accounts for 45.4 per cent of the market. There is an unlikely change in the balance of import and export of APIs; progress in regional harmonisation and the facilitation of inter-regional commerce are two potential future export drivers.

In 2017, the Indonesian pharmaceutical market surpassed US$7.0 billion, making it the largest in Southeast Asia. Indonesia will continue to make strenuous efforts to lessen its dependency on imported active pharmaceutical ingredients to meet its domestic production needs. Imports, which currently account for 90% of the country's needs, will hurt the manufacturing plants and operations. However, the trade balance will continue to widen. Exports are predicted to rise steadily across the country, with South-East Asia serving as the main market for Indonesian medication.

By worldwide standards, Malaysia's pharmaceutical market is underdeveloped. The market is supported by a robust domestic generic drug sector and branded and patented medicine imports. Pharmaceutical spending in 2017 accounted for 15.0 per cent of health spending and 0.7 per cent of GDP, which is low even by regional standards. Despite high growth in export values and volumes, Malaysia had a negative pharmaceutical trade balance that is unlikely to be reversed. The government's commitment to improve healthcare quality and access has driven up domestic demand for pharmaceuticals, which the local sector will not meet in large quantities, resulting in pharmaceutical imports.

Pharmaceutical businesses will continue to have a varied range of opportunities in the Asia Pacific market. Due to their relative market size and level of pharmaceutical development, multinational drugmakers' interest will be directed towards the region's larger markets. In contrast, smaller, underdeveloped pharmaceutical markets will present the weakest commercial incentives. As a result, organisations must be aware of the various levels of investment risks and rewards prevalent in the region's marketplaces.

The Federation of Asian Pharmaceutical Associations (FAPA) is presently working to increase pharmacists' contributions to wellness and long-term health. The Association, which celebrated its golden jubilee in 2014, comprises 18 members representing pharmacists from throughout Asia. Furthermore, strengthening the fiscal position of the country's pharma sector is growing with an active role in changing the vision of the South-East Asia and APIs market in the long run.

(The author is a leading pharma consultant)