Middle East API market to grow at 6.4% CAGR

DR SANJAY AGARWAL

Middle East Active Pharmaceutical Ingredients (API) market research has been intense. It has set the benchmarking as an extreme example for the vibrant market that explores several recommendations and practical growth strategies. Several analytical key points and business profiles need to be examined for the Middle East's API market. In the projected 2021 to 2028, the active pharmaceutical ingredients (API) market is expected to increase. According to Market Research, the market is predicted to develop at a CAGR of 6.4 per cent from 2021 to 2028, with a total value of US$9,472.58 million. The rising prevalence of numerous chronic diseases and an aging population are the primary factors driving the API market demand throughout the projection period.

Current Overview of the Pharma Market in the Middle East

When it comes to the Middle East, you cannot ignore the north part of Africa. The Middle East and North Africa region comprises 18 countries from Morocco to Iran. The region's pharma sector has grown steadily, with more than 140 companies. The MENA pharmaceutical market accounts for about 2% of the global market. The pharmaceutical business in the Middle East and North Africa (MENA) has increased. It is expected to reach roughly US$60 billion by 2025, with US$1.2 billion set aside in the 2019 budget for healthcare.

With governments in the region increasingly focussed on the well-being of a rising population and improving healthcare services, timely and safe delivery of medical supplies and pharmaceutical goods has paved the way for a bright future for the region's pharmaceutical business. According to research, strong population growth, greater life expectancy, and the preponderance of lifestyle-related disorders such as diabetes and a desire for superior healthcare services among countries in the region drive the pharma sector's expansion in the area.

Opportunities for Expansion

The changing demographic pattern, increase in aging population is predicted to drive pharmaceutical demand in the Middle East. The favourable demographics have increased life expectancy. Over the next 10 years, the proportion of the population aged 65 and up is predicted to rise from 2.7% to 4%.

The Middle East's population has grown at approximately 2.7 percent each year on average. In the following years, high life expectancy and rapid population increase are predicted to drive demand for medications. Higher healthcare demand has resulted from rising healthcare awareness and per capita income. The infant mortality rate has decreased dramatically due to improved healthcare facilities and medicine.

Furthermore, governments are developing various national health programmes to raise disease awareness. Other lifestyle disorders are also rising in the region, encouraging pharmaceutical company growth. The UAE is second in the world and first in the Middle East in terms of diabetes prevalence (20%), followed by Saudi Arabia (16.7%), Bahrain (15.2%), Kuwait (14.4%), Syria (10.8%), Iraq (10.2%), Jordan (10.1%), Palestine (8.6%), and Lebanon (8.6%). Obesity-related and other cardiac illnesses are also on the rise in the region. While pleased about the 15% compound annual growth rate, generic producers in the Middle East face intense competition from foreign corporations.

The existence of the Gulf Cooperation Council is one of the pivotal stages in the MENA pharma sector (GCC). The GCC is a multinational collaboration comprising Bahrain, Oman, Saudi Arabia, Kuwait, the United Arab Emirates, and Qatar, who got together in 2014 to develop a drug price harmonisation strategy to standardise medicine pricing across the area. The GCC has substantially contributed to the region's pharmaceutical industry expansion.

Local and International Producers are Present

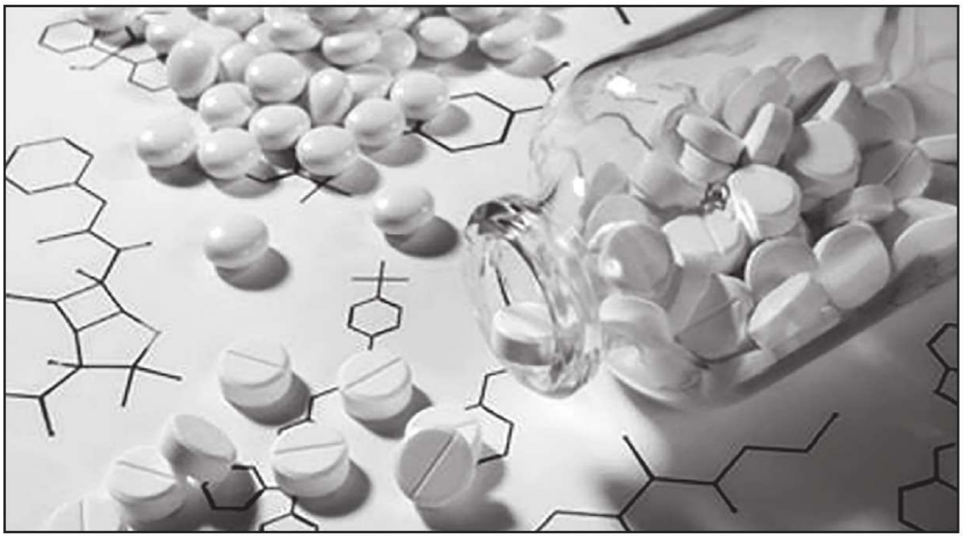
Saudi Arabia has the largest pharmaceutical market in the Middle East, accounting for 60% of the regional market, followed by the United Arab Emirates. Although most of its output is headed for export, Saudi Arabia boasts the most significant industrial sector in the Gulf. Domestic production provides about 15% of the market's total supply of pharmaceuticals. About 15-20 pharmaceutical firms in the kingdom comprise local businesses and powerful pharmaceutical conglomerates' subsidiaries.

Jamjoom Pharma, Tabuk Pharmaceutical Manufacturing, Jazeera Pharmaceutical Industries, and Julphar are the region's leading indigenous players. Locally based enterprises primarily manufacture generic medications, although some also carry out under-license manufacturing for international pharmaceutical companies to service domestic and regional markets. GSK, Sanofi, and Abbott Laboratories are among the top global corporations that have established manufacturing facilities in the region.

The number of multinational pharmaceutical businesses has increased from 30 in 2013 to 47 in 2016, with 75 predicted by 2021, thanks to accelerated drug-registration systems, expenditures in R&D, innovation, and technical improvement. Furthermore, the UAE is home to 95% of its pharmaceutical industries, giving them logistical access to 43 nations globally.

The UAE is quickly transforming into a source market in the supply chain, manufacturing and exporting pharmaceuticals to high-demand areas such as Africa and Asia, thanks to the opening of the Dubai Silk Road Strategy and the existing superb logistical infrastructure.

Apart from Saudi Arabia and the United Arab Emirates, Qatar and Bahrain are two different nations rapidly catching up in demand and production. The adoption of the national health insurance programme will boost Qatar's pharmaceutical industry. At the same time, the government of Bahrain is progressively encouraging doctors and patients to use generic drugs. Bahrain's healthcare business is predominantly subsidised by the government, contributing over 70% of total healthcare spending each year.



CONTINUED ON p15▶

Pharma expenditures in MENA countries

CONTINUED FROM p14

Market size and spending in the Middle East and North Africa

Pharmaceutical expenditures in MENA countries range from 0.36% to 3.47% of GDP and 11% to 49.3% of total health spending. Lebanon has the most extraordinary pharmaceutical spending as a percentage of total health spending (49.3%), Jordan (33.8%), and Algeria (31.2%).

The same three nations have the most extraordinary pharmaceutical spending as a percentage of GDP: Lebanon (3.47%), Jordan (2.85%), and Algeria (2.85%) (2.31%). Pharmaceutical spending as a percentage of GDP or health expenditure is lowest in Qatar (0.36% and 11.0%, respectively), the UAE (0.67% and 16.3%, respectively), and Kuwait (0.67% and 16.3%, respectively) (0.93% and 18.1%, respectively).

In terms of total sales, the market in MENA as a whole is worth $32 billion, with the Middle East accounting for $20.3 billion and North Africa accounting for $10.7 billion. Saudi Arabia has the largest pharmaceutical market in the Middle East, with sales of $7.5 billion in 2017, up 13% in value and 15% in volume, followed by Turkey ($6.9 billion), Egypt ($3.4 billion), and the United Arab Emirates ($3.17 billion).

While multinational corporations (MNCs) own a 62% market share and have expanded at a rate of 9% previous period growth (PPG), indigenous firms have risen at 19% PPG, stealing market share from MNCs. In Algeria, the UAE, Morocco, and Tunisia, companies including Sophal, Dar Al Dawa, Sun Pharma, and Taha Pharma are fastest expanding. The alimentary

Israel is another portion of the Middle East that currently has a well-established pharmaceutical business

tract is the most popular TA (Therapy Area), accounting for 21% of the market, with the highest growth rates in Saudi Arabia (12%) and Algeria (12%), followed by Tunisia (12%). (9% PPG).

The UAE market is worth $2.2 billion, up 12% from the previous year, with the retail channel dominating with a 79% share and a 14% growth rate. Alimentary TA has a 24% market share and is increasing at 12% PPG, creating an additional $51 million in 2018. In terms of sales, multinationals dominate the industry, with Novartis ($210 million) leading the way. However, local firms such as Julphar ($100 million) rank among the top 10, while Dar Al Dawa (78% PPG) is the fastest-growing corporation.

Israel is another portion of the Middle East that currently has a well-established pharmaceutical business. According to a report by Global Data, the market is expected to expand to $3.12 billion by 2022, with a compound annual growth rate of 3.9%. Israel already boasts a well-developed academic and scientific infrastructure and R&D and advanced medical facilities. Biotech advancements will almost certainly be a market driver in the future. The world's top generics company, Teva, has various manufacturing and export sites across Israel, North America, and Europe, which underpins Israel's generics sector, accounting for roughly 20% of market sales.

As the Union government pushes its economic-trade relations, Indian pharma aims to strengthen the Middle East market.

In the Active pharmaceutical ingredients, Indian pharma aims to enhance its footprint in the Middle East (APIs) even though the Union government is now focussed on strengthening its economic and trade ties with the Gulf States, including Bahrain, Kuwait, Oman, Qatar, Saudi

CONTINUED ON p16

Region currently consists of 16 nations

CONTINUED FROM p15

Arabia, and the United Arab Emirates.

Middle Eastern pharma companies are now looking for Indian APIs to utilise in-house formulations. Though Iran has good pharmaceutical trade relations, only formulations are sourced from foreign businesses, and APIs are sourced from India. Even though India is the third-largest producer of products, has the most FDA factories in the United States, and is a source of competent pharmaceutical workers, this is the case.

According to Archana Mitra, vice president, international markets, Bal Pharma, the Middle East region currently consists of 16 nations. These countries contribute very little to the global pharmaceutical industry. However, it is a region with tremendous growth potential. On the other hand, international pharma majors dominate the region. With final formulations, Indian businesses have little presence. On the other hand, India is known for its APIs and packaging materials. On the other hand, Middle East Pharma is engaged in the development of its formulations and is now importing pharmaceuticals from Europe and the United States.

One of the most significant issues is that the region does not believe or accept audits from global regulatory authorities since they have their own set of approval procedures. Saudi Arabia is the Middle East's largest market, and it requires a GCC endorsement rather than EU-GMP or US FDA certification. The GCC clearance process is now more complicated, with region-specific criteria that discourage Indian pharmaceutical companies from focussing their efforts entirely on this market.

From an Indian perspective, the US FDA, EU-MHRA, and TGA, among others, are responsible for the majority of successful audits, while there are few GCC-approved facilities. This makes it difficult for Indian firms to penetrate the Middle East market and provide novel items that can be cleared expressly for the region.

Conclusion

The Middle East's complex economic, political, cultural, and public health features are mirrored in the pharmaceutical industry's widely varied market environment. Overall, the future seems bright for both international and domestic companies, with rising populations and higher life expectancies driving up demand for pharmaceuticals throughout the Middle East and North Africa, expected to expand dramatically in the coming years. Local generic manufacturers and potential offshore generic enterprises from countries like India, who could build up production bases in the region and export from there, are anticipated to do well. ❍

(The author is a leading pharmaceutical consultant)

Contract mfg likely to increase at quickest rate

CONTINUED FROM p13

ing firms and in-house production, according to the source. On account of the easy availability of raw materials in manufacturing units as well as their compatibility with medicine production, in-house manufacturing is expected to hold more outstanding revenue shares of the industry and assert its dominance over the market.

Market companies have aggressively pursued in-house manufacturing projects, bolstering the market's development prospects over the next five years. Although, because nations such as the United Arab Emirates and South Africa are actively participating in contract-based API production, contract manufacturing is likely to increase at the quickest rate in the following years.

A partial list of leading market players includes Teva Pharmaceutical Industries Ltd., Sun Pharmaceutical Industries Ltd., Pfizer Inc., Dr. Reddy's Laboratories Ltd., Cipla Inc., Neopharma LLC, CAD Middle East Pharmaceutical Industries LLC, KMK Chemicals FZ LLC, Approcare Middle East, AstraZeneca Plc., AbbVie Inc., Ketlaphela Pharmaceutical SOC Ltd, Afriplex (Pty) Ltd; all these businesses are actively involved in the region's research and development of active medicinal ingredients. Dedicated research laboratories for sophisticated product development and constant product adjustments may be found in countries such as Saudi Arabia, the United Arab Emirates, and South Africa. The recent trend of efficient and effective pharmaceutical demands has lured market participants to investigate the field and develop sophisticated items to meet increasing customer needs.

The Middle East is a primarily undeveloped but potentially highly lucrative portion of the world for the pharmaceutical business, both as a sales zone and a location for creating production facilities. A variety of demographic reasons drive the expansion of the Middle Eastern pharmaceutical industry. These include quickly changing population dynamics, such as population growth, while simultaneously aging. In addition, non-contagious chronic illnesses and disorders, such as cardiovascular disease, obesity, and type-2 diabetes, have increased as a result of lifestyle changes.

> Saudi Arabia, for example, is striving to diversify its economy away from oil

The healthcare agendas of Middle Eastern nations are more substantially influenced by the government's economic development goal than those of European countries. Saudi Arabia, for example, is striving to diversify its economy away from oil, and expanding its healthcare industry is an excellent way to do so. However, this investment is partly motivated by necessity: 25% of Saudis currently have diabetes, compared to only 10% of Americans. This might be due to a combination of factors, including increased Westernisation and sedentary lifestyles, as well as genetic predispositions; therefore, promoting creative medicine development is critical for the country.

The developing oncological issues in the Middle East region are another illness area that is increasing in prevalence. This is connected to a longer life expectancy, as age is the most significant risk factor for any malignancy. One way foreign companies may help countries with rising cancer rates is through education and pushing people to take diagnostic tests so that illnesses can be addressed sooner.

The Middle East's distinct economic, political, cultural, and public health features are reflected in the pharmaceutical industry's widely varied market environment. In general, the future seems bright for both international and domestic companies, with rising populations and higher life expectancies driving up demand for medicines in the Middle East, which is expected to expand dramatically in the coming years. Local generic businesses, as well as overseas generic enterprises from countries like India that may establish up production sites in the region and export from there, are anticipated to have a bright future. ❍

(Balyan is from Shoolini University, Solan, Himachal Pradesh, and Sain is from Dairy Engineering Division, ICAR-NDRI, Karnal. They can be reached at mukulsain95@gmail.com)