CPhI report predicts new finished product manufacturing hub in the Middle East

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Forgotten markets of Africa and Arabia to see increased growth fuelled by international & domestic partnerships and imported APIs.

A new report by CPhI forecasts sizable changes ahead for the pharma markets in the Middle East and Africa over the next few years. It highlights recent regulatory changes, coupled with increased geopolitical stability and rising generics consumption as key drivers in transforming the prospects of pharma manufacturers in the region.

The CPhI Middle East and Africa report – released ahead of the inaugural edition of CPhI MEA (03-05 September 2018, Abu Dhabi) – has identified significant opportunities for a region that is often overlooked by much of international pharma. The event will attract leaders and key decision makers of the pharma industry from the Middle East and Africa, bringing the expertise and reach of the CPhI brand to the heart of this new pharma hub. Running alongside the exhibition, there will be content sessions on the latest trends, keynote addresses, and numerous networking opportunities.

"Our report shows that there two types of market in the region, and both are likely to grow extremely quickly in the near term. The high-income economies offer excellent opportunities for innovative and branded medicines, whilst the free trade agreement between the GCC (Gulf Cooperation Council) nations will undoubtedly increase generics consumption. Additionally, high growth economies in Africa (notably Nigeria, Ghana and South Africa) also look a good bet for rapid generics growth over the next 5-years [with compound annual growth rates of around 10% each]." Cara Turner, Brand Manager – CPhI Middle East & Africa at UBM.

Manufacturers in India look very well placed to capitalise thanks to the recent free trade deal with the GCC – a multinational partnership consisting of Bahrain, Oman, Saudi Arabia, Kuwait, the UAE and Qatar – which has significantly reduced trade barriers. Additionally, the GCC has also set in place a drug price harmonisation strategy in order to standardise drug prices within the region. The net result is an overall decrease in pricing across the region with generics consumption rising quickly. Reductions across multiple therapeutic areas are to be expected, and the process could even potentially impact drug prices of other non-GCC markets that refer to GCC prices.

However, due the purchasing power and a cultural distrust of cheaper foreign products in the short term, it is more likely that Indian and other API manufacturers will be the largest beneficiary, with local companies providing the final product manufacturing.

CPhI Middle East & Africa 2018 comes with the backing of regional government and pharma associations, and is expected to attract 200 local, regional and international exhibitors from 30 countries and 4,000 attendees.

The report notes that, with a stabilised political situation and gentrifying populations, there are sizable opportunities for manufacturers and CMOs in North Africa to potentially become licensed manufacturers of products. This will enable international companies to penetrate the regional market whilst reducing risk. Stringent registration and packaging requirements also increase the likelihood of local international partnerships rather than the direct import of generics.

In Saudi Arabia, the government is actively trying to increase generic consumption through regulating imported branded drugs and promoting local generics production. In response, the report notes that it may be beneficial for local generic manufacturers (and international firms) to either undergo acquisitions and mergers to protect their market share, or partner with branded internationals to diversify their product mix.

One final trend, is that in light of the new opportunities, foreign direct investment by large pharma and generics companies is increasing with the goal of acquiring local manufacturing facilities – Sanofi’s recent entry in Saudi Arabia is just one notable example.

Cara added *“international companies looking at the opportunities that abound in this region must appreciate cultural business norms. Our feedback from the market says that no matter how large a company or positive its international repute, there is definitely a great deal of importance placed in building personal relationships with potential business partners. It’s also one of the reasons we have introduced Live Pharma Connect, a Match & Meet service, as well as a new Hosted Buyer Programme at the event to help build these new networks”*

However, the report authors conclude it is by no means a simple task for internationals to enter this market. This is due to a variety of drag factors, such as vastly differing spending powers amongst its constituent nations, the lack of a centralised pharmaceutical regulator, and varying preferences for branded products versus generics. In order to achieve success, entry into the MENA market must be thoroughly planned and local insight sought.

CPhI MEA will take place at the ADNEC Centre, Abu Dhabi, United Arab Emirates (UAE), attracting leaders and key decision makers to the heart of this new pharma hub. The event will co-locate ICSE, P-MEC, Innopack and FDF, providing the opportunity to meet with regional drug manufacturers, suppliers of pharma ingredients, distributors, finished dose manufacturers, and companies involved in pharma machinery, packaging and contract services.