

F&S: China pharma market to touch \$280 bn by 2016

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Singapore: China pharmaceutical market has earned revenue of \$131.63 billion in 2012 and this will more than double to \$280.30 billion in 2016, according to a report from Frost & Sullivan.

Rising incomes, improving healthcare infrastructure, and enhanced insurance systems have propelled the Chinese pharmaceutical market to become the third-largest in the world. The entry of multinational companies has granted local manufacturers access to advanced technologies and further aided market development in the country.

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While government reforms have fuelled market growth, they have also led to challenges in essential drug tendering, market access, and price setting, affecting certain manufacturers' margins in the country.

Therefore, local companies must build strong market-access capabilities, and engage with the government to secure national and provincial reimbursement listings. They also need to strengthen their relationships at the provincial and city levels by investing in commercial teams and distribution partnerships.

"Apart from the opportunities created by government healthcare reforms for essential drug systems as well as medical insurance and primary healthcare solutions, the impending expiry of several drug patents boosts the prospects of local pharmaceutical manufacturers in China," said Frost & Sullivan healthcare research analyst Kai Lu.

"Innovative products will hasten market growth in China, as mature products with expired patents experience significant price reduction and poorly-differentiated products lose market share," opined Lu. "Hence, local pharmaceutical companies should widen their portfolio and expand presence in growing segments through partnerships and acquisitions," Lu said.