

China pharma driving revenue for global drug firms: Report

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Singapore: A recent analysis conducted jointly by McKinsey & Co and the China Pharmaceutical Association, the country's pharmaceutical industry has emerged as a major driver of revenue growth for global drug companies.

The report presented at the PharmAsia-Shanghai Summit 2013 said that China's pharmaceutical market has grown at a rapid compound annual growth rate of 21 percent over the past five years, reaching \$98.4 billion (600 billion yuan) in retail sales in 2012.

Prepared along with Elsevier Business Intelligence and BayHelix Group, the report forecasted that the pharma industry in China is projected to grow at about 17 percent annually through 2020, reaching 1.9 trillion yuan in retail sales. The report said that by then, China will be the second-largest pharmaceutical market in the world.

"China represents a unique opportunity for the pharmaceutical industry. The challenges remain in increased costs and the government's drive to reform the operating model of public hospitals," said Frank Le Deu, partner and leader of McKinsey's Healthcare Practice in Greater China. He added that the players will have to leverage the huge growth opportunity that China offers by coming up with new strategies.

On average, sales in China by the top 10 multinational pharmaceutical firms accounted for 3.8 percent of their global business in 2012, up from 3 percent the previous year, data showed. The report also showed a substantial increase in revenues among the top 10 multinational pharmaceutical companies in China. From 2005 to 2012, the companies saw their cumulative sales leap from \$2.5 billion to \$12.3 billion.