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ASIA EDITION

Free Trade Agreements: Catalysts for Asia's Pharma Growth and Global Access

December 1, 2025 | Opinion | By Dr Purav Gandhi, CEO and Founder, Healthark, India

Asia has emerged as a pivotal hub in the global pharmaceutical landscape. With countries like India, China, South Korea, Japan, and Singapore driving significant production, research, and innovation, the region accounts for an increasingly large share of global pharmaceutical output. Free Trade Agreements (FTAs) are reshaping this scenario, serving as strategic instruments to reduce trade barriers, streamline regulatory frameworks, and foster regional and global collaboration. By lowering tariffs, simplifying customs procedures, and providing stronger intellectual property protections, FTAs enable pharmaceutical companies to access new markets more efficiently, scale production, and offer affordable medicines worldwide.



Beyond tariff cuts, FTAs deliver deep structural benefits through regulatory alignment and facilitation of trade. Firms making use of these agreements report higher export volumes thanks to preferential market access and reduced administrative burdens.

These trade-enhancing effects not only spur regional pharmaceutical expansion but also reinforce global access by making medicines more competitive and affordable in markets across Asia. The global pharmaceutical market was valued at $1,493 billion in 2023 and is projected to reach $1,922 billion by 2028 (CAGR ~ 5.1 per cent).

Moreover, Regional Comprehensive Economic Partnership (RCEP)’s unified regulatory frameworks encourage companies to build regional value chains; when components from any member country qualify for preferential treatment, it gives firms a strong reason to locate manufacturing or sourcing across participating economies.

Key Trends Driving the Market

Expansion of Regional Trade Networks: Asia's pharmaceutical trade is increasingly influenced by regional FTAs such as the RCEP and bilateral agreements between India-Japan, China-Singapore, and South Korea-Vietnam. These agreements reduce tariffs on pharmaceutical raw materials and finished products, allowing companies to optimise supply chains across borders. For instance, Indian pharmaceutical exports to ASEAN countries have grown significantly, with a near 11-fold increase over a 20-year period.

Intellectual Property Protections and Innovation Incentives: Stronger IP protections embedded in FTAs encourage investment in research and development (R&D) by safeguarding patents, data exclusivity, and proprietary formulations. This helps emerging markets in Asia attract multinational pharma investments, facilitating technology transfer and collaborative R&D initiatives.

Localised Manufacturing and Supply Chain Resilience: FTAs incentivise companies to establish regional manufacturing hubs, reducing dependency on single-country supply chains. By producing active pharmaceutical ingredients (APIs) and formulations in different Asian locations, firms can mitigate risks, cut logistics costs, and increase robustness against global disruptions.

Increased Access to Affordable Medicines: By reducing tariffs and promoting generic drug trade, FTAs enhance medicine affordability in partner countries. These agreements help make essential medicines more accessible to populations in lower- and middle-income Asian markets.

Strategic Biopharma Diplomacy & Technology Transfer: FTAs are increasingly being used not just for tariff reduction, but as instruments of deeper biopharmaceutical cooperation. For instance, China is leveraging its FTA-linked relationships (such as under RCEP) to export APIs to Southeast Asia while simultaneously investing in technology transfer and capacity building. This enables regional partners to scale up their biopharma capabilities, while China strengthens its geopolitical influence.

Logistics Modernisation & Cold Chain Enhancement: As Asian FTAs lower trade barriers, logistics providers are scaling up to meet the demand for high-value pharma shipments. The Asia-Pacific pharmaceutical logistics market is growing rapidly, driven by rising volumes of biologics and temperature-sensitive drugs, and backed by improved customs processes under FTAs. The market size is estimated at $163 billion in 2025, and is expected to reach $225.21 billion by 2030, at a CAGR of 6.68 per cent.

Targeted Trade Outreach & Export Promotion: Trade bodies in Asia are actively engaging FTA partners to drive pharma exports. For example, the Pharmaceuticals Export Promotion Council of India (Pharmexcil) is working closely with ASEAN countries such as Vietnam, the Philippines, and Malaysia to overcome regulatory delays and boost export volumes.

Upgraded FTA 2.0 Deals with Healthcare Focus: Recent revisions of FTAs are explicitly targeting pharmaceuticals and medical devices. A case in point is the upgraded China–ASEAN FTA (version 2.0), which includes measures to lower tariffs on diagnostics, streamline regulatory approvals, and promote joint investments in biotech.

Implications for Stakeholders

Pharmaceutical Companies: FTAs provide a strategic growth lever, enabling expansion into new geographies with reduced entry barriers. Companies can invest in innovation while leveraging preferential tariffs and harmonised regulations to enhance competitiveness.

Governments: Policymakers can harness FTAs to attract foreign direct investment (FDI), foster domestic pharmaceutical manufacturing, and strengthen public health infrastructure.

Patients and Healthcare Systems: Wider availability of affordable medicines ensures better treatment coverage, reduces out-of-pocket healthcare costs, and improves health outcomes in developing markets.

Global Supply Chains: Enhanced cross-border collaboration and diversified manufacturing hubs strengthen the resilience of global pharmaceutical supply chains against geopolitical and pandemic-related disruptions.

Outlook

The role of FTAs in shaping Asia's pharmaceutical growth is expected to expand steadily over the next decade. India, in particular, is poised to benefit from regional trade liberalisation and bilateral partnerships, with its pharma exports projected to reach $65Ã¢â?¬Â¯billion by 2030. This growth will be supported by increased demand for generics, biosimilars, and APIs, alongside enhanced market access facilitated by FTAs.

Digital Trade Facilitation: Adoption of blockchain-based supply chain monitoring and electronic customs clearance will further simplify cross-border pharmaceutical trade.

Green Pharma Initiatives: FTAs increasingly include environmental clauses, promoting sustainable production practices across member countries.

Strategic Alliances for Biologics and Advanced Therapies: Regional partnerships will accelerate the commercialisation of biosimilars, cell and gene therapies, and precision medicines, leveraging shared R&D capabilities.

Inclusive Access Programmes: Governments and multinational pharma players may collaborate on subsidised access schemes for essential medicines, leveraging FTA-enabled trade frameworks to distribute drugs efficiently across borders.

In conclusion, Free Trade Agreements (FTAs) are more than just economic instruments; they are catalysts transforming Asia into a global pharmaceutical powerhouse. By enabling seamless market access, incentivising innovation, and ensuring affordable medicines reach the populations that need them most, FTAs are positioning Asia not only as a production hub but also as a critical driver of global health equity. Continued collaboration, regulatory alignment, and strategic investments will determine the trajectory of this growth, offering promising prospects for both the industry and patients worldwide.

Dr Purav Gandhi, CEO and Founder, Healthark, India