

Saudi Arabia's pharma market set to hit \$6 bn by 2020

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The pharmaceutical market in Saudi Arabia is set to grow from \$4.5 billion in 2015 to \$6 billion by 2020, representing a compound annual growth rate (CAGR) of 7.4%, according to research and consulting firm GlobalData.

The company's latest report states that Saudi Arabia is one of the largest pharmaceutical markets in the Middle East, and its impressive expansion can be attributed to a growing population, rising wealth levels, and demand for patented pharmaceutical products.

Mr Adam Dion, GlobalData's Senior Analyst covering Industry Dynamics, explains: "Due to the increase of chronic diseases and Saudi Arabia's rising wealth, there is a huge demand for patented products, representing a significant opportunity for market players. Indeed, this has spurred multi-national companies to set up manufacturing plants in Saudi Arabia, either independently or through joint ventures."

Saudi Arabia is planning one of the largest healthcare expansions in the world, with the Ministry of Health planning to spend \$18.5 billion annually over the next 10 years.

Its investment plan is to improve domestic manufacturing of medical devices and pharmaceuticals, which would create job opportunities and enhance the country's knowledge pool. In order to meet demand, strong private sector partnerships would need to be established.

Mr Dion continues: "Domestic pharmaceutical manufacturers, which account for only 18% of the market at present, face challenges from the increasing prevalence of low-cost generics and the entrance of global pharma giants such as GlaxoSmithKline, Pfizer, Astellas, and Sanofi.

"Domestic manufacturing companies need to focus more on their marketing and sales, and create beneficial partnerships with multi-national companies through joint ventures, acquisitions and license agreements."

GlobalData's report also states that government expenditure on health services and social development was \$20.8 billion in

2015, an increase of 10.1% over 2014.

This was directed towards the construction of new hospitals and reference laboratories for blood banks, medical centers and polyclinics, as well as social development projects, such as sport clubs and rehabilitation centers.

"The government's plans to improve the quality of healthcare services across Saudi Arabia offer ample opportunity for small and medium enterprises across the healthcare sector by developing infrastructure in order to attract foreign investment," Mr Dion concludes.