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F&S: Double-digit growth for APAC pharma

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Singapore: The pharmaceuticals industry in the Asia Pacific is thriving on the back of escalating population and increasing incidence of lifestyle diseases. Its success has a direct bearing on the region's active pharmaceutical ingredients (API) market, which is drawing considerable attention from foreign investors.

New analysis from Frost & Sullivan, called 'Analysis of the Active Pharmaceutical Ingredients Market', finds that the market earned revenues of $1.12 billion in 2011 and estimates this to reach $1.79 billion in 2018.

"The focus on healthcare has enabled Australasia to corner a large share of the global pharmaceuticals market, compelling market majors to train their spotlight on emerging countries," said Frost & Sullivan research analyst Ms Tridisha Goswami. "This bodes well for the regional API market, as pharmaceutical companies' checklist for contract manufacturing includes low cost of production, and favorable geographic locations."

Labor costs are low in countries such as Vietnam, Indonesia, and Malaysia, making API contract manufacturing feasible in these countries. However, the limited resources and lack of technologies tarnish their attractiveness. Further, China and India, with their better developed contract manufacturing market, pose stiff competition to these countries; the higher influx of generic drugs drives volume demand but curbs revenue growth. This is majorly due to the high prices of innovative drugs, which gives a major boosts to API revenues.

Market participants can gain investors' confidence by focusing on quality and therapeutic applications in cancer and lifestyle-mediated diseases. The increasing focus on biological API in treating cancer and immune-mediated diseases will also bolster the market and cause a shift in pharmaceutical companies' preference from synthetic to biological API.