

China drug market to reach \$315 bn by 2020

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Singapore: Research and consulting firm GlobalData has pointed out that although various probes into drug pricing and sales practices have plagued China recently, the value of the country's prescription pharmaceutical market will boom to more than \$315 billion by 2020.

GlobalData pointed out that "government-initiated reforms" will trigger growth in China's drug market. The market value of the country's drug market will jump 650 percent to \$315 billion in 2020 from about \$48 billion last year at a compound annual growth rate (CAGR) of more than 26 percent.

The growth report is important to the healthcare industry as China's government has said it would reform drug pricing and various procurement practices and has exacted particular pressure with a corruption investigation involving GlaxoSmithkline (GSK). Across the drug and medical product industry China has launched various probes against an array of companies including Abbott Laboratories, Merck, Baxter International and AstraZeneca.

The GlobalData report says China's aging population will be a key contributor to the need for prescription drugs. The country's elderly population will account for about 19 percent of China's total population, which is projected to be 1.41 billion in 2020.

Mr Adefemi Adenuga, healthcare industry dynamics analyst, GlobalData, said that, "The Chinese market is expected to witness significant growth despite the recent investigations into bribery and over prescription of drugs. The potential decrease in the prices of prescription medications due to ongoing events in China will open up access to a currently under-served portion of the Chinese population, including inhabitants of rural areas, most of who lack insurance coverage and so cannot afford prescription medications. China's rural population consists of approximately 713 million people, which is about 54.80 percent of the nation's total population."