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Vietnamese pharma to reach $6.6 bn by 2020

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Singapore: The company's latest report states that the increasing elderly population, widespread preference for imported branded drugs, rising government support for the healthcare sector and the impending gains from the Trans-Pacific Partnership (TPP) will be the main drivers of growth for the Vietnamese pharmaceutical market during the forecast period.

Vietnam signed the TPP, a trade agreement between 12 countries, on February 4, 2016.

It is expected that, once implemented, tariffs on pharmaceutical imports will fall to 0%, and patents on foreign pharmaceutical companies' drugs will be extended from five to 10 years.

While the Vietnamese market is seen as attractive for pharmaceutical companies, drug prices are high compared with average incomes, which may hinder patient access to medicine.

However, foreign pharmaceutical companies are able to generate more revenue not only due to patent protection, but also because locals believe imported drugs are much more effective and tend to prefer them over generics.

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Domestic pharmaceutical companies focus mainly on generic drugs, with very low expenditure on R&D.

This restricts the scope of domestic companies' operations, forcing them to establish themselves either within Vietnam or through exports.

At present, the five leading pharmaceutical companies in Vietnam are Sanofi, Hau Giang Pharmaceuticals (DHG Pharmaceuticals), Imexpharm, Traphaco and Domesco.

GlobalData's report also states that the Drug Administration of Vietnam issues a new drug registration within 180 days of submission of the application, which is similar to the time it takes in other members of the Association of Southeast Asian Nations but is much shorter than in developed countries, including the US and the UK.

Despite this, the application procedure is time-consuming, partly because the documents for biologics and vaccines must be submitted in Vietnamese.

The minimum requirement for obtaining approval for a pharmaceutical manufacturing facility in Vietnam is a Good Manufacturing Practice (GMP) certification.

The legal documents required to import drugs are the Certificate of Pharmaceutical Product, the Certificate of Free Sale, and the GMP, or certification under an equivalent standard.