

MIDDLE EAST NORTH AFRICA PHARMACEUTICAL MARKET –IN TRANSITION

The Middle East and the North Africa (MENA) region constitutes just 2% of global pharmaceutical sales. A rapid increase in population has stoked drug demand especially for higher-yield pharmaceutical products attracting the attention of multinational Pharma companies. The region now competes with Asia and Latin American countries in terms of the projected growth in its local pharmaceutical industries. Of the 22 odd countries in the region, Turkey, Israel, Saudi Arabia, Egypt and Iran stand out as the largest markets in terms of projected growth potential and value representing a host of opportunities.

With the average annual projected population growth by 2015 in the region set at 1.7% (World Development Indicators 2004) - a figure that is much higher than the global average of 1%- it is no surprise that the governments in the region have favored healthcare policies focusing reforms on curbing expenditure and encouraging private sector participation in healthcare delivery. Huge demand for not only medicines but also medical equipments is foreseen as governments increase expand healthcare delivery systems to match the growing population.

The most vibrant domestic pharmaceutical market would be found in Egypt, Israel and Turkey. This group of countries represents a burgeoning local Pharma production industry owing to a protectionist regime as yet. But despite the flourish in local production, the rising consumer demand has led to increasing multinational Pharma firms' interest. Here, the regulatory environment is typified by tough entry barriers largely to protect local industry, price controls, parallel imports and the constant impact of fluctuations in economic conditions.

As opposed to these three countries, the Gulf Cooperation Council (GCC) countries constituting Saudi Arabia, Kuwait, UAE and Oman among others offer another fresh perspective for demand. The GCC countries are characterised by low pharmaceutical production base domestically. The disparity in both these groups is epitomised by the fact that local manufacturing satisfies 90% of consumption in Egypt while the Kingdom of Saudi Arabia is a net importer of pharmaceutical products with 85% of pharmaceutical consumption being imported.

The diverse economic conditions, business practices and varying domestic manufacturing capabilities coupled with shifting disease profiles also reflect on the regulatory environment for the pharmaceutical industry. Thus far, pharmaceutical products in the region has centred on imports of drugs with local production mainly focusing on generics. The pharmaceutical regulatory climate in the region has tended to favor local drug makers. However, with international pressure to instill fair-trade practices especially in the context of World Trade Organisation (WTO) memberships and the European Union

Agreements, government are acknowledging the need to clarify on product registration and intellectual property rights issues.

Data Exclusivity and Intellectual Property remains a key area of concern. There is no uniformity in the product patent laws and as such there are large discrepancies in the way intellectual property rights (IPR) are implemented across the region. For example, Israel's Knesset recently reinforced a patent amendment enabling generic companies to develop a generic drug while still under patent despite being a WTO member. These pitfalls notwithstanding, the Middle Eastern market offers a mosaic of opportunities for pharmaceutical companies seeking to expand international operations. The current economic and security risks involved in the changing geopolitical scene in the region is expected to remain at least in the next five years as the governments embark on a regulatory and economic reform process.

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