



## Pharmaceutical Sector in UAE

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## Summary

- Pharma is one of Dubai Industrial Strategy focus sectors,
- As part of the strategy implementation program a number initiatives are being followed up to spin-off sector growth
- The overall: UAE pharmaceutical market is estimated at 10.4 Billion AED in 2017
- Patented drugs: make 67% of total sales, Generic drugs (Drugs who have the same active ingredients as an expired patent) make 19%, Over the Counter medicines (No prescription required), make the remainder 14%.
- Government is focusing on encouraging generic medicine manufacturing and biologics, through improvement of regulatory environment, and fast track to support production and supply..
- Generic drugs, that means drugs with the same active ingredients as of an expired patent, offer excellent investment opportunities.
- The average sale of these drugs in UAE over the period to 2022 is estimated at 2.5 Billion AED, and represents an average of 21.9% of the sales of pharmaceuticals
- Around 6 pharma industries operate in UAE, namely Gulf Pharmaceutical Industries, Global pharma, Gulf Inject, Medpharma, Neopharma, and Phramcare
- Most of the major multinational pharmaceutical companies (About 10 companies) have presence in Dubai. They use Dubai as trading hub for the region
- During the first 3Q of 2017 pharmaceuticals exports through Dubai registered 546 Mil AED, imports 9.6 Billion AED and re-exports, 2.0 Billion AED as per Dubai Customs trade statistics
- Asia is the major market for exports of Pharma from Dubai sharing 65% of total exports of Pharma.
- Country-wise: exports to neighboring countries take the major share of around 69%
- Medicaments represents more than 99% of total exports of pharma products. while a small percentage of exports are in the form of
  - Blood products
  - Pharma goods

- Wadding and gauze
  - On Pharma investment attractiveness UAE is positioned in the High Rewards Low Risk Quadrant of BMI Risk/Reward index
  - The markets with greatest potential for United Arab Emirates' exports of Pharmaceutical components are Saudi Arabia, United States of America and Iran. United States of America shows the largest absolute difference between potential and actual exports in value terms, leaving room to realize additional exports worth US\$ 35.7 million.
  - There is a good scope for SME manufacturing business in **adhesives dressings, wadding and gauzes, gel preparations for surgery, first aid boxes and kits, vaccines for vet. medicines and dental & bone reconstruction cements and ortho-dental fittings**. These industries are more suitable for SME because of the smaller economic scale and affordable investment levels.
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## **1. Pharmaceutical Sector Strategic Position**

The pharmaceutical sector is one of the six focus manufacturing sectors adopted by Dubai Industrial Strategy 2030

A special team is working to develop initiatives to boost the sector growth in the following areas:

- > Strategic Tenant Ownership
- > Land Lease Subsidization
- > Equity participation in a leading generics company
- > Pharma regulatory framework
- > Pharma scholarship programs
- > Cosmeceuticals Institute (E.g. L'Oréal Cosmeceuticals Institute of Dubai)
- > Dubai Pharma Association

## **2. Domestic Market**

The overall: UAE pharmaceutical market is estimated at 10.4 Billion AED in 2017, 0.81 % of GDP and equivalent to 1108 AED per capita .The market size will increase to 11.3 Billion AED in 2018

Patented drugs: make 67% of total sales, Generic drugs (Drugs who have the same active ingredients as an expired patent) make, 19%, Over the Counter medicines (No prescription requires), make the remainder 14%.(

## **3. Pharmaceutical Manufacturing Companies in UAE**

Around 6 pharma industries operate in UAE, namely Gulf Pharmaceutical Industries, Global pharma, Gulf Inject, Medpharma, Neopharma, and Phrramcare.

### **Gulf Pharmaceutical Industries**

#### **Located in RAK**

Products: Antibiotics, injectable, topical antiseptics, surgical rubbing solutions, syrups, suspensions and over the counter medicines, as well as consumer products such as household disinfectants.

Market: MENA.

#### **Neopharma:**

Established by New Medical Center of UAE, in collaboration with Ranbaxy of India and Pfizer of US

Products: Mostly branded generics including: Antibiotics (180 million tablets per year, 5 million liquid oral doses, 64 Million capsules.

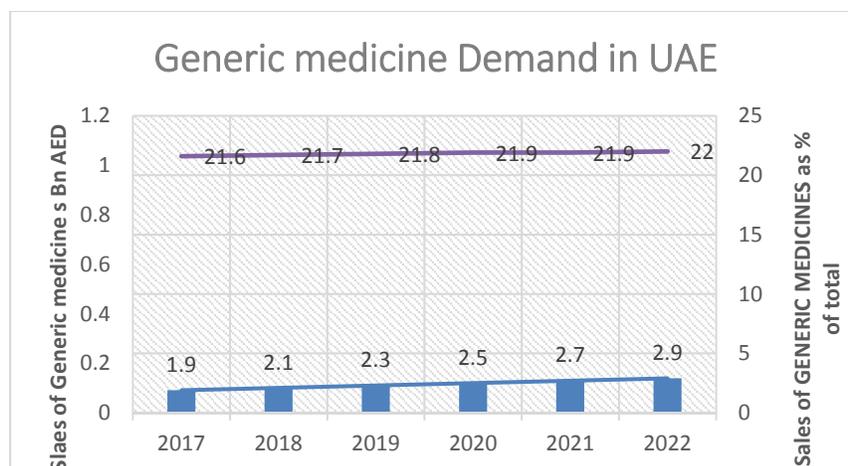
Some R&D

## **4. Opportunities for Generic Medicine Manufacturing in UAE**

Government is focusing on encouraging generic medicine manufacturing and biologics, through improvement of regulatory environment, and fast track to support production and supply..

Generic drugs, that means drugs with the same active ingredients as of an expired patent, offer excellent investment opportunities.

The average sale of these drugs in UAE over the period to 2022 is estimated at 2.5 Billion AED, and represents an average of 21.9% of the sales of pharmaceuticals



### 5. Multinational Pharmaceutical Companies Operating in UAE-A Potential for Converting Re-exports Into Exports

Most of the major multinational pharmaceutical companies have presence in Dubai. They use Dubai as trading hub for the region.

The profile of activities of these companies is reported below.

These companies offers potential for conversion of re-exports into exports in the long term.

MULTINATIONAL MARKET ACTIVITY	
Company	Operations
<b>Novartis</b>	Novartis has a representative office in Dubai, which markets and sells consumer health products including OTC pharmaceuticals, health and functional foods and medical nutrition supplements. Leading products include Voltaren (diclofenac), Lamisil (terbinafine), Otrivin (xylometazoline), Orofal (benzoxonium), Nicotinell (nicotine replacement therapy) and Maalox (aluminum hydroxide and magnesium hydroxide).
<b>Pfizer</b>	The US drug major is present in local manufacturing through a licensing agreement with local firm Neopharma and is looking into expanding its local research and development activity. Pfizer, however, does not operate local offices in the country.
<b>Roche</b>	Roche collaborated with the Health Authority of Abu Dhabi in setting up the 'Cancer Wave' initiative to raise cancer awareness in the UAE.

<b>Sanofi</b>	Sanofi-Aventis mostly operates through distributors and agents, such as the City Pharmacy in the UAE. In 2017, Sanofi gave support to the UAE's breast cancer prevention and screening program 'Pink Caravan' - a countrywide scheme raising awareness. In 2018, Sanofi coordinated with the MoH for the reduction of select medicine prices.
<b>Merck &amp; Co</b>	Merck and Co has launched a number of diabetes education and awareness programs in the UAE. The five-year programme (2015-2020) will improve diabetes awareness, early diagnosis and prevention on a national scale.
<b>Johnson &amp; Johnson</b>	Johnson & Johnson announced in 2016 that it is looking to expand its portfolio and operations in the UAE. The company started its operations from Dubai Healthcare City in 2015, and the center employs 70 people. In terms of sales growth, the UAE features among the top ten nations in Europe, the Middle East and Africa for the company.
<b>GlaxoSmithKline</b>	In 2014, GlaxoSmithKline revealed it was looking into allegations of corruption in the UAE after it was claimed that the company made direct payments to healthcare professionals, pharmacies, clinics and hospitals for securing business.
<b>AstraZeneca</b>	AstraZeneca Gulf regional head office is located in Dubai (UAE). Its UAE drug portfolio covers a range of therapeutic areas including cardiovascular, diabetes, gastrointestinal, infection, neuroscience, oncology and respiratory.
<b>Takeda</b>	Has no direct presence in the country; products tend to be imported.
<b>AbbVie</b>	AbbVie has its regional office in Dubai. In 2015, AbbVie announced that the Ministry of Health had approved its interferon-free treatment of Viekirax (ombitasvir/paritaprevir/ritonavir) + Exviera (dasabuvir) for hepatitis C infec

Source: BMI

## 6. Foreign Trade

During the first 3Q of 2017 pharmaceuticals exports through Dubai registered 546 Mil AED, imports 9.6 Billion AED and re-exports, 2.0 Billion AED as per Dubai Customs trade statistics.

According to BMI, UAE exports of pharmaceutical products is projected to reach 3.78 Billion AED in 2018 and 4.74 Billion AED in 2022 at CAGR 5.5%.

Imports will reach 15.5 Billion AED in 2018 and 19.5 Billion AED in 2022 at CAGR 5.6%

These figures seem to be high as compared to Dubai trade statistics even though the former is for the whole UAE.

<b>Dubai Pharmaceutical Trade (Jan-Sept 2017)</b>	
EXPORT	546,452,705 AED
IMPORT	9,621,263,254 AED
RE-EXPORT	2,003,265,113 AED
Grand Total	12,170,981,072 AED

Source: Dubai Customs

### **Export Markets**

Asia is the major market for exports of Pharma from Dubai sharing 65% of total exports of Pharma.

Country-wise: exports to neighboring countries take the major share of around 69%

### **Exported Products:**

Medicaments represent more than 99% of total exports of pharma products. While a small percentage of exports are in the form of

- Blood products
- Pharma goods
- Wadding and gauze

<b>Top Pharma Export Markets By Region</b>		
<b>Region</b>	<b>Million AED</b>	<b>Share</b>
Asia	355	65%
Africa	157	29%
Other regions	34	6%

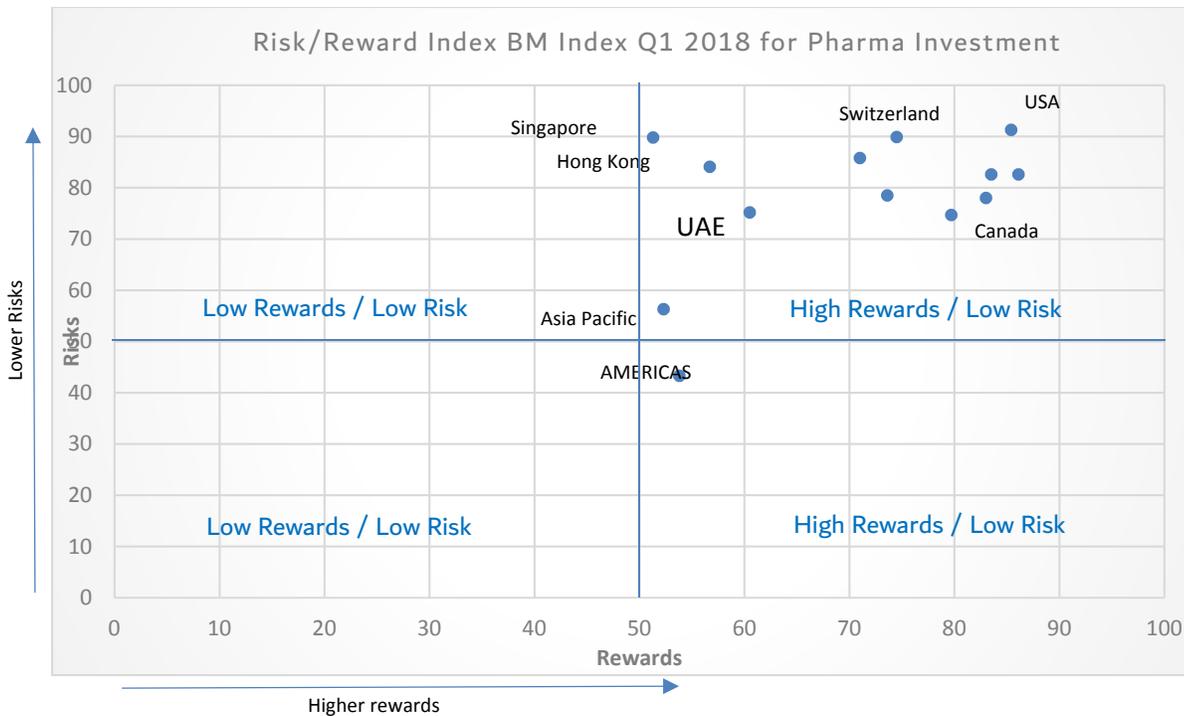
<b>Top Pharma Export Markets By Country</b>		
<b>Country</b>	<b>Million AED</b>	<b>Share</b>
Lebanon	107	19.7%
Iraq	76	13.9%
KSA	72	13.2%
Egypt	59	10.8%
Oman	50	9.2%

**Source: Dubai Customs**

**7. Risk/Reward Index for Pharma Investment in UAE**

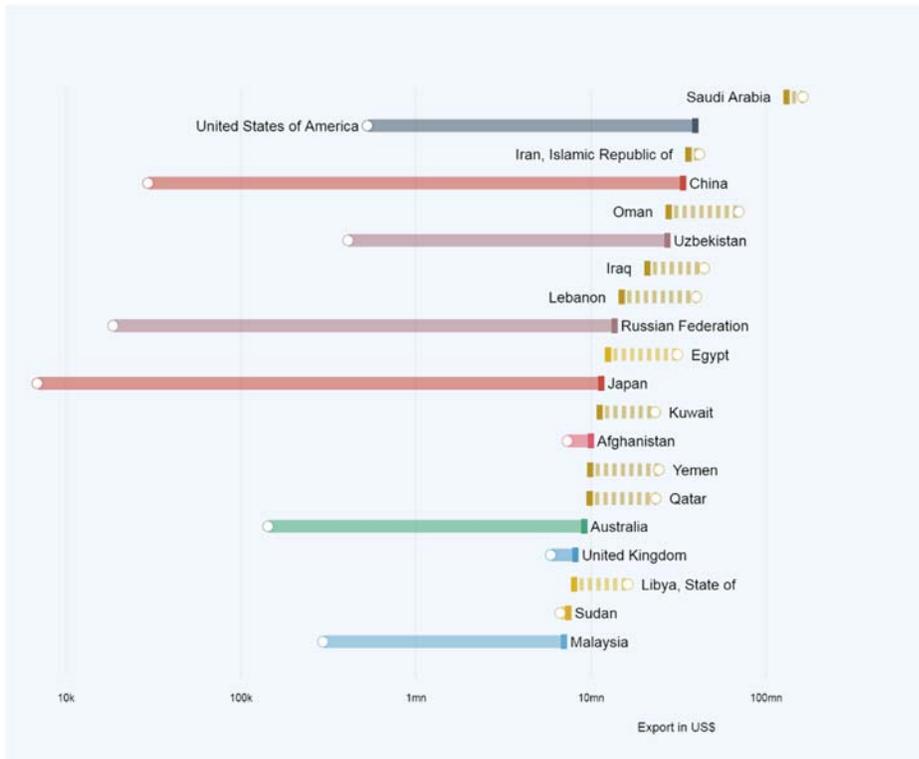
BMI's Innovative Pharmaceuticals Risk/Reward Index tool provides a globally comparative and numerically based assessment of a market's attractiveness for companies looking to launch a high-value drug.

UAE scored 60.5 in Rewards and 75.2 in Risks, higher in rewards than the average for Asia Pacific and Americas .UAE is in the High Rewards Low Risk Quadrant, while Singapore, for example, is in the Low Rewards Low Risk Quadrant as the figure below depict.



### 8. Potential for Exports of Pharma Products from UAE

The markets with greatest potential for United Arab Emirates' exports of Pharmaceutical components are Saudi Arabia, United States of America and Iran, Islamic Republic of. United States of America shows the largest absolute difference between potential and actual exports in value terms, leaving room to realize additional exports worth US\$ 35.7 million.



Markets with potential for United Arab Emirates's exports of Pharmaceutical components

**LEGEND**

- Export Potential
- Actual Exports
- Potential To Actual Exports Gap
- ASEAN
- East Asia
- North Africa
- Pacific
- EU & West Europe
- East Europe & Central Asia
- East Africa
- Middle East
- North America
- South Asia

ITC Export Potential Map  
<http://exportpotential.intracen.org>

### 9. Potential by Product Groups

- As mentioned the generic medicines manufacturing is most promising as it has higher profit margin compared to patented medicines. Most of the Middle East industries focused on generic medicines manufacturing as it proved to be most profitable
- Most of the untapped potential demand is located in the neighboring countries as also large countries like USA and China.
- Very high-untapped potential demand exists for medicaments containing pro-vitamins and medicaments containing alkaloids or deriv. as the below table indicates
- These products have excellent potential to be targeted for manufacturing

	Potential Export US \$	Actual Export US \$	Untapped Potential Export US \$	Top potential market US \$
<b>Medicaments containing pro-vitamins deriv.</b>	239.3 million	92.5 million	146.9 million	KSA (10.8 million) Uzbekistan (13.8 million)

				Iran (7.9million)
<b>Medicaments containing alkaloids or deriv.</b>	236.3 million	126.3 million	148.3million	USA (29.4 million) Oman (10.1million) China (16.6 million)
<b>Medicaments consisting of mixed or unmixed products for retail sale</b>	36.6 million	239.9 million	18.4 million	USA (2.8 million) China (2.3 million) Japan (1.7million)
<b>Vaccines for vet. medicines</b>	13.3 million	14.0 million	8.1 million	Egypt (0.86 million) KSA (0.83million) China (0.68 million)
<b>Medicaments containing penicillin or deriv. thereof</b>	10.1 million	19.2 million	6.0 million	Egypt (0.54 million) China (0.45million) USA (0.44million)
<b>Medicaments containing antibiotics for retail sale</b>	6.5 million	23.8 million	3.8 million	China (0.78million) Uzbekistan (0.27million) USA (0.27million)
<b>Medicaments consisting of two or more constituents</b>	5.6 million	9.6 million	4.4 million	Iran (0.41million) Germany (0.42million) UK (0.36million)
<b>Medicaments containing penicillin or deriv. thereof</b>	3.2million	1.1 million	3.1 million	KSA (2.6 million) Afghanistan (0.11 million) Austria (0.09 million)
<b>Medication containing hormones or steroids for retail sale</b>	2.1 million	12.0 million	1.5 million	USA (0.25million) China (0.19million) Japan (01.4)
<b>Adhesive dressings and other articles having an adhesive layer</b>	2.0 million	5.8 million	1.3 million	China (0.18million) Germany (0.17million) USA (0.07million)
<b>Wadding ,gauze, bandages</b>	1.6 million	5.2 million	706.6 K	USA (0.09million) Italy (0.06million) China (0.06million)
<b>Medicaments containing antibiotics</b>	1.0 million	1.8 million	711.8 K	Afghanistan (0.16 million) Iran (0.04 million) China (0.04million)

<b>Human and animal blood fractions and immunological products</b>	987.7 K	21.5 million	461.3 K	USA (0.03million) Belgium (0.05million) China (0.06 million)
<b>Sugar chemically pure</b>	501.5 K	938.7 K	310.1 K	India (0.02million) Japan (0.03million) USA (0.03million)
<b>Gel preparations for surgical operations</b>	485.9 K	1.7 million	310.8 K	Egypt (0.04 million) China (0.03 million) Iraq (0.004 million)
<b>Medicaments containing insulin for retail sale</b>	306.7K	4.6 million	152.6 K	India (0.02 million) China (0.02million) KSA (0.02million)
<b>First Aid boxes &amp; kits</b>	250.6 K	1.2 million	112.8 K	Germany (0.03 million) USA (0.012million) KSA (0.008million)
<b>Medication containing hormones or steroids used as hormones</b>	231.0 K	590.5 K	140.1 K	Afghanistan (0.06 million) Italy (0.01 million) USA (0.01 million)
<b>Dental &amp; bone reconstruction cements and ortho-dental fittings</b>	203.3 K	1.4 million	107.3 K	USA (0.02million) Belgium (0.02million) China (0.01 million)

## 10. Opportunities for SME's in Pharma Manufacturing

- The Dubai Industrial Strategy aims for the development of the pharma sector and boosting its contribution to the GDP.

- As mentioned before the generic medicines, i.e. those with the same active ingredients as an expired patent , offer lucrative opportunities for future growth of the domestic pharma industry
- Further ,and as it appears from the potential by product group table above ,there is a good scope for SME manufacturing business in **adhesives dressings, wadding and gauzes, gel preparations for surgery, first aid boxes and kits, vaccines for vet. medicines and dental & bone reconstruction cements and ortho-dental fittings**. These industries are more suitable for SME because of the smaller economic scale and affordable investment levels.

#### Sources of data and information

- Dubai Customs
- ITC
- BMI