

Chinese Pharma Growth Remains Impressive Despite Challenges and Crackdowns

Beijing, China, July 26, 2014 – By large, the Chinese pharmaceutical sector still saw double-digit growth in 2013 and the first half of 2014 despite a host of challenges stemmed from slowing Chinese economy, regulatory shakeups, cost containment measures and price cuts, as well as healthcare reform turbulences, according to the *China Pharmaceutical Guide 2014 (9th Edition)*, which has just been published in late July by WiCON International Group LLC. While revenue and profit growth last year inherited the slowing trend in the previous year, their rates were still considered robust compared with the global pharmaceutical industry and most of other Chinese industries.

IMS suggests that the overall Chinese pharmaceutical market rose 14.5% in 2013 and it replaced Japan as the second largest pharmaceutical market in the world, two years earlier than estimated. The Chinese hospital drug market also grew 13.4% in the same year to CNY 550.7 billion at hospital purchase prices. The market continued a growth downtrend due to restrictions on antibiotic usage, price cut and cost containment in major cities.

On the other hand, Nicholas Hall estimates the Chinese OTC drug market (OTC drug sales in all retail channels, prescription sales of OTC-registered brands plus packaged herbal medicines (including branded TCMs) to be US\$18,030 million at manufacturer-suggested price (MSP) in 2013, up 6.8% year on year. The growth last year resulted from more OTCs being prescribed via hospitals and more branded OTCs being consumed by the rural population.

2013 added more than 60 B2C retail drug sales approvals and the size of Chinese online pharmacy market should have reached CNY 4.0 to 4.5 billion in 2013, according the Chinese Online Pharmacy Society (COPS).

Last, but not the least, the Chinese international trade of medicines and health products grew 10.27% in 2013 to US\$89,693 million in 2013, according to the China Chamber of Commerce for Import and Export of Medicines and Health Products (CCCIEMHP). Among the total, export increased 6.84% to US\$51,180 million while import rose 15.17% to US\$38,513 million.

Plagued by structural flaws, inadequate government financing as well as conflict of interests among different agencies and stakeholders, China's ongoing healthcare reform remained to be bottlenecked last year despite some superficial progresses.

In early 2013, the new Chinese leadership engineered a major reorganization of China's healthcare regulatory regime to streamline jurisdictions and processes and to improve efficiency and strengthen regulation. Developments were across many different areas of drug regulation last year with the newly-created CFDA remaining to be preoccupied with promotion of drug quality and registration/evaluation efficiency.

On the front of drug pricing, NDRC, which was minimally affected by the government reorganization, is still overwhelmed by stakeholder disputes and has failed to make up its mind about the reform direction for another year.

It is well known that the Chinese pharmaceutical industry, especially research-based MNCs, have been overwhelmed recently by selective government crackdown on unethical marketing practices and intensified pressure on prices of originator and premium branded drug products.

Confidence cracked by not shaken by recent drawbacks, MNCs seem ready to stay committed at least for now with its original plans of investments, business expansion and strategic alliances in China. Business activities of foreign companies only dampened shortly in the third quarter of last

year and they gradually resumed towards the end of last year. The name of China investment game for MNCs was R&D and manufacturing capacity expansion in 2013.

There are no easy solutions for MNC players in China. Companies will need to boost compliance structures, reform business models, refocus China strategies, form more R&D and business partnerships with local companies, target diseases prevalent to China, leverage China's R&D and manufacturing capabilities globally, and integrate commercial investment plans with government objectives.

Even with the new Chinese leadership and the communist party recently reinstating its pledge to continue broad economic and healthcare reforms, the near future remains clouded by uncertainties and challenges ahead, which are underlined by the unrelenting Chinese economic slowdown.

There is no doubt the healthcare reform will go on with unchanged slogans. In reality, both central and local governments will be more financially strapped this year to achieve original reform objectives and they will be forced to rely on cost containment even more.

Given the present market environment, it is generally anticipated that pharmaceutical industry and market growth in the near future would no longer match the high rates seen in 2010 and 2011. But don't be discouraged prematurely. Most experts continue to agree that China is set to become the second-largest pharmaceutical market by 2020, and ultimately, the largest one in the world.

Other than growing challenges on the ground in China, there are success stories from all categories of players, whether they are foreign or local, large or small, newcomer or established, private or state-owned. However, to be one of the success stories require a thorough understanding of the sector, ability to face and tackle challenges, flexibility to deal with changes, and skills to maneuver through complex situations.

Now in its 9th edition, *China Pharmaceutical Guide 2014 (9th Edition)* continues to play an instrumental role in helping executives understand, navigate, manage and lead their pharmaceutical businesses in China.

- ☞ Authored by James J. Shen, a veteran pharmaceutical executive and the Publisher/Chief Editor of *Pharma China* who has 28 years of managing China and Asian pharmaceutical businesses as a leading China business consultant, multinational company executive and an entrepreneur.
- ☞ Prepared for the real world executives to help them navigate through the complex and turbulent Chinese healthcare business environment for success.
- ☞ Extensive coverage on China's pharmaceutical industry structure and market environment, regulatory framework, IP and legal issues, healthcare provision and financing, disease & drug consumption patterns, pharmaceutical sales, marketing & distribution, contemporary trends and opportunities, market entry strategies, case studies of successes and failures in six key areas of the Chinese pharmaceutical business, and profiles of leading MNCs in China.
- ☞ Comprehensive and latest data on the Chinese pharmaceutical industry and market, the Chinese healthcare sector, drug evaluation and registration, and disease & drug consumption patterns – much of the data made available exclusively by reputable sources to *China Pharmaceutical Guide* and *Pharma China*.
- ☞ A thorough review of contemporary issues and challenges facing the pharmaceutical industry in China, as well as promising opportunities with many real world examples.
- ☞ A complete and clear picture of the Chinese drug regulatory framework is presented with thorough coverage of all regulations in drug registration, research/GLP, clinical/GCP, import and export, manufacture/GMP, packaging, advertising, distribution/GSP, OTC/ethical drug classification, adverse drug reaction monitoring, internet drug sales, physician drug prescription, compulsory licensing ,etc. Summaries of all these regulations are provided with analysis. In addition, a thorough introduction of all drug related government agencies and industry associations is given with their functions analyzed.

- ☞ A growing collection of selected recent feature article contributions from industry experts and market research companies to *Pharma China* covering extensive areas of interest including healthcare policy, strategic, marketing, regulatory, IPR and legal issues.
- ☞ An expanding collection of mini case studies which are in six important areas including market entry, R&D outsourcing, human resource management, market size/information sources, legal/IPR battles and local success stories.
- ☞ Market entry strategies are evaluated and analyzed with real world examples.
- ☞ Profiles of MNC pharma companies are updated annually.
- ☞ Divided into two volumes, ten parts with 53 chapters excluding Preface, Executive Summary and Appendices, it has over 1,500 pages with more than 200 tables and charts.
- ☞ Updated annually, it ensures the most up-to-date coverage and trend analysis

The *China Pharmaceutical Guide 2014 (9th Edition)*, which is to be published in July 2014, has been thoroughly updated with ample latest data from many reputable sources, abundant analysis by leading industry experts, new regulations and more case studies. Its coverage was renewed and expanded in the following areas:

- ☞ Hundreds of pages of new data, information, analysis and case studies.
- ☞ Thorough summaries and analysis of the latest healthcare reform, drug pricing & reimbursement and hospital tender purchase policies.
- ☞ Comprehensive industry, regulatory, market and international trade data as well as health statistics are updated with the 2013 (full year) and first half of 2014 figures.
- ☞ New and expanded coverage on the primary healthcare sector, the OTC and consumer healthcare sector, formulated TCMs, high growth market segments, key regional hospital markets, the pharmaceutical distribution sector and online retail pharmacy segment.
- ☞ Expanded coverage of the Chinese biosimilar market prospects and regulatory outlook, consumption patterns and trends of formulated traditional Chinese medicines, and market opportunities/strategies for consumer healthcare.
- ☞ Expanded coverage of digital and academic marketing strategies for Chinese pharma (including social media applications)
- ☞ Updated coverage of contemporary IP and legal issues (including anti-corruption, FCPA/compliance, anti-monopoly and product liability issues) and drug-related IP and trademark concerns.
- ☞ Comprehensive top line data, research findings and observations from our collaborative partners such as IMS Health, Kantar Health, Nicholas Hall, ZS Associates and RDPAC.
- ☞ All regulatory changes in 2013/2014 are updated to present a clear and most up-to-date picture of the Chinese drug regulatory framework with summaries and analysis of all drug regulations in effect by mid-2014.
- ☞ Updated coverage of China's deepening reform of its drug registration and evaluation regime, statistics on drug evaluation and approval in 2013, and Chinese drug innovation trends in recent years.
- ☞ An updated list of proposed new drug-related laws and regulations under drafting process with selective previews of the draft versions.
- ☞ Comprehensive review of Sino-foreign M&A, joint venture, strategic alliance, licensing, research partnerships, co-marketing, and new drug research events in 2013 and early 2014.

- ☞ Expanded coverage on MNC strategies in China with healthcare reform in the backdrop.
- ☞ Numerous new case studies are added to the 2013 Edition.
- ☞ Comprehensive revision of the China operation profiles of MNCs to reflect their latest performance, business deals, legal disputes and outlook.

All purchasers of the ***China Pharmaceutical Guide 2014 (9th Edition)*** will receive one-year complimentary subscription of *Pharma China* Weekly e-Alert (*Premium Edition*) which provides a weekly summary of the top Chinese pharmaceutical news and *Breaking News Alerts* which notifies subscribers of any major unfolding events in the Chinese pharmaceutical and healthcare sectors.

For further information, please contact WiCON International Group to request a free promotional PDF containing the executive summary, the table of contents, the lists of tables and charts, and preface. To download our promotional PDF and a brochure/order form, please visit:

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WiCON International Group is the publisher of ***Pharma China*** (www.pharmachinaonline.com), the most trusted English media and source of business intelligence covering the Chinese pharmaceutical / biopharmaceutical sector.

Pharma China caters for the growing needs of the global pharma industry for up-to-date and insightful intelligence on China's burgeoning but increasingly complex healthcare marketplace. It is subscribed by most MNCs, leading CROs, investment banks, consulting firms and industry associations.

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- ☞ **Pharma China Journal Edition** (monthly in PDF and Print)
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