

Chinese Pharma Market Prospects Remain Robust As New Drivers Emerge

Beijing, China, August 8, 2016 – Under the shadow of numerous challenges mostly stemmed from the troubled Chinese economy, regulatory shakeups, cost containment measures and healthcare reform turbulences, the Chinese pharmaceutical market growth slowed in 2015 to single digit at 7.6% in 2015 (vs. 13.2% in 2014), reaching a total size of CNY 1,377.5 billion (at retail price level), according to the *China Pharmaceutical Guide 2016 (11th Edition)* quoting Sinohealth CMH data.

Urban hospitals remained the largest Chinese pharmaceutical end market with 2015 growth at only 5.8%, while county level hospitals saw 9.7% above average growth as the second largest Chinese pharmaceutical end market. With increased shift of patient drug purchase away from hospitals, retail pharmacies, online pharmacies and urban community healthcare facilities witnessed above average growth of 11.6%, 57.9% and 11.1% respectively in 2015. On the other hand, rural primary healthcare facilities experienced the slowest growth of all end markets at only 2.0%.

Hot off the press, the *China Pharmaceutical Guide 2016*, an indispensable reference for MNC pharma executives with China responsibilities for more than a decade, provides various data sets on the Chinese pharmaceutical market and drug consumption patterns from respected sources including IMS, SMEI, CPA, Sinohealth, Nicholas Hall and official sources. The publication, from the publisher of well known WiCON | Pharma China and covers all aspects of Chinese pharma/healthcare sector, aims to help HQ and local executives at proactive MNCs feel the dynamic and up-to-date pulse of Chinese healthcare in order to stay in the driver seat of their business in the country.

There is no doubt the country's ongoing healthcare reform will go on with unchanged ambitions. In the reality, with tax and other revenues drying up and under increasing threat of BMI system deficit amid a slowing Chinese economy, local governments are pressured by both the central government and the public to do more with less. Despite its superficial goals, the healthcare reform has so far mostly been hijacked by containment of drug costs and no longer about improving efficiency and fixing structural flaws.

Pushed to the corner, both domestic and multinational drug companies are now at the brink of business bottomlines. However, the trend of irrational cost containment is expected to intensify further in 2016, with the central government upholding the radical healthcare reform experiment in Sanming City of Fujian Province as a model for national reference.

The pharma e-commerce sector has been brewing major revolutionary developments and is ready to fly pending official liberalization of online prescription drug sales. Under growing pressure from aggressive moves by e-commerce giants to enter drug distribution, leading pharmaceutical distributors rushed to reposition themselves to secure presence in the emerging pharma e-commerce sector in China.

The Chinese economy and its healthcare system are at crossroads and in transition again. This requires both domestic and MNC pharma companies to recalibrate their strategies and business models. Nevertheless, a number of new opportunities areas, such as biosimilars and e-commerce as well as positive market conditions from government moves to uphold drug quality and encourage innovation, are beginning to emerge.

Despite short term difficulties, a few positive catalysts for long term prospects emerged last year, including 1) family planning policy liberalizations taking effect at the beginning of 2016 allow Chinese families to have second child, therefore creating substantially higher immediate and future demand for health and child care; and 2) recent CFDA crackdown on irregular clinical data, the

marketing authorization holder scheme experiment and reform of the Chinese drug evaluation and approval system will lead to both short and long term benefits for MNCs.

Many drug company executives are still bullish about China's long-term growth prospects and drug spending is expected by IMS to reach as much as US\$185 billion by 2018. But the short-term picture is proving less rosy, with reforms in the hospital sector impacting prescribing and price pressures increasing for most drugs.

Chinese experts warned recently that the pharmaceutical industry is facing a more complex Chinese marketplace in 2016. There will be lots of uncertainties, unbalances and frailty ahead. The future outlook is mixed, while most analysts agree that the market will keep on growing, but at a slower rate, continuing the trend which started two years ago.

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 11th edition, ***China Pharmaceutical Guide 2016*** 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 29 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.
- ☞ 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*.
- ☞ The *China Pharmaceutical Guide 2016 (11th Edition)* has been completely reorganized into four volumes:
- ☞ Volume I – *Overview of the Chinese Pharmaceutical & Healthcare Sectors* (up-to-date coverage of China's business environment, history and structure of the Chinese pharmaceutical industry, Chinese health sector structure and statistics, health insurance sector structure and data, as well as disease and drug consumption patterns);
- ☞ Volume II – *Chinese Pharmaceutical IP and Regulatory Guide* (a complete and clear picture of the Chinese drug regulatory and IP framework is presented with thorough summaries covering all regulations in drug/biologic registration, drug pricing, research/GLP, clinical research/GCP, import and export, manufacture/GMP, packaging, distribution/GSP, OTC/ethical drug classification, drug advertising, adverse drug reaction monitoring, internet drug sales/e-commerce, physician drug prescription codes, contract manufacturing, international regulatory harmonization, compulsory licensing/technology transfer, patent and trademark application, enforcement, litigation and strategies, data exclusivity, counterfeit drugs and drug safety liabilities. Summaries of regulations are provided with needed analysis. In addition, a thorough introduction of all drug related government agencies and industry associations is given with their functions analyzed.
- ☞ Volume III – *Annual Review, Trends, Opportunities and Strategic Considerations* (including a complete review of latest data, business trends, regulatory & IP/legal developments and healthcare reform progress of the Chinese pharmaceutical industry and market in 2015/1H2016, and a large collection of feature articles from industry experts relating to contemporary trends, issues and strategic considerations as well as promising opportunities

of the present and future); and

- ☞ Volume IV – *Sales & Marketing, Entry Strategies and Case Studies* (covering orientation, models and strategies of pharmaceutical sales, marketing and distribution in China, marketing entry strategies and execution, case studies featuring success stories of MNCs and domestic players, R&D and outsourcing, human resource management and legal/IP issues), as well as appendices with full texts of important healthcare/pharmaceutical related policies, laws and regulations.

The ***China Pharmaceutical Guide 2016 (11th Edition)***, which was published in early August 2016, had 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, market and international trade data as well as health statistics are updated with the 2015 (full year) and available figures for the first half of 2016.
- ☞ Expanded coverage on e-commerce and digital marketing opportunities, the primary healthcare sector, the OTC and consumer healthcare sector, high growth market segments, key regional hospital markets, and the pharmaceutical distribution sector,
- ☞ Updated coverage of the Chinese biosimilars/biologics market prospects and regulatory outlook.
- ☞ Updated coverage of emerging legal issues (including latest Chinese government crackdown on corruption in healthcare, FCPA/compliance and 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, Rubicon Strategy Group and RDPAC, as well as other reputable sources including the Chinese Pharmaceutical Association, SMEI, CPIIC and Sinohealth.
- ☞ All regulatory changes in 2015/1H2016 are updated to present a clear and most up-to-date picture of the Chinese drug regulatory framework with summaries and analysis of all pharmaceutical related regulations in effect by mid-2016.
- ☞ Focused coverage of China's ongoing efforts to revamp its drug regulatory regime through amendments of the *Drug Administration Law*, its latest proposal and preparations to overhaul the drug pricing mechanism, deepening reform of its drug registration and evaluation regime, new policies to support drug innovation and high clinical value generics, and its initiative to re-evaluate all generic drugs with bioequivalence studies.
- ☞ An updated section covering proposed new drug-related laws and regulations under drafting process with selective previews of the draft versions.
- ☞ Extensive review and analysis of China's drug registration applications and approvals as well as Chinese drug innovation trends in recent years.
- ☞ Comprehensive review of Sino-foreign M&A, joint venture, strategic alliance, licensing, research partnerships, co-marketing, and new drug research events in 2014 and early 2015.
- ☞ Expanded coverage on MNC strategies in China with healthcare reform in the backdrop, intellectual property/patent law amendments, data exclusivity, patent litigation, drug

regulations, pharma marketing and distribution strategies, drug consumption patterns, the Chinese R&D and outsourcing sector, clinical studies/practices, healthcare reform, community healthcare sector, essential drug policy, regional drug consumption patterns, and the vaccine and API sectors.

☞ Numerous new case studies in five key areas of pharma business are added.

All purchasers of the *China Pharmaceutical Guide 2016 (11th 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.

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WiCON International Group LLC

Tel: +86 10 84476010 Fax: +86 10 84476110 or +1 702-9953905

e-mail: info@pharmachinaonline.com

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