

Active Pharmaceutical Ingredients (Api) Market- Growth, Trends, Covid-19 and Forecasts (2023 - 2028)

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Report description:

The active pharmaceutical ingredients (API) market was valued at approximately USD 177.05 billion in 2021, and it is expected to reach USD 258.60 billion by 2027, registering a CAGR of nearly 7.50% during the forecast period 2022-2027.

In 2020, the COVID-19 outbreak had a favorable impact on the market as the countries and major players are manufacturing high amounts of ingredients to maintain demand for the treatment of COVID-19. The COVID-19 pandemic has led drug manufacturers to redirect their models to focus on a larger pool of patients. For example, the US requested that hydroxychloroquine (HCQ) be imported from India to treat coronavirus. The virus has also disrupted the drug supply chain in Canada and may cause problems for patients in the country. Canadian pharma majors are expanding their programs with countries other than China to access new regions.

The key factors boosting the growth of the active pharmaceutical ingredients market are the rising drug research and development activities for drug manufacturing, the increasing importance of generics, and the increasing uptake of biopharmaceuticals. However, the unfavorable drug price control policies across various nations and high manufacturing costs are expected to hinder the market's growth.

The increasing prevalence of chronic diseases is expected to increase the demand for drugs, which is expected to fuel the active pharmaceutical ingredients market growth in the near future. According to the World Health Organization (WHO), cardiovascular diseases are the leading cause of death globally, accounting for an estimated 17.9 million lives each year.

The Alzheimer's Association stated that around 5.8 million people in the US were living with Alzheimer's disease in 2020. This disease is the sixth-leading cause of death in the US and is more prevalent among people aged above 65 years (and

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approximately 5.6 million patients fall in this age bracket). With the baby-boomer generation reaching around 65 years of age, this number is expected to reach 14 million, worsening the situation over the forecast period. By 2050, a new case of the disease is expected to develop every 33 seconds. ?

Moreover, the launches of new drugs and biological products, acquisitions, collaborations, and regional expansions are some of the strategic initiatives being taken by the companies to maintain stability in the market. This is likely to fuel market growth in the near future. For instance, in 2020, Quartic.ai and Bright Path Labs collaborated to develop AI-based technology for the continuous manufacturing of critical APIs that are required for producing crucial small-molecule drugs.

The active pharmaceutical ingredients (API) market has traditionally been dominated by drugs, such as anti-infectives and diabetes, cardiovascular, analgesics, and pain management drugs. However, as per the R&D trends, the demand is shifting toward developing complex APIs used in novel formulations, targeting niche therapeutic areas.

The major factors limiting the market growth include drug price control policies across various countries, fierce competition among existing players, and stringent regulatory policies.?

Active Pharmaceutical Ingredients (API) Market Trends

Cardiology Segment Expected to Hold the Largest Market Share

The pulmonology segment has been experiencing a high peak in growth due to the COVID-19 pandemic as the pharma sector is at the forefront in the combat against COVID-19 and has responded to this global challenge by guaranteeing the availability of medicines despite supply chain interruptions.

The cardiology segment holds a significant share due to the vast population using various CVD drugs owing to the high prevalence of cardiovascular diseases. According to the European Society of Cardiology 2019 Statistics, cardiovascular diseases (CVD) remain the leading cause of mortality and a major cause of morbidity in Europe. Currently, there are more than 6 million new cases of CVD in the EU and more than 11 million in Europe as a whole every year. With almost 49 million people living with the disease in the EU, the cost to the EU economies is high at EUR 210 billion a year.

The oncology segment is also expected to grow significantly during the forecast period owing to the high prevalence of cancer in the last few decades, and the disease is expected to affect a higher portion of the population during the forecast period. Market players are continuously developing new APIs to cater to the need in the oncology segment globally. In December 2019, Dr Reddy's Laboratories launched Bortezomib for injection, a generic version of Velcade of Millennium Pharmaceuticals, in the US market. Bortezomib is used to treat adult patients with multiple myeloma or with mantle cell lymphoma who have received at least one prior therapy.

North America Dominates the Market and is Expected to Continue to do so through the Forecast Period

North America currently dominates the market for active pharmaceutical ingredients and is expected to continue its stronghold for a few more years. This region is expected to increase its market share in the future, owing to the increasing incidences of disease and rising aging population. The US holds the majority of the market in the North American region.

With the drastic spread of COVID-19 in the country, the demand for drugs and ingredients increased, forcing the country to export many APIs from different countries, and local players also produced as per the demand. Most of its API requirements are met through imports from the Asian markets. The US trade statistics suggest that nearly 75-80% of the APIs imported to the US are from China and India, as these countries have well-established manufacturing facilities and a large talent pool serving the

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pharmaceutical sector.

The US government's recent political and trade policies to increase import duties and taxes are expected to drive operational costs and increase the pricing pressure on manufacturers. The FDA has also increased the application fees for new drug approvals and has increased the number of periodic inspections conducted on various off-shore contract manufacturing facilities to ensure the supply of high-quality products to the US market.

Active Pharmaceutical Ingredients (API) Market Competitor Analysis

The active pharmaceutical ingredients market is highly competitive and consists of several major players, indicating a fragmented market scenario. The API market has several manufacturers from China and India holding a dominant market position due to their large manufacturing footprints. In Europe, Italy, Germany, and the UK are the key regions for API trade due to the presence of a well-developed pharmaceutical and life sciences sector.

Most of the APIs produced by reputed MNCs are used for captive production. However, a few players have emerged as contract manufacturers with a diversified client base. Further, with increasing technological advancements and product innovations, mid-size and small-scale companies are increasing their market presence by introducing new ingredients at competitive prices. Companies like Teva, Pfizer, Aurobindo, Sun Pharmaceuticals, Novartis, Mylan, and Boehringer Ingelheim hold substantial market shares in the active pharmaceutical ingredients market.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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