

Saudi Arabia Active Pharmaceutical Ingredients (Api) Market - Growth, Trends, Covid-19 Impact, and Forecast (2023 - 2028)

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Report description:

The Saudi Arabian Active Pharmaceutical Ingredients (API) market is expected to register a CAGR of 2% over the forecast period.

The COVID-19 pandemic has not only impacted the entire pharmaceutical supply chain, but more specifically, it disrupted the supply of APIs from India and China. This has increased the cost of many prescription medications and a shortage of essential drugs. For instance, from an article published in July 2021, there was a shortage of essential medications, such as antibiotics, vitamins, hormones, anti-cancer, anti-hypertensives, anti-diabetics, and steroids, in the country due to the high reliance on India and China for APIs. However, with the released COVID-19 restrictions and the country's resumed import and export activities, the studied market is expected to grow over the forecast period.

Certain factors propelling the market growth are the increasing prevalence of infectious, genetic, cardiovascular, and other chronic disorders, the growing geriatric population, and the expanding adoption of biologics and biosimilars in the country.

The rising burden of infectious and chronic diseases is the key factor driving the market growth. To assess the highest burden of mental disorders, a household survey was conducted by the Saudi National Mental Health Survey (SNMHS). Its report published in February 2022 assessed that neurological disorders, including Parkinson's and epilepsy, were associated with the highest individual-level numbers of days-out-of role. The high burden of Parkinson's disease as a mental disorder among the Saudi population is expected to raise the demand for better treatment drugs. This is anticipated to boost the demand for active pharmaceutical ingredients for manufacturing drugs, propelling the market growth.

The growing geriatric population more prone to developing infectious and other chronic diseases is also contributing to the market growth. For instance, according to the 2022 statistics published by UNPFA, about 72% of the population in Saudi Arabia is between

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15-64 years, and 4% is 65 years or above. The data published by MIT Technology Review in June 2022 stated that the population of Saudi Arabia population is aging at an accelerated rate. Thus, the high aging population increases the need for effective drugs for treating various chronic and infectious diseases. This is anticipated to propel the demand for active pharmaceutical ingredients, boosting the market growth.

Furthermore, the healthcare system in the country is actively seeking ways to lower costs and raise revenues. Innovative formulary management provides a way to save prescription prices without sacrificing patient care. Specialty pharmaceuticals are one prominent area in which cost reductions would make a significant difference because of the high cost of biologics, which results in a disproportionate contribution to the total national drug spending. Thus, using less expensive biosimilars offers a chance to reduce drug costs and spending on biologics without compromising patient outcomes. For instance, from a study published in Healthcare Journal in July 2021, it has been observed that researchers in Saudi Arabia recommend utilizing trastuzumab biosimilars rather than the reference product (Herceptin) for treating patients with breast cancer. This switch to biosimilar drugs helps to reduce the high healthcare costs associated with the disease in the country. This is anticipated to increase the production of biosimilar drugs which is further expected to increase the demand for API in the country over the forecast period.

Moreover, the rising company focus on developing pharmaceutical products, increasing drug approvals, and investments in the country contribute to market growth. In November 2021, BeiGene, and NewBridge Pharmaceuticals stated that BRUKINSA (zanubrutinib) received approval from the Saudi Food and Drug Authority (SFDA) for the treatment of adult patients with mantle cell lymphoma (MCL) who have received at least one prior therapy.

Therefore, owing to the aforementioned factors, the studied market is expected to grow over the forecast period. However, the country's stringent regulations and drug price control policies are expected to impede the growth of the active pharmaceutical ingredients industry in Saudi Arabia over the forecast period.

Saudi Arabia Active Pharmaceutical Ingredients (API) Market Trends

Oncology Segment Expects to Register a High CAGR

The oncology segment is expected to witness significant growth in the active pharmaceutical ingredients industry in Saudi Arabia over the forecast period. The factors attributing to the market growth are the rising burden of cancer cases and raising awareness towards treating the early-onset cancer epidemic.

Cancer incidence is increasing rapidly among the population and is most likely due to a build-up of risks for specific cancers that increase with age. The outbreak of cancer at a young age of onset may be a symptom of rising trends in the occurrence of numerous chronic diseases among young people. Hence, there should be proper cancer management, which is possible with advanced medicines.

According to the GLOBOCAN 2020 fact sheet, 27,885 new cancer cases (14,253 in males and 13,632 in females) were reported in Saudi Arabia in 2020. In addition, as per the same source, about 3,954 new breast cancer cases were reported in Saudi Arabia in 2020. This number is projected to reach 7,181 by 2040. Thus, the expected increase in cancer cases among the population further raises the company's focus on developing effective and safe drugs, which are expected to increase the demand for APIs over the forecast period.

The increasing company focuses on research and development activities for developing products. The rising adoption of various business strategies, such as partnerships and collaborations, is also expected to increase the demand and availability of oncology drugs in the market, boosting segment growth. For instance, in November 2021, Abdul Latif Jameel Health partnered with EQRx to

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bring two novel and affordable cancer treatments to 1.5 billion people suffering from non-small cell lung cancer (NSCLC) in the Middle East, including Saudi Arabia.

Therefore, the studied segment is expected to grow over the forecast period due to the aforementioned factors, such as the high burden of cancer among the population and increasing company activities in the country.

Branded Segment Expects to Have the Significant Market Share

The branded segment is expected to grow over the forecast period owing to the factors such as the high burden of chronic diseases such as cardiovascular diseases and diabetes, growing awareness regarding branded drugs among the population, as well as increasing company activities in developing drugs in the country. According to the 2022 statistics published by IDF, about 1.8 million were living with diabetes in Saudi Arabia in 2021. This figure is projected to double by 2050. Thus, the expected increase in diabetes cases further raises the company's focus on developing effective and safe drugs, which are expected to increase the demand for APIs over the forecast period.

Additionally, an article published in Annals of Africa Medicine in December 2021 stated that congenital heart disease (CHD), such as hypoplastic left heart and heterotaxy syndrome, are among the leading causes of death in patients with down syndrome (DS). A regional variation in the prevalence of CHD within Saudi Arabia is higher among patients with DS, which may be due to differences in geographical features of different parts of Saudi Arabia. Thus, the higher prevalence of congenital heart disease is expected to drive the demand for API for drug manufacturing in the country, driving market growth.

Furthermore, from an article published in the International Journal of Equity in Health in July 2021, it has been observed that Saudi Arabia has one of the highest rates of non-communicable diseases (NCDs) globally and the highest in the Arabian Gulf region. These increasing NCDs in the country are expected to increase the demand for pharmaceutical drugs that require APIs.

Moreover, the rising company activities in developing branded drugs in the country are also expected to increase the demand for APIs for drug development and formulation. For instance, in November 2021, Novo Nordisk launched a glucagon-like peptide-1 receptor agonist (GLP-1 RA) in the form of oral pills, an innovative technology and treatment in the Kingdom of Saudi Arabia, to treat patients with type-2 diabetes.

Therefore, the studied segment is expected to grow over the forecast period owing to crucial factors, such as the rising chronic diseases among the Saudi Arabian population and increasing product launches.

Saudi Arabia Active Pharmaceutical Ingredients (API) Market Competitor Analysis

The active pharmaceutical ingredients market in Saudi Arabia is fairly fragmented. The API market has several manufacturers from China and India holding a dominant market position due to their large manufacturing footprints. Some of the companies in the market are Aurobindo, Pfizer Inc., BASF SE, Viatrix Inc., Novartis AG, and Hikma Pharmaceuticals, among others.

Additional Benefits:

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

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