

## **China Active Pharmaceutical Ingredients (Api) Market - Growth, Trends, Covid-19 Impact, and Forecast (2023 - 2028)**

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### **Report description:**

The Chinese Active Pharmaceutical Ingredients (API) market is expected to register a CAGR of 9.1% over the forecast period.

The COVID-19 pandemic has not only impacted the entire pharmaceutical supply chain but, more specifically, disrupted the supply of APIs. The restrictions imposed by the government to avoid the spread of coronavirus among the population restricted more than 40 Chinese manufacturers from supplying APIs to various countries. As per an article published in the International Journal of Pharmacy and Pharmaceutical Sciences in October 2020, the supply of active pharmaceutical ingredients like cephalosporins, azithromycin, and penicillin was restricted due to the high risk of contamination which has led to the shortage of certain kinds of medicines. The scarcity of many drugs and APIs in several countries due to the pandemic allowed Chinese manufacturers to boost API prices. For instance, as per PHARMEXCIL, the cost of API Penicillin increased to USD 8.69 per unit in July 2020 from USD 6.49 per unit in January 2020. Thus, the high prices and shortages of medicines impacted the market growth in China. However, with released restrictions and resumed import-export activities, the export of various APIs and drugs to different countries, such as the United States, is expected to increase market growth over the forecast period.

Other factors, such as the rising prevalence of chronic, infectious, and genetic diseases, along with the increasing prevalence of cancer, growing sophistication in oncology drug research, and the growing geriatric population, are boosting the market growth.

China is one of the few significant countries which produces and supplies active pharmaceutical ingredients (APIs) to other areas of demand. Several resources state that China is a major source country that supplies a heavy number of APIs to the United States. Thus, to address the rising demands from other parts of the world, China is focusing on improving API production in the country. This is expected to boost the growth of the API market in China.

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The increase in the number of people affected by various infectious, genetic, cardiovascular, and other chronic diseases is expected to increase the demand for API production in the country. For instance, according to the 2022 statistics published by WHO, 6.40% of the population (i.e., 1,425,887,337 people) is obese in China in 2022. Also, according to 2022 statistics published by IDF, 140.8 million people were living with diabetes in China in 2021. As per the same source, this number is projected to be 174.4 million by 2050 in China. The high diabetic and obese population in the country raises the company's focus on developing advanced and safe drugs, which require a large amount of API, hence propelling the market growth.

Additionally, the rising geriatric population, more prone to develop chronic diseases, such as neurological and cardiovascular diseases, is also expected to increase the market growth. A study published in February 2021 observed that the prevalence rate of Parkinson's disease in the Han population in China was 3.9% in people aged 50 years and above. It is estimated that the number of Chinese patients with Parkinson's disease will increase to 4.94 million by 2030. As per the same source, tremors (54.5%), pain (22.9%), and rigidity (22.1%) were the most frequently reported symptoms in Parkinson's patients. Thus, the expected increase in Parkinson's disease in China is expected to increase the demand for new-generation anti-Parkinson's disease medication. This is anticipated to fuel the demand for APIs, thereby bolstering market growth.

Furthermore, the rising company activities in adopting various business strategies, such as agreements and collaborations, as well as rising product approvals in the country, are contributing to market growth. For instance, in July 2022, Athenex Inc. agreed to sell all its equity interests in its China subsidiaries to TiHe Capital (Beijing) Co., Ltd. Athenex Inc. is primarily engaged in Active Pharmaceutical Ingredient (API) manufacturing operations.

Moreover, the increasing expansion and construction of API manufacturing facilities in the country are also contributing to market growth. In June 2022, WuXi STA opened another high-potency active pharmaceutical ingredient (HPAPI) plant at its Changzhou site in Jiangsu, China, to the growing demand for high-potency API process R&D and manufacturing services. Also, in April 2022, Asychem Inc. completed the construction of two new API production sites, a new 500 cubic meter batch capacity building in its production site in Dunhua, China, and an expansion at the company's Tianjin site, with a batch capacity of 160 cubic meters.

Therefore, owing to the aforementioned factors, the studied market is expected to grow over the forecast period. However, the country's stringent regulations for drug approvals and drug price policies are expected to hinder market growth over the forecast period.

#### China 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 API market over the forecast period owing to the factors such as the rising prevalence of various types of cancer and increasing company activities in developing cancer drugs.

An article published in NCBI in February 2022 expected about 4.8 million new cancer cases to be reported in China in 2022. As per the same source, this number is projected to increase to 6.85 million new cancer cases by 2040. As per GLOBOCAN 2020 report, about 815,563 new lung cancer, 478,508 stomach cancer, 416,371 new breast cancer, 306,078 colon cancer, 244,550 rectum cancer, and 124,994 pancreas cancer cases were reported in China in 2020. Thus, the expected increase in the number of people suffering from cancer is anticipated to increase the demand for effective and safe cancer drugs. This further fuels the demand for APIs for drug formulation, hence boosting the market growth.

Furthermore, the rising company focus on developing various cancer-treating drugs raises the demand for APIs, propelling the market growth. For instance, in August 2022, Sanofi collaborated with Innovent Biologics to bring innovative medicines to patients in China to treat cancers. The company focused on accelerating the development and commercialization of two critical Sanofi

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clinical-stage oncology assets, SAR408701 (PIII) and SAR444245 (PII), combined with sintilimab, the leading checkpoint inhibitor in China.

Also, in April 2022, the China National Medical Products Administration (NMPA) approved BeiGene's tislelizumab for treating patients with locally advanced or metastatic oesophageal squamous cell carcinoma (ESCC), a type of oesophageal cancer. Similarly, in May 2021, the National Medical Products Administration (NMPA) of China approved Phyton Biotech's Drug Master File for paclitaxel active pharmaceutical ingredients produced via plant cell fermentation (PCF).

Therefore, owing to the factors mentioned above, the segment is anticipated to witness growth over the forecast period.

#### Branded Segment Expected to Own 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 hypertension, cancer, diabetes, and others, raising awareness regarding branded drugs among the population, as well as increasing company activities in developing drugs in the country. For instance, an article published in the journal *Annals of Translational Medicine* in May 2021 stated that the burden of breast cancer is increasing in China, and it is expected to reach 4.5 million by 2030. In addition, endocrine therapy for treating breast cancer has become more common across the country in recent years. This is anticipated to increase the demand for breast cancer drugs, fueling the demand for APIs to develop branded cancer drugs.

Additionally, an article published in the *International Journal for Equity in Health* in August 2021, it has been observed that 75.8% of the elderly population aged 60 years and above are troubled by one or more chronic diseases such as heart disease, cancer, chronic lung diseases, and others, which cause a lot of physical and psychological harm to the patients due to the long course of the disease and the protracted condition and decrease the life years, in China. Also, the increasing diabetic population in the country raises the risk of developing cardiovascular diseases and chronic kidney diseases. Thus, the high burden of chronic diseases, especially among the aging population, is anticipated to increase the demand for effective drugs for treating chronic diseases. This is anticipated to fuel the demand for APIs for drug development and formulation, hence boosting the market growth.

The rising company activities adopting various business strategies, such as agreements, collaborations, and facility expansion in the country, are contributing to the market's growth. For instance, in March 2022, Lonza completed a laboratory expansion at its active pharmaceutical ingredients (API) manufacturing site in Nansha, China. The expansion focused on increasing the capacity and capabilities of the development labs and kilogram-scale cGMP production facilities for the clinical delivery of highly potent APIs.

Furthermore, in January 2022, the Chinese industry ministry specified that it would toughen law enforcement to curb monopoly practices and unfair competition in the pharmaceutical industry as the government seeks to foster a good business environment.

Therefore, factors such as the high burden of chronic diseases coupled with the geriatric population and increasing facility expansions by companies for boosting API production are anticipated to augment the market growth over the forecast period.

#### China Active Pharmaceutical Ingredients (API) Market Competitor Analysis

The Chinese Active Pharmaceutical Ingredients market is relatively fragmented. The API market has several manufacturers focusing on expanding their footprints by adopting various business strategies, such as collaborations, facility expansion, and drug approvals. Some of the companies in the market are WuXi AppTec (WuXi STA), Asymchem Laboratories, Reyoung Pharmaceutical, Zhejiang NHU Co., Ltd, and Shijiazhuang and Pharmaceutical Group Co., Ltd, among others.

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