

Asia-Pacific Pharmaceutical Contract Manufacturing Organization - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Asia-Pacific Pharmaceutical Contract Manufacturing Organization Market size is estimated at USD 55.15 billion in 2024, and is expected to reach USD 83.85 billion by 2029, growing at a CAGR of 8.74% during the forecast period (2024-2029).

China is a country with low labor wages, which alone can lower the manufacturing costs of the pharmaceutical companies by as much as 30%. Along with it, low capital and overhead costs (compared to that of the United States and Europe), tax incentives, and undervalued currency combine to provide a significant cost advantage for pharmaceutical companies outsourcing to China.

Key Highlights

- Another factor driving the pharmaceutical CMO market in China is the country's Western-trained skilled workers. Majority of the workers who are trained in Western countries return to China to find work because of strict immigration policies and significant unemployment among the European and American pharmaceutical workers.
- India is also taking advantage of the growth in the domestic CMO market, encouraging the Japanese pharmaceutical industries to setup their locations in the country, either wholly owned or in partnership with Indian companies. Additionally, India has until now allowed 100% FDI through the automatic route. This 100% FDI under the automatic route has been allowed in contract manufacturing to give a big boost to domestic manufacturing.
- The CMO market in Japan is still immature. However, the country witnessed incremental growth over the past few years. The Japanese CMO market witnessed a growth of about 30%, following the recognition to separate manufacturing and sales by the Pharmaceutical Affairs Act. The growth trend has been continuing ever since. The number of CMO manufacturers of significant size in Japan is low and includes players, like Bushu Pharmaceuticals, Nipro Pharma, and CMIC.
- With extensive governmental reforms in drug pricing, structural changes, and unpredictability in reimbursement and pricing decisions, many pharmaceutical companies in Australia are being challenged. However, the country is geographically well-placed

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in relation to pharmaceutical exports, owing to its proximity to the emerging markets of South Asia.

-The recent medical outbreak of COVID-19 has its epicenter in Wuhan, a Chinese city that was once known for its heavy industry and steel and was poised to become a burgeoning center for bio- pharmaceutical manufacturing. Such outbreaks may lead to the disruption of drug supply and manufacturers are required to notify the US Food and Drug Administration when that happens. As the outbreak becomes more widespread, it becomes a burden for pharmaceutical plants around the world to maintain the inventory required for manufacturing, as China is a major supplier of raw materials.

APAC Pharmaceutical Contract Manufacturing Market Trends

Injectable Dose Formulations Holds Significant Market Share

- The pharmaceutical contract manufacturing market is estimated to experience an upward trend, with the rise in demand for injectable drugs, especially in cancer research. Owing to the robust demand for oncology and other high-potency drugs (such as antibody conjugates, steroids, and IV fluids that require quick onset of action), cytotoxics are expected to be the key growth drivers for the injectable dose formulation segment.
- Injectable drugs provide higher returns, as compared to other drug formulation types. Therefore, higher ROI, therapeutic efficiency, and rapid onset of action are expected to drive the growth of the injectable formulation segment.
- Robust growth rates may be expected from the number of promising late-stage clinical compounds in the pipeline for cancer therapy. Anti-cancer drugs represent a significant share of nearly 50% of the pipeline products.
- The majority of the biologic drug product formulations as well as fill and finish services are being outsourced to CMOs, while the big pharmaceutical companies focus on the discovery and development of drug substrates and products. Although other dosage formulation manufacturing involves lesser capital investment and operating costs, the profit margins are higher for sterile injectable dose formulations.

India Occupies Significant Market Share

- With the advent of multinational pharmaceutical organizations and their rapidly growing presence in India, the concept of contract manufacturing has steadily evolved and quickly adapted to encompass services, such as formulation development, basic manufacturing of medicinal products, stability studies, and various stages of clinical trials.
- India has a far superior advantage, over many nations, in the basic manufacturing of medical drugs and products due to resources, such as large manpower, knowledgeable workforce, and WHO-GMP approved production principles.
- Scale-up of drug synthesis and late clinical trials have become a profitable protocol in this region. Along with it, DTAB (Drug Technical Advisory Board) has agreed to grant waiver to late stage (Phase III) studies of certain drugs in India, which are from the regulated markets of Europe and the United States. This incentive step translates into enormous cost savings for pharmaceutical companies, thereby increasing their focus on India.
- The COVID -19 outbreak is expected to hit India's pharmaceutical sector as well; in fact, it has already started. Indian drug manufacturers are dependent on China for sourcing their drug ingredients or active pharmaceutical ingredients (API) to a large extent. The prices of key ingredients for the manufacturing of drugs are rising on account of the virus outbreak. According to data available with the Pharmaceutical Export Promotion Council (Pharmexcil), the cost of key ingredients has gone up by 50- 60% already.
- Latest data compiled by India's drug regulatory authority revealed that 57 APIs required for crucial antibiotics, vitamins, and hormones or steroids may go out of stock, in case of a prolonged lockdown in China. This may, in turn, have a significant effect on the pharmaceutical manufacturing industry.

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APAC Pharmaceutical Contract Manufacturing Industry Overview

The Asia Pacific pharmaceutical contract manufacturing organization market is moving towards highly fragmented market. The large pharmaceutical companies are increasingly outsourcing their production of drugs to CMOs, in order to reduce the cost of production, working capital requirement, and time to market, or to obtain a specific expertise not available in-house. This is increasing competition between vendors. Vendors are expanding across regions and are forming strategic and collaborative initiatives with companies to increase their market share and their profitability. Some of the recent developments in the market are:

- November 2019 - Jubilant Biosys announced commencement of two expansion projects in Greater Noida and Bengaluru India, owing to growing customer demand for its range of functional and integrated drug discovery services. It started design and construction of brand new and state-of-the-art chemistry services laboratories on the existing Jubilant Greater Noida site. The chemistry FTE capacity will be doubled, and operations are expected to commence from H2 2020. The new site can accommodate up to 500 Chemistry FTE's.
- November 2019 - Boehringer planned a capacity expansion at its commercial manufacturing site for biologics in China. The expansion covers an additional bioreactor and includes all needed utility and infrastructure to support the GMP operations of 2x 2,000L single use bioreactor manufacturing lines.

Additional Benefits:

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

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