London – 22 September 2016 - Australia’s pharmaceutical market is set to rise from just over $22.85 billion in 2016 to $25.2 billion by 2020, registering a compound annual growth rate (CAGR) of 2%, according to research and consulting firm GlobalData.

The company’s latest report states that this modest growth will be driven by good market access to pharmaceutical drugs, increasing awareness of the need for the early detection of lifestyle and chronic diseases, the subsidized cost of prescription medicines through the Pharmaceutical Benefits Scheme (PBS) for all eligible patients, and the annual addition of new drugs to the PBS drug list.

Currently, the pharmaceutical market in Australia represents a knowledge-based, technology-intensive industry, and is positioned to advance Australia’s economic output and social wellbeing. The industry receives significant financial support from the government through the sale of medicine listed in the PBS and the R&D tax incentive, and there are 140 separate firms listed as suppliers to the PBS.

There are a number of opportunities open to companies hoping to invest in the Australian pharmaceutical industry, including increasing foreign direct investment (FDI), the emerging generic drugs market, and a favorable tax environment, in which the Export Council of Australia and the Medical Technology Association of Australia have proposed Australian Innovation and Manufacturing incentives to reduce the tax payable on profits derived from the commercialization of intellectual property.

Australia welcomes foreign investment and recognizes its importance in boosting economic growth, developing competitive industries, creating jobs and increasing exports. In 2014, FDI was estimated at $46.3 billion, having grown at a CAGR of 0.4%. As of that year, Australia had held a position as one of the top 10 global destinations for FDI for three consecutive years.

In terms of the generics market, the emphasis being placed by the PBS on the usage of generics will spur growth. Although this may constrain market valuations, it will open up the market to generic competition and stimulate the growth of the local generic manufacturing industry.