GlobalData

London – 28 September 2016 - The pharmaceutical market in Malaysia in set to grow from $2.3 billion in 2015 to $3.6 billion by 2020, registering a compound annual growth rate of 9.5%, according to research and consulting firm GlobalData.

The company's latest report states that the main drivers of this substantial growth include medical tourism, a lack of strict price regulation, a rising disease burden, and a lack of dependence on imported branded products. The prevalence of non-communicable disease is increasing due to changes to food and lifestyle habits, and a growing elderly population, which accounted for 7% of the population in 2015.

Government initiatives aimed at increasing investment in the pharmaceutical industry, such as Entry Point Projects and National Key Economic Areas, have so far been successful. Under these initiatives, the government will provide dedicated drug manufacturing facilities for large-volume production of generic drugs, raise entry requirements for imported generic drugs, enhance R&D capabilities to develop novel and higher value-added products, and ensure that novel and patented drugs are manufactured locally to qualify for government procurement.

The government is also actively trying to attract medical tourists, announcing in 2015 that it would provide significant tax exemptions on the development of health infrastructure. In 2015, 850,000 medical tourists visited Malaysia, 80% of which came from Thailand and Singapore, and the country currently has 71 hospitals that are registered with the Malaysia Healthcare Travel Council.

In terms of domestic pharmaceutical companies, most focus on generic drugs, spending very little on R&D activities and therefore restricting the scope of domestic companies to establish themselves either within Malaysia or through exports. Currently, the five leading pharmaceutical companies are Pharmaniaga Berhad, Chemical Company of Malaysia Berhad (CCM), Yung Shin Pharmaceutical, Hovid, and Kotra Pharma.