

# **The Structure of Pharmaceutical Industry in China**

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2014.9.16

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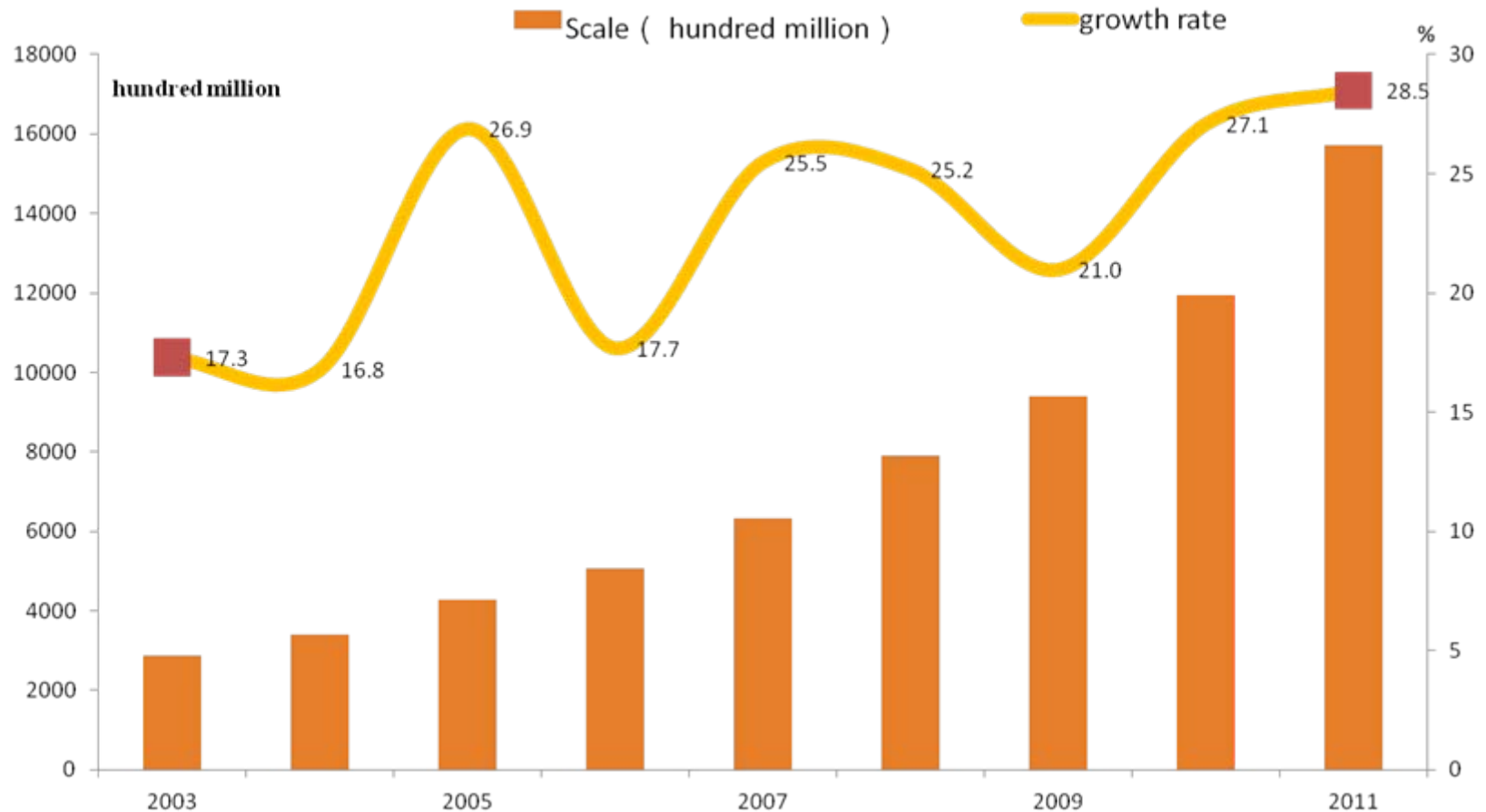
- The scale and distribution of pharmaceutical production industries
- The scale and distribution of pharmaceutical distribution enterprises
- The main challenges and development

# **The scale and distribution of pharmaceutical production industries**

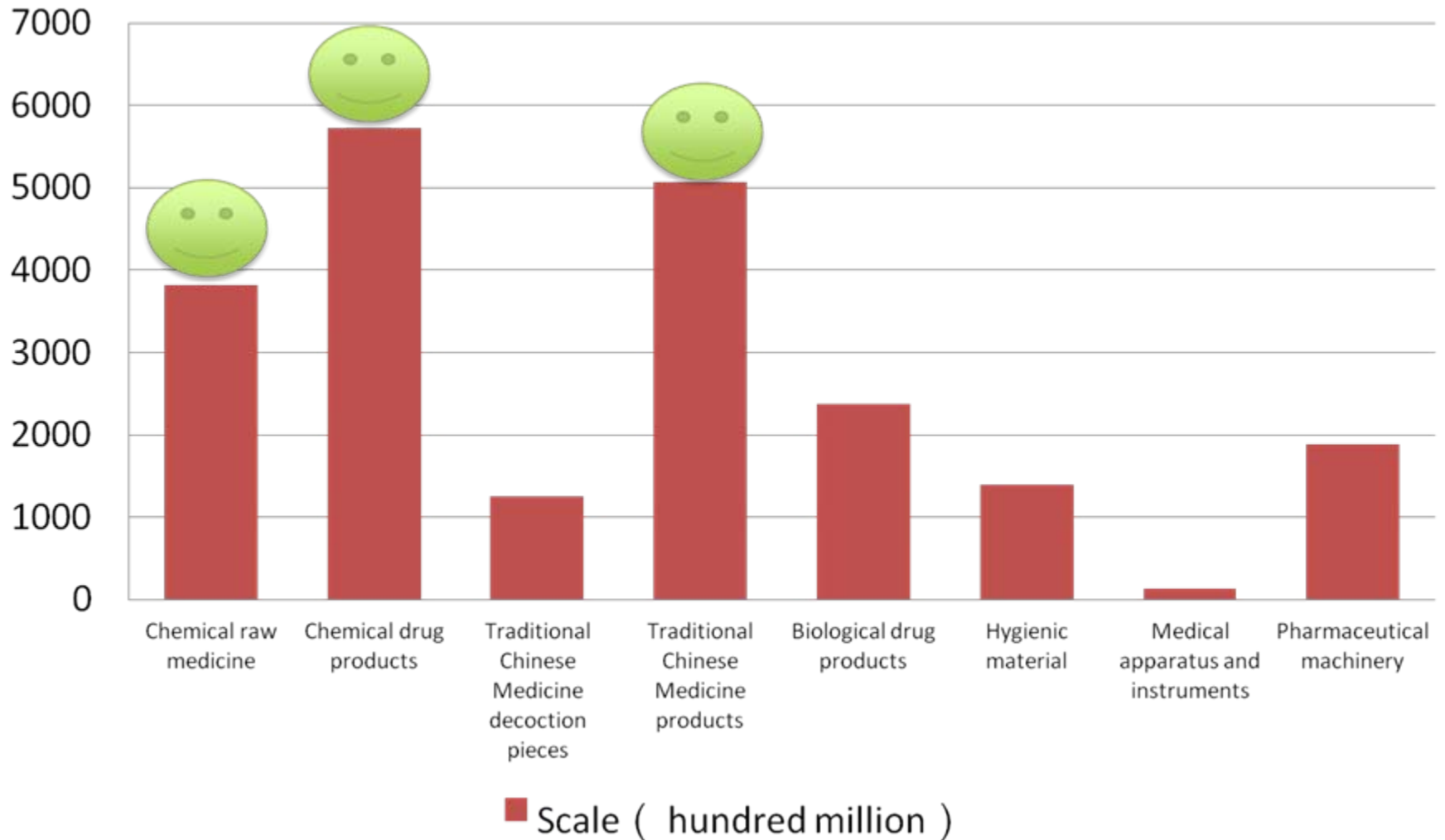
# The sub-pharmaceutical industries in China

- 8 sub-pharmaceutical industries in China :
  - **Chemical raw medicine**
  - **Chemical drug products**
  - **Traditional Chinese Medicine decoction pieces**
  - **Traditional Chinese Medicine products**
  - **Biological drug products**
  - Hygienic material
  - Medical apparatus and instruments
  - Pharmaceutical machinery

# The production scale and growth rate of pharmaceutical industries in China

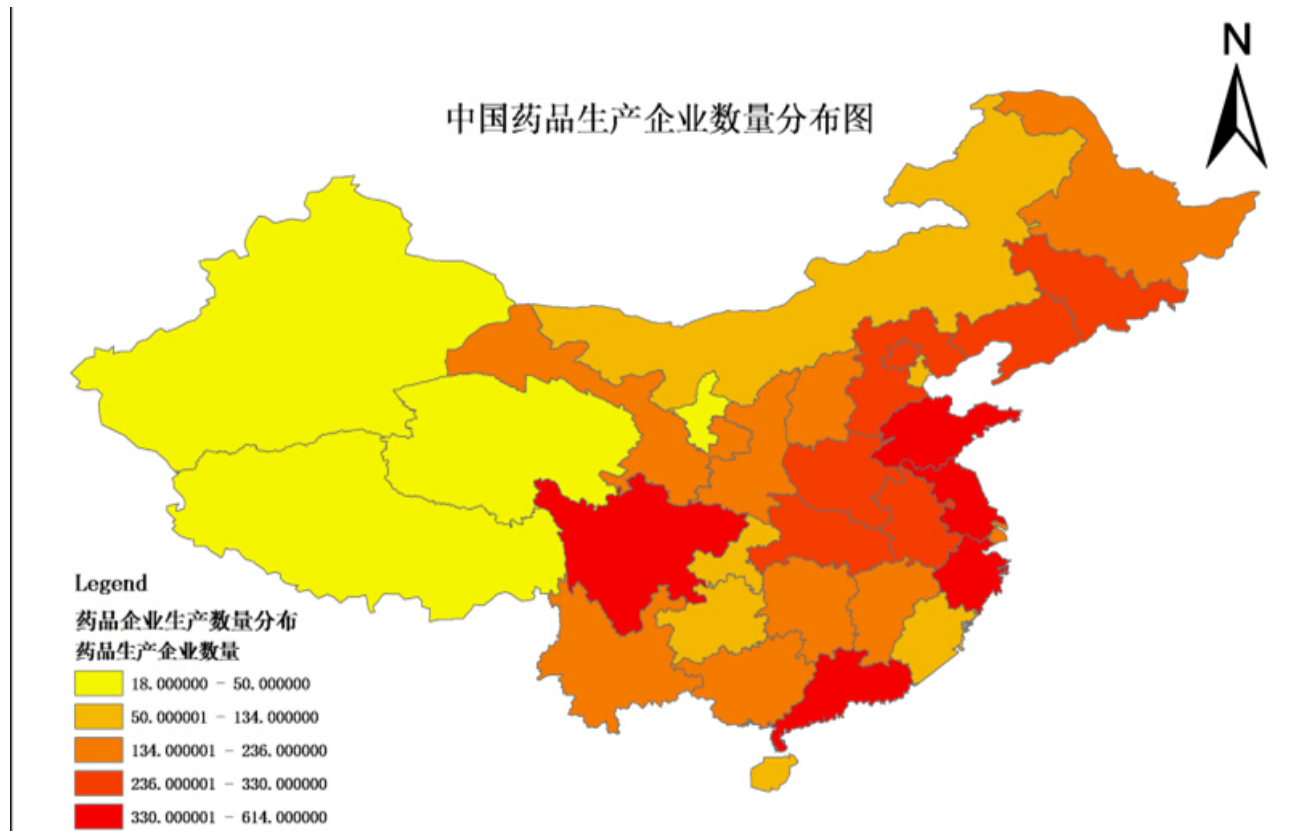


# The production scale of 8 sub-industries in China in 2013



# The distribution of pharmaceutical production industries in China

- Total 7047 pharmaceutical production industries (source: NFDA, July 2014)



# **The scale and distribution of pharmaceutical distribution enterprises**

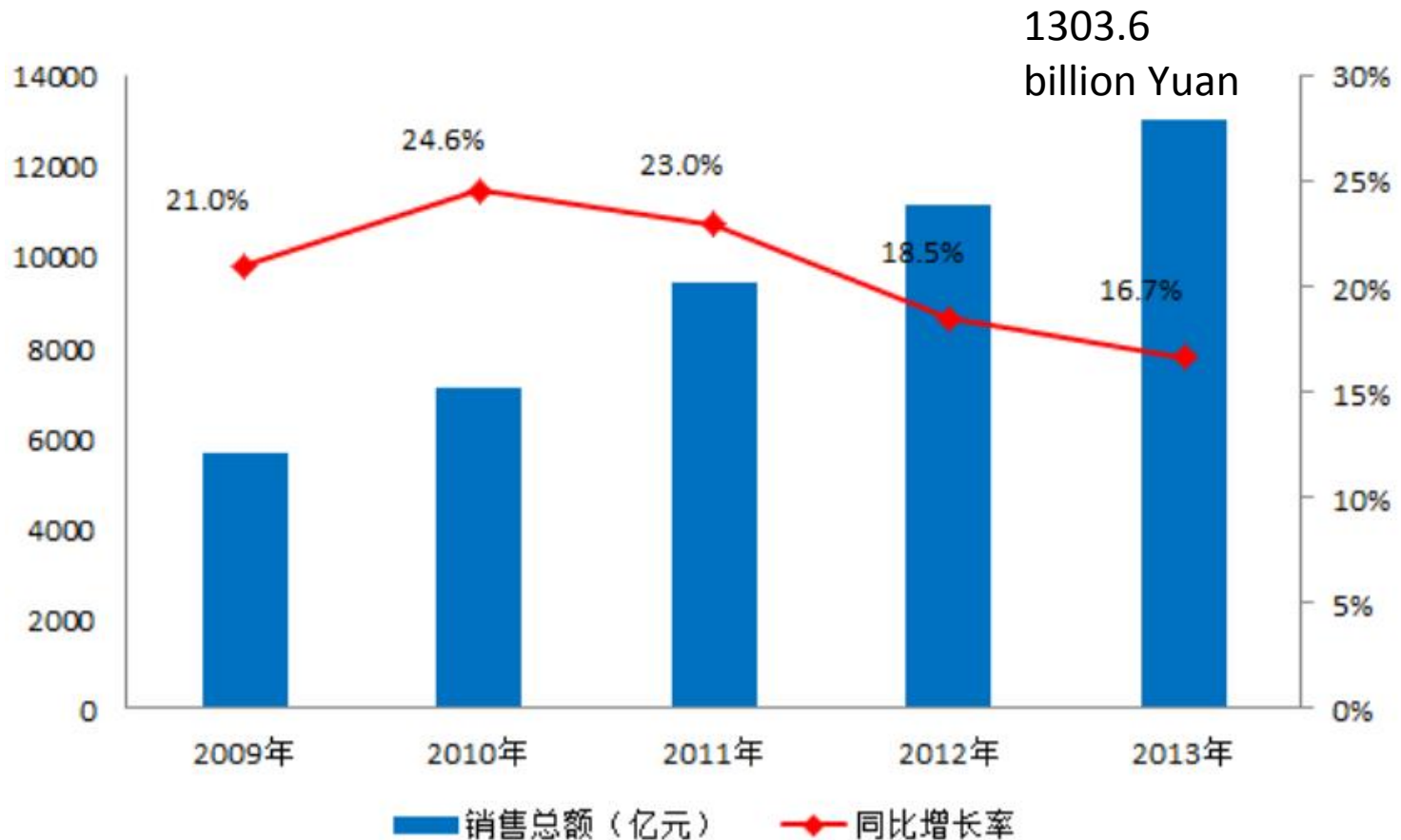


# **The scale of pharmaceutical distribution enterprises in China**

- Up to the end of 2012, there were 16300 wholesalers; 3107 chain retailers with 152,600 monomer retail stores; and 271,100 monomer retail stores.

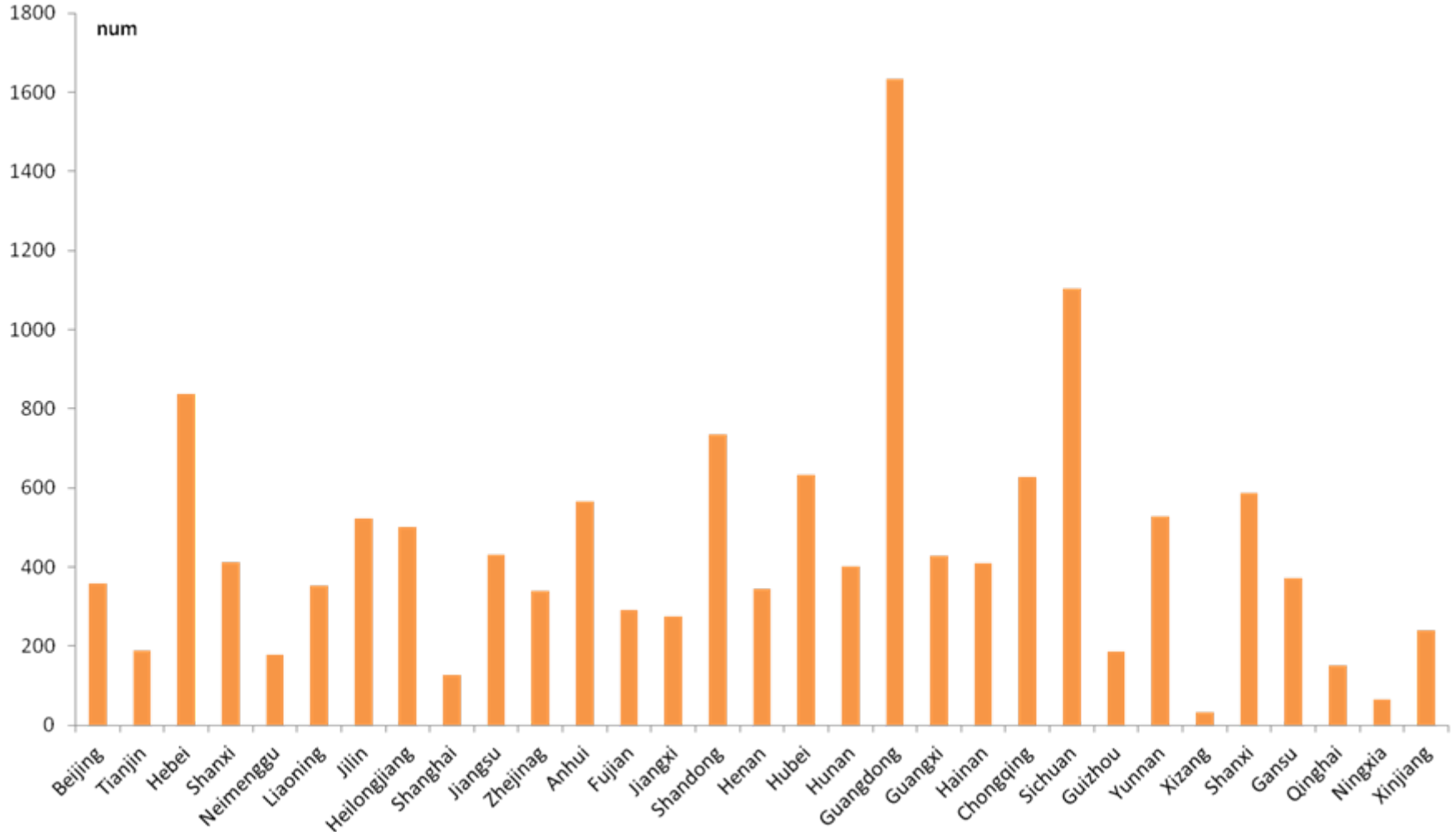
# The scale of pharmaceutical distribution enterprises in China

The **drug pricing policy** would be one of the main reason that slower the growth of drug sales

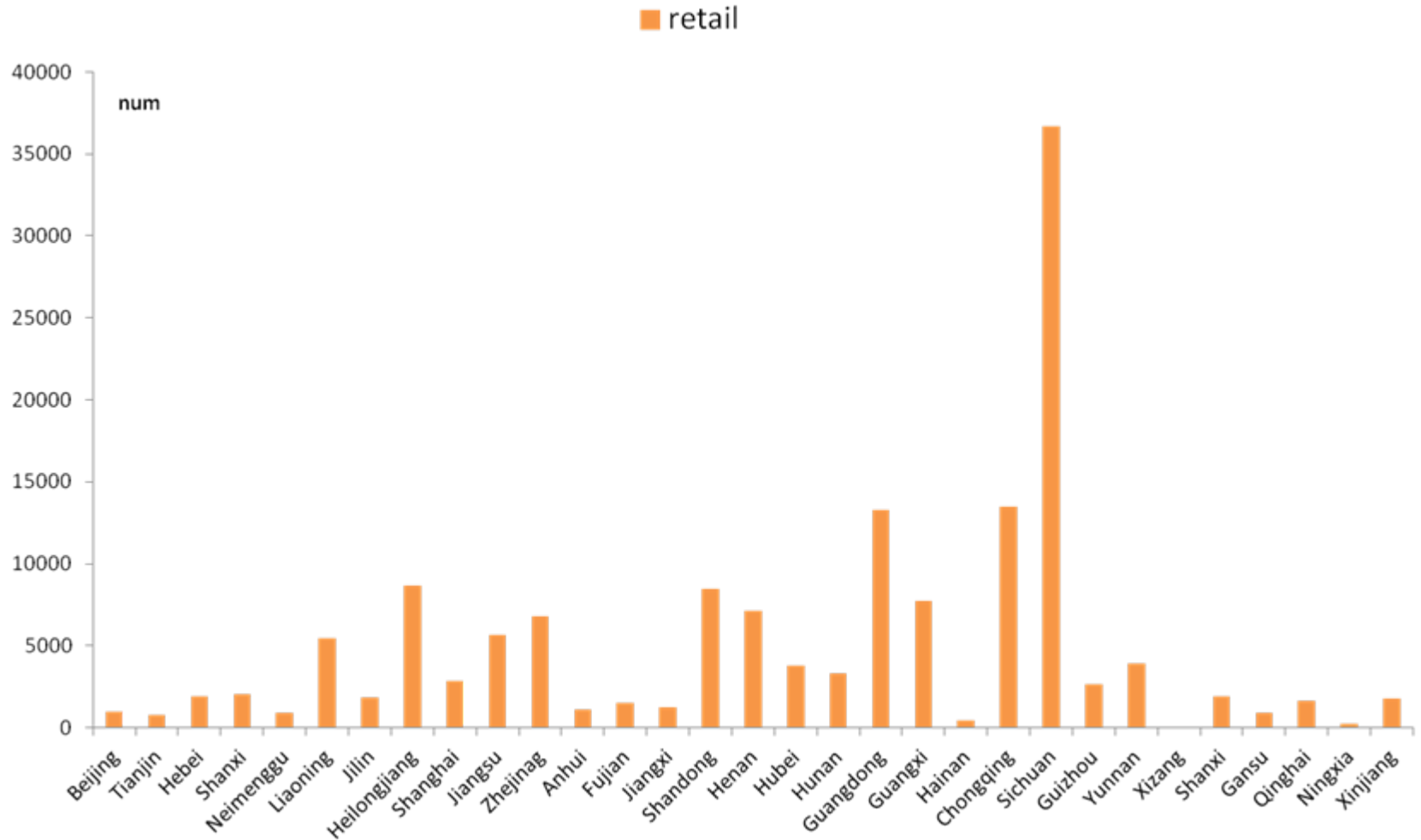


# The distribution of pharmaceutical wholesalers

wholesale



# The distribution of pharmaceutical retailers



# The market concentration of drug industries

Production industries	wholesalers	Retailers
<ul style="list-style-type: none"><li>• Top 10 in the world: 41.9%</li><li>• Top 10 in America: 52.33%</li><li>• Top 10 in China: 15.2%</li><li>• Top 100 in China: 44.2%</li></ul>	<ul style="list-style-type: none"><li>• Top 3 in EU: 65%</li><li>• Top 3 in America: 96%</li><li>• Top 3 in China: 26.7%</li><li>• Top 100 in China: 78%</li></ul>	<ul style="list-style-type: none"><li>• Top 3 in America: 72.9%</li><li>• Top 3 in China: 5.54%</li><li>• Top 100 in China: 39.05%</li></ul>

Source: SFDA south medical economic research institute

# **The main challenges and development**

- With many producers and wholesalers, small scale and lower market contribution are the main characteristics of drug industries in China
- Structure adjustment is the mainline of pharmaceutical industry development
- The implementation of GMP and GSP would further improve the quality of drug products and speed up industry restructuring.

- Further strengthening the surveillance of drug industries for keeping the drug safety and quality is still the main concern of Chinese government
  - Identify the key producers
    - What kind of production from 8 sub-producers?
    - In which province?
    - What are the main problems?
  - Identify the key distributors
    - In which province?
    - What are the main problems?



- The potential factors impact the development of drug industry
  - Essential medicine policy
    - The drug producers and distributors
      - Some productions dropped out the market
      - The market restructuring of distributors, especially in the rural areas
  - Public hospital reform
    - the impact of the change of type and amount of drug use in the public hospitals on the development of drug industry

***Thanks!***