The Structure of Pharmaceutical Industry in China

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• 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

1303.6 billion Yuan
The distribution of pharmaceutical wholesalers
The distribution of pharmaceutical retailers
The market concentration of drug industries

<table>
<thead>
<tr>
<th>Production industries</th>
<th>wholesalers</th>
<th>Retailers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 10 in the world: 41.9%</td>
<td>Top 3 in EU: 65%</td>
<td>Top 3 in America: 72.9%</td>
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<tr>
<td>Top 10 in America: 52.33%</td>
<td>Top 3 in America: 96%</td>
<td>Top 3 in China: 5.54%</td>
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<tr>
<td>Top 10 in China: 15.2%</td>
<td>Top 3 in China: 26.7%</td>
<td>Top 100 in China: 39.05%</td>
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<td>Top 100 in China: 44.2%</td>
<td>Top 100 in China: 78%</td>
<td></td>
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</tbody>
</table>

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!