

THE PHILIPPINE PHARMACEUTICAL INDUSTRY

Industry Players

- 1 The Philippine pharmaceutical industry remains dominated by multinational companies (MNCs) such as GlaxoSmithKline Philippines, Pfizer, Wyeth, Abbott Laboratories, Novartis, Astrazeneca, Sanofi-Aventis, Johnson & Johnson, Boehringer Ingelheim, Roche, Bristol Myers Squibb, Bayer, Schering Plough, MSD, Servier Philippines, and Merck Inc.
- 2 There are Filipino-owned manufacturers which are manufacturing for themselves and/or for other companies. The local manufacturers include United Laboratories (along with its subsidiaries namely Asian Antibiotics, Amherst, and Westmont), Pascual Laboratories, AMEuropharma, AD Drugstel, Euro-med, among others.
- 3 The other manufacturers are so-called toll manufacturers because they are primarily contracted by drug traders to manufacture, process, package, or repackage the latter's drug products. These companies include Lloyd laboratories, Hizon Laboratories, Swiss Pharma, Ace Pharmaceuticals, and Allied.
- 4 The two groups are not mutually exclusive such that there are companies which exhibit the characteristics of both groups. Pascual and United Laboratories, for instance, manufacture their own brands and distribute these through their own subsidiaries.
- 5 **Total Philippine Market Share in Ethical Spaces, Top 10 Corporations**
Source: Pharmaceutical and Healthcare Association of the Philippines (PHAP)
Initial Source of Data: MAT Dec 2014 Drugstore and Hospital Sales Audit; IMS Health
 - United Laboratories
 - Pfizer
 - Glaxo SmithKline
 - Boehringer Ingelheim
 - Sanofi Aventis
 - Merck Sharp & Dohme
 - Novartis
 - Astrazeneca
 - Cathay Drug
 - Natrapharm
- 6 **Total Philippine Market Share OTC Spaces, Top 10 Corporations**
Source: Pharmaceutical and Healthcare Association of the Philippines (PHAP)
Initial Source of Data: MAT Dec 2014 Drugstore and Hospital Sales Audit; IMS Health
 - United Laboratories
 - Pfizer
 - Johnson & Johnson
 - Taisho
 - Intermed Mktg.
 - Pascual Laboratories
 - Glaxo SmithKline
 - Boehringer Ingelheim
 - Sanofi Aventis
 - Abbott Laboratories

Employment

- 7 The increase of activities in the manufacturing and retail activities in the pharmaceutical industry has generated more employment in 2014 with 31,000 jobs.

Trade Performance (As of 8 March 2017, FOB Value in US\$)

	2012	2013	2014	2015	2016
Exports	64,702,436	48,636,835	59,771,603	40,981,744	69,388,775
Imports	904,484,369	995,491,770	1,010,293,680	1,095,370,085	1,347,733,625

Source: Philippine Statistics Authority (PSA), as processed by DTI-EMB

- 8 The top 5 market of Philippine pharmaceutical exports for 2016 are Thailand, Singapore, Vietnam, Japan, and Australia.
- 9 The Philippine export of pharmaceutical products for 2016 consists of medicines containing amoxicillin or its salts, for taking orally; sodium chloride solution (medicaments); medicines containing acetylsalicylic acid, paracetamol or dipyron; medicines containing chlorpheniramine maleate; medicines containing piroxicam or ibuprofen; veterinary medicaments; cotton specialties (including cotton-tipped applicators); syrups and drops of vitamins, of a kind suitable for children; medicines containing o-methoxyphenyl glyceryl ether (Guaifenesin); medicines containing piperazine or mebendazole; medicines containing isoniazide, pyrazinamide or derivatives thereof, for taking orally; medicines containing dexamethasone or its derivatives; analgesic balm oil, solid or liquid; medicines containing salbutamol; 5% glucose solution; plasma protein solution; medicines containing vitamins; antibiotics for veterinary use; vaccines for veterinary medicine; rabies vaccines; penicillin for veterinary use; nose-drop medicaments containing naphazoline, xylometazoline or oxymetazoline; antiseptics; medicated candies, cough syrups and cough drops; adhesive dressings; medicated bandages, gauze, wadding,
- 10 The rising importation on pharmaceutical products shows that there is an increasing demand in the market which the local manufacturers have yet to supply. This is manifested by the growth of retail outlets in the provinces that provide quality and affordable medicines. For 2016, the top 5 countries which the Philippines sourced its pharmaceutical products are India, France, Germany, Indonesia, and Switzerland.

Demand

- 11 In 2011, a study conducted by the Philippine Institute for Development Studies (PIDS) stated that the Philippines is one of the biggest pharmaceutical markets in the ASEAN region, next only to Indonesia and Thailand as it is valued at Php126.91 billion. It has been on the rise for the past years as can be manifested by increased manufacturing activities wherein both the local and foreign pharmaceutical companies contributed to its growth.
- 12 Using the per capita spending figures from PSA and the projected population, out-of-the-pocket expense for medicines by the total population in the Philippines has been estimated by PIDS covering the period of 2006 to 2015. Population is projected to grow by 2.04 percent annually. The projections indicate that out-of pocket demand for drugs and medicines will reach around P220 billion in 2015.

*Projected Out-of-Pocket Demand for Drugs and Medicines, 2006-2015**

Year	Per Capital Spending (in pesos)	Population	Total Spending (in billion pesos)
2006	529	86,352,905	45.68
2007	617	88,114,504	54.40
2008	720	89,912,040	64.78
2009	841	91,746,246	77.14
2010	981	93,617,869	91.85
2011	1,145	95,527,674	109.38
2012	1,336	97,476,438	130.25

2013	1,559	99,464,958	155.10
2014	1,820	101,494,043	184.70
2015	2,124	103,564,521	219.94

Source: PIDS

* Based on assumption that per capita spending will increase by 16.7% annually, the rate posted between 2003 and 2006, and population grows annually at an average rate of 2.04%.

Government Programs

13 Healthcare as a priority of the Government - Three (3) of 10 economic agenda of President Duterte directly touch on healthcare:

- Invest in human capital development, including health and education systems, and match skills and training to meet the demand of businesses and the private sector
- Improve social protection programs, including the government's Conditional Cash Transfer program to protect the poor against instability and economic shocks.
- Strengthen implementation of the Responsible Parenthood and Reproductive Health Law to enable especially poor couples to make informed choices on financial and family planning

14 In order to meet the growing demands for medicines, the Philippine government has programs which aim to enhance availability and access to low-priced quality essential medicines to all Filipinos, specially the poor. Access is measured based on the estimated percentage of the population with access to at least 20 essential medicines. In order to do so, the government implemented the following programs:

- Parallel Drug Importation Program – In 2000, the DOH has initiated this program as an innovative strategy to reduce the costs of essential medicines and to ensure that affordable, high quality, safe and effective drugs and medicines are always available, especially to the poor.
- Promotion of generic drugs – The Generic Act of 1988 or RA 6675 was issued to promote, require and ensure the production of an adequate supply, distribution, use and acceptance of drugs and medicines identified by their generic names. Policies were also crafted and implemented by the DOH, in cooperation with then BFAD, now FDA, that intend to break the trends of imperfect market practices and monopolies/ oligopolies in the pharmaceutical sector.
- RA 9502 or the “Universally Accessible Cheaper and Quality Medicines Act of 2008” was also issued. It was intended to achieve two correlated goals:

Reduce the cost of medicines, especially those that are commonly bought by the poor, to 50% of their 2001 prices and make these available nationwide; and

Require and ensure the production of adequate supply, distribution, use and acceptance of medicines identified by their generic names, which are priced much lower than patented drugs mainly produced by multinational corporations.

- The Dangerous Drugs Act of 1972 (Republic Act No. 6425) – RA 6425 provides for the penalty imposed on the manufacture, importation, use, sales, administration, delivery, transportation, etc. of prohibited drugs and regulated drugs
- Comprehensive Dangerous Drugs Act of 2002 (Republic Act No. 9165) – repeals RA 6425
- Special Law on Counterfeit Drugs of 1997 (Republic Act No. 8203) – RA 8203 is a domestic drug regulation that served as a non-tariff barrier. Its Implementing Rules and Regulations that “unregistered imported drug products that have counterpart registered brands in the Philippines shall be considered as counterfeit”.

15 DTI's Manufacturing Resurgence Program (MRP) – This has been identified as one of the priority programs of government. The MRP, which is being led by DTI through its Industry Development Program (IDP), aims to rebuild the existing capacity of industries, strengthen new ones, and

maintain the competitiveness of industries with comparative advantage. It consists of projects and sub-programs that will enhance the competitiveness of the Manufacturing Industry, one of which is the Roadmapping Project of the DTI-BOI. The MRP aims to increase the contribution of manufacturing to 30% of GDP and 15% of employment by 2025.

Currently, there are already 44 industry roadmaps (36 completed, 8 draft) at various levels of implementation.

- 16 The Philippine Pharma Procurement, Inc. (PPPI), formerly known as PITC Pharma, Inc. (PPI), is a subsidiary of the Philippine International trading Corporation (PITC) and an affiliate of the National Development Corporation (NDC). It is the only pharmaceutical government-owned and controlled corporation (GOCC) tasked to provide low-priced quality ensured medicines to the Filipino people and to which the pharmaceutical operation of PITC was transferred to. Under EO 54, PPPI was placed under the DTI to improve policy and program coordination relative to the government's procurement and importation of drugs and medicines under RA 9502 or otherwise known as the Universally Accessible Cheaper and Quality Medicines Act of 2008. PPPI's roles as mandated under Ra 9502 are as follows:
- Undertake direct importation for government agencies and offer the same facility to private parties.
 - Establish a common facility for pooled procurement.
 - Assist in the implementation of cost-containment measures, i.e., support hospital pharmacies, making available low-cost quality medicines and rational and complete drug treatment packs.
 - Provide support to the DOH in the determination of the Maximum Retail Price (MRP).

Other Information

- 17 Raw materials are almost 98% imported (USA, Europe, Japan). Only a few local raw materials are available in the country:

Herbal raw materials
Sugar
Alcohol

Countries that make their own raw materials (like China and India) are very competitive in terms of pricing.

- 18 Majority of multinational companies have their products sourced globally from other countries. Only about 30% is locally produced through toll manufacturers.
- 19 The trend is towards generics products and preventive medicine but branded medicines will still dominate the market because of the influence of the doctors.

Industry Associations

- 20 Pharmaceutical & Health Association of the Philippines (PHAP)
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- 21 Philippine Pharmaceutical Manufacturers Association (PPMA)
Address: Rm. 1217, Cityland 10 Tower II, Ayala Avenue cor. HV dela Costa St., Makati City, Philippines
Tel. No.: (+63 2) 893-4230
Fax No.: (+63 2) 753-1040

- 22 Philippine Chamber of Pharmaceutical Industry, Inc. (PCPI)
Address: 136-B Scout Fuentebella St., Barangay Sacred Heart, Quezon City, Philippines
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