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Date : 22-02-2010

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Chinese API sector declines in 2009; but set for growth, report

By Gareth Macdonald, 22-Feb-2010

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http://www.in-pharmatechnologist.com/Materials-Formulation/Chinese-API-sector-declines-in-2009-but-set-for-growth-report/?c=XfWYkIywQKKC2%2FKDWz3TIw%3D%3D&utm_source=newsletter_daily&utm_medium=email&utm_campaign=Newsletter%2BDaily

The Chinese API sector shrank last year after a number of high profile quality problems hit demand from Western markets, according to new analysis by outsourcing consultant JZ Med.

The report, “*The New Trend of API Sourcing and Contract Manufacturing in China*,” reveals that the Chinese active pharmaceutical ingredient (API) sector was worth \$31bn (£23bn) in 2009, 3 per cent less than the previous year.

It also shows that revenue from API exports fell around 8 per cent over the last 12 months to just over \$16bn.

JZ attributes the decline to falling demand in regulated Western drug markets arguing that, in addition to the downturn’s impact on spending, pharma firms have been put off by recent quality problems with APIs sourced from China.

Growth opportunities for QA and QC firms

Ironically however, JZ goes on to suggest that the quality factor may ultimately drive growth, because it has stimulated an increasing number of Chinese API makers are beginning to adopt Western manufacturing practices.

This, coupled with the price advantages that Chinese APIs still offer, will see the sector expand 5 to 8 per cent to \$33bn this year and grow around 15 per cent a year to a value of \$65bn by 2015.

JZ also suggests that the move towards quality control standards set out by the US Pharmacopeia (USP) and the European Pharmacopeia (EUP), is creating opportunities for western consulting groups.

The firm says that: “*a number of foreign companies possessing specialty in quality control also rushed to China to help Chinese companies upgrade their quality control system and management.*”

“*As a result of all these efforts, at present a fairly large number of drug companies from all over the world are still sourcing APIs in China or outsourcing the manufacturing work to the Chinese companies.*”