

Opportunities open up for SA drug companies

By [Tamar Khan](#)

17 Jan 2013

Sub-Saharan Africa offers significant opportunities for SA's pharmaceutical manufacturing companies, as a growing middle class and an increasing disease burden push up demand for medicines, according to research by Frost & Sullivan.

Pharmaceutical sales in sub-Saharan Africa generated revenues of US\$2.28bn in 2011 and were forecast to reach US\$5.02bn in 2018, the research company said on Wednesday (16 January).

Growth in these markets would be driven by strong underlying economic growth that would give a greater proportion of the population a disposable income available for spending on pharmaceutical products, it said.

There are four pharmaceutical companies listed on the JSE: Aspen Pharmacare, Adcock Ingram, Cipla Medpro and Litha Healthcare. Aspen has factories in Kenya and Tanzania, while Adcock Ingram manufactures drugs in Ghana and has a presence in Kenya. Both export medicines into surrounding territories.

"From an export market perspective, Africa is attractive to SA's pharmaceutical companies, said Frost & Sullivan researcher Ryan Lobban.

"Aspen is already quite active outside SA and has made various acquisitions, with manufacturing facilities in Tanzania and Kenya. The key thing is how companies position themselves to enter these markets and how they partner with local distributors and manufacturers," said Lobban.

Partnerships with local manufacturers would become increasingly important if other African countries moved towards public sector tenders that gave preference to locally made medicines, as SA had done, said Lobban.

"There has been a lot of talk about trying to bolster regional procurement, and standardising legislation across regions. There has also been talk of trying to establish greater local manufacturing capacity. Implementation is however at an early stage," he said.

Challenges to growth in sub-Saharan Africa were posed by counterfeit medicines, and parallel imports, he said.

Counterfeit medicines recently proved a headache for Adcock Ingram, which was forced to recall and then relaunch its painkiller Dawanol in Kenya after the market was flooded with fakes.

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