



WINDOW OF OPPORTUNITY

India's pharmaceutical exports to China have enormous growth potential and could play a vital role in reducing the bilateral trade deficit. **By Ramesh Chakrapani**

The Chinese market potential

China is the **second-largest** pharmaceutical market in the world.

It is expected to grow to **\$167 billion** by 2020.

Total healthcare expenditure is **expected to hit \$1.1 trillion** by 2020.

India's **exports to China grew** from \$145.45 million in 2016-17 to \$200.46 million in 2017-18 and \$230.19 million in 2018-19.

U.S. exports to China touched \$2 billion in 2015, **zooming from \$617 million** in 2010.

Generics dominate Chinese pharma market, accounting for 64 per cent of total sales.

During his Indian visit in October, Chinese President Xi Jinping said that his country invited investments from Indian pharmaceutical companies, bringing into the spotlight the size of India's exports to China and the potential of the Chinese market in general.

According to statistics from the Department of Commerce, India's pharmaceutical exports to China have been growing at a brisk pace in recent years but they remain far lower than exports to several other traditional markets.

The total value of exports touched \$16,785 million in the 2016-17 fiscal and rose 2.95 per cent to \$17,281 million in 2017-18, before growing 10.72 per cent to \$19,134 million in 2018-19.

In 2018-19, the United States was the top export destination, accounting for a lion's share of 30.42 per cent of export revenue (\$5,820.41 million). It was followed by the United Kingdom (\$630.17 million), South Africa (\$619.08 million), Russia (\$485.55 million) and Brazil (\$452.05 million).

China ranked 17th, accounting for \$230.19 million in 2018-19. However, it was a 14.83 per cent growth from the previous year, when exports were worth \$200.46 million.

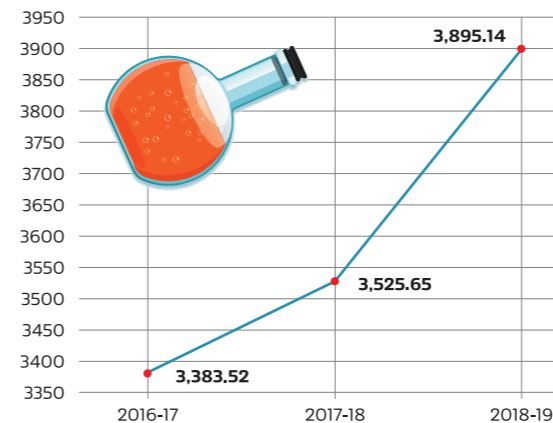
According to www.census.gov, the U.S. exported \$3.02 billion worth of pharmaceutical preparations to China in 2018, compared with \$2.69 billion in 2017 and \$2.17 billion in 2016.

A report by the U.S. Department of Commerce in 2016 said that China was the second largest pharmaceutical market in the world, "forecasted to grow from \$108 billion in 2015 to \$167 billion by 2020".

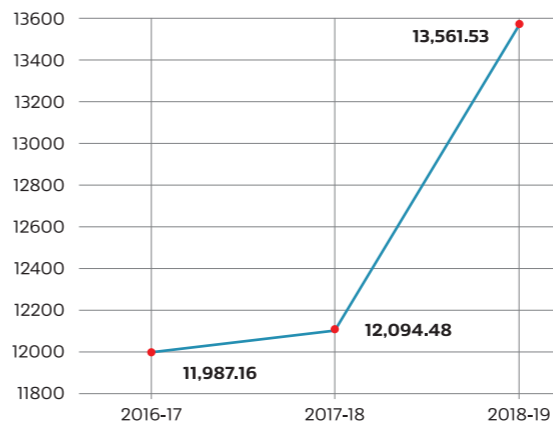
The report also said that total public and private healthcare expenditure in China, which reached \$640 billion in 2015, was expected to nearly double to \$1.1 trillion by 2020.

"Generics dominate with a hefty 64 per cent of total sales," it said, adding that the Chinese generics market was projected to reach \$80 billion in 2017.

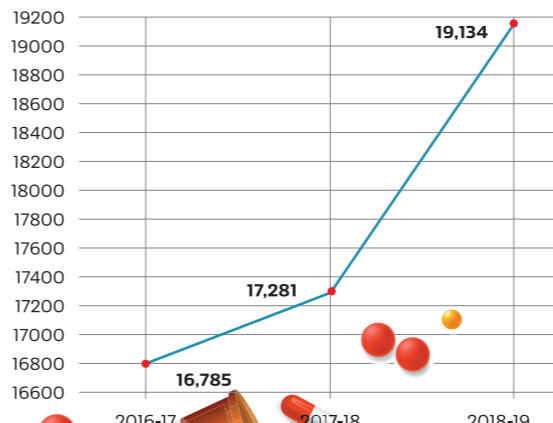
Exports of bulk drugs and drug intermediates (\$ million)



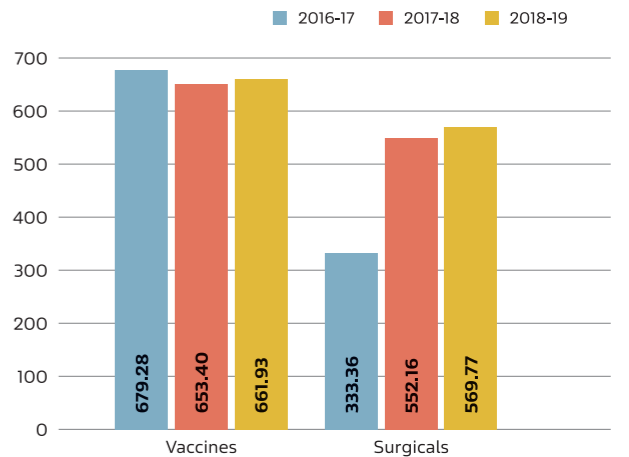
Exports of drug formulations and biologicals (\$ million)



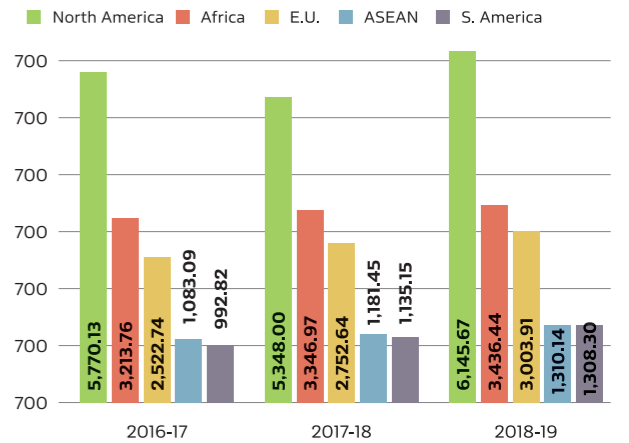
India's pharmaceutical exports in recent years (\$ million)



Exports of vaccines and surgicals (\$ million)



Pharmaceutical exports by region (\$ million)



Top export destinations in 2018-19 (plus China, ranked 17th)

