



Qatar's Pharmaceutical Sector

Sector Analysis

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1. Global Pharmaceutical Sector Overview:

The Covid-19 pandemic placed considerable strain on the global healthcare system, including the pharmaceutical industry. However, global forecasts indicate a period of remarkable expansion in the pharmaceutical sector in the years ahead. A rising middle class and the increasing elderly population worldwide will primarily fuel this growth. With projections indicating a staggering 165.2% surge in the pharmaceutical market from 2020 to 2030, this sector presents lucrative opportunities for investors and stakeholders on a global scale. The post-pandemic era has provided an unprecedented boost to the industry, resulting in a record number of biopharmaceutical deals and substantial investments in healthcare systems. By 2025, the market is expected to reach \$2,051 billion, marking a 70% increase from 2020 (Doha News, 2023).

The Middle East is rapidly emerging as a significant contributor to this anticipated growth. The region's strong economic prospects and improved availability of medications create an attractive pharmaceutical investment market. Within the GCC countries, there is a notable expansion in the consumer health market, valued at \$9 billion, supported by advancements in healthcare and convenient access to personalised digital services. Key highlights in the Middle East pharmaceutical market include the increasing demand for generic drugs, valued at \$390.6 billion in 2020 and expected to reach \$574.6 billion by 2030, as well as the development of personalised medicine with a projected market size of \$796.8 billion by 2028, growing at a compound annual growth rate (CAGR) of 6.2% until 2028 (Doha News, 2023).

2. Qatar Pharmaceutical Sector Overview:

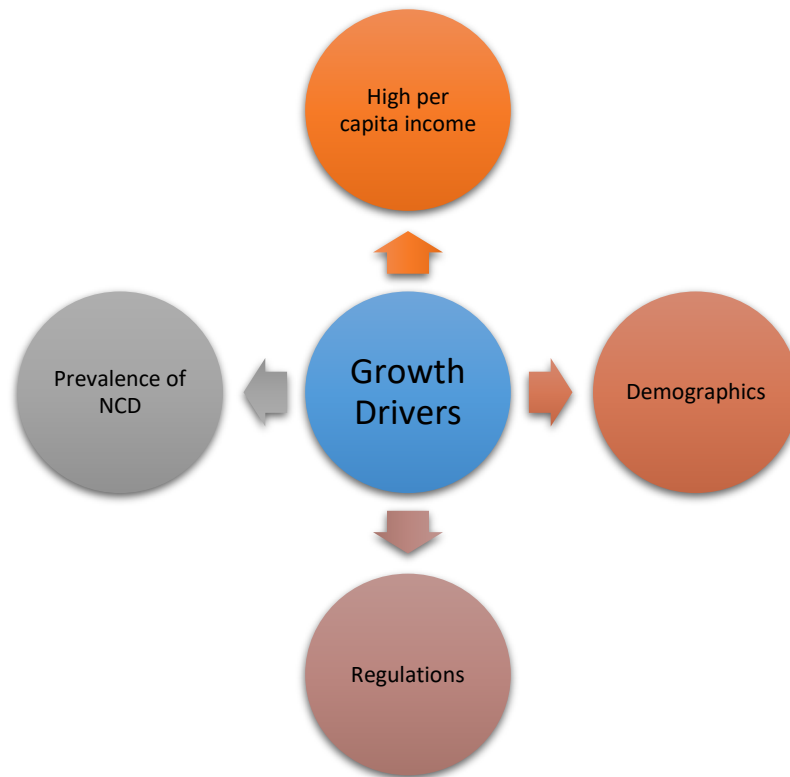
The pharmaceutical market in Qatar is currently in its early stages due to the relatively small population in the region. Qatar's pharmaceutical market size is estimated to be US\$ 421 million in 2023 (Statista, 2023). However, it is anticipated to experience significant growth in the coming years. The Qatar pharmaceutical market is projected to exceed US\$ 1 billion by 2028. This substantial growth can be attributed to several factors, including increased healthcare spending, a rise in research and development activities and the emergence of innovative biologic drugs. Additionally, the market is expected to benefit from growing government initiatives and the development of favourable reimbursement policies (Biospace, 2022).

Qatar's pharmaceutical sector is highly dependent upon imports of pharmaceutical products. The development of the pharmaceutical market in Qatar is influenced by the Ministry of Public Health's decision to eliminate government regulations on medication pricing and facilitate the entry of more importers and suppliers into the country. This shift has led to the establishment of an open market system. Although there is not a specific policy regarding the bioequivalence of generic drugs, the government is actively encouraging their use, despite the widespread reliance on branded medications in Qatar's healthcare institutions. The substantial reliance on imported and branded medicines, which are trusted and favoured by both prescribers and consumers, has driven up the Qatari government's healthcare expenditures. The government's move to eliminate price controls has impacted the affordability of medicines, with prices of certain drugs experiencing an increase.

The global healthcare system, along with the pharmaceutical industry, faced substantial difficulties during the COVID-19 pandemic. Nevertheless, Qatar has displayed impressive resilience and flexibility as the world gradually recovered from this unprecedented challenge. A pivotal factor contributing to its achievements is the Qatar National Health Strategy 2018-2022, which has established an exceptionally favourable atmosphere for pharmaceutical firms. This strategy prioritises the enhancement of healthcare services and the promotion of private sector involvement, reinforced by the government's commitment to continual growth in healthcare and private healthcare expenditure. Furthermore, streamlined distribution networks and improved healthcare access have amplified the market's attractiveness, ensuring the accessibility of critical medications. Educational institutions such as Qatar University's College of Pharmacy and initiatives like the Biomedical Research Training Programme (BRTP) play a substantial role in advancing the nation's scientific and research capabilities (InvestQatar, 2023).

4. Qatar Pharmaceutical Sector Growth Drivers

Although Qatar's market is relatively small in terms of size, the increasing prevalence of non-communicable diseases and a growing population guarantee a continuous escalation in the need for medical care. Qatar's substantial per capita expenditure on pharmaceuticals will generate fresh prospects for multinational pharmaceutical companies. The four major growth factors are as follows:



4.1. High per Capita Income

Qatar stands out as the non-OECD nation with the highest per capita income globally and also boasts the region's highest per capita healthcare spending. This elevated per capita income means that the population possesses significant purchasing power. The expansion in the pharmaceutical sector will be driven by the financial capacity of the people and the government's endeavours to diversify the economy by investing in healthcare infrastructure.

5.1. Demographics:

The Qatar pharmaceutical market is experiencing growth due to several demographic factors. These factors encompass the shifting population dynamics, characterised by an aging demographic. While the pace of population growth is expected to decelerate in the future, the larger population size and the presence of an ageing populace will continue to drive demand in the pharmaceutical sector.

Furthermore, alongside the rapidly growing and ageing population, the improvement in life expectancy is contributing to the heightened demand for healthcare services. This improvement can be attributed to advancements in the healthcare system, but it also signifies an increased requirement for medical support throughout an individual's extended lifespan. Additionally, the rise in life expectancy is expanding the elderly population, necessitating more medical attention due to age-related ailments.

5.2. Rise in Chronic lifestyle-related Diseases

In Qatar, a multitude of healthcare challenges has emerged as a consequence of a sedentary way of life and the prevalent consumption of fast food. These health issues include conditions like obesity, diabetes, and various cardiovascular diseases. This predicament is not limited to any specific age group; it affects both young, working individuals who are vulnerable to lifestyle-related illnesses due to limited physical activity and unhealthy dietary patterns.

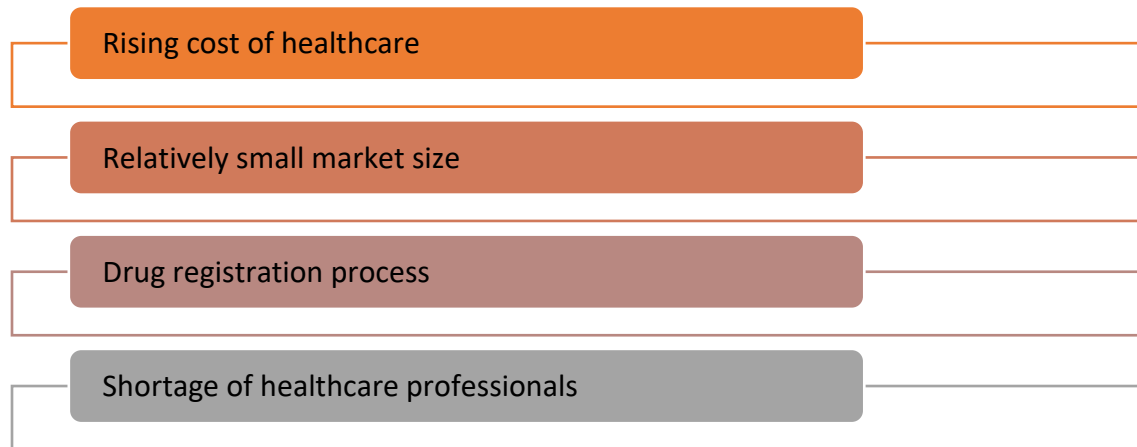
The significant growth of the pharmaceutical products market in Qatar can be attributed primarily to the increasing prevalence of chronic diseases. This surge is primarily driven by the high standard of living and the proliferation of international food chains, which have contributed to the elevated consumption of sugary and calorie-laden fast foods and packaged products. Consequently, there has been a noticeable rise in the incidence of lifestyle-related ailments, resulting in higher per capita healthcare expenditure. The protracted duration and substantial costs associated with treating such conditions are anticipated to further boost investments in the pharmaceutical sector.

5.3. Regulations:

Qatar is in the process of revising its Public-Private Partnership (PPP) framework to enhance its efficiency and align it with global standards. Upon its adoption, this legislation is expected to draw foreign investments into the nation and bolster the growth of various sectors, including healthcare and pharmaceuticals.

6. Qatar Pharmaceutical Sector Challenges:

The Qatar Pharmaceutical market faces four major challenges, and they are as follows:



6.1. Rising Cost of Healthcare

Healthcare costs have been on the upswing due to several factors, including the increasing prevalence of non-communicable diseases (NCDs), advancements in medical technology and the restricted availability of specialised medical services. The cost of healthcare delivery has been steadily rising, with the demand for healthcare services surpassing the available resources. This upward trajectory is further fuelled by technological advancements and the improving capabilities of hospitals and clinics. The escalating expenses associated with healthcare services can also be attributed to the limited accessibility of specialised care, which makes such treatments more costly. Consequently, health insurance premiums have seen an uptick, placing additional financial strain on individuals, businesses, and governments, impeding the growth of the pharmaceutical sector.

6.2. Relatively Small Market Size

Qatar will continue to depend on pharmaceutical imports rather than transitioning to domestic production due to its small size. While Qatar may be an attractive market for pharmaceutical companies, its limited overall market size discourages significant investment beyond establishing sales and marketing operations for major multinational firms, which primarily operate from the larger economies in the region.

6.3. Drug Registration Process:

The rigorous registration procedures for both a generic product and its packaging require substantial work to introduce generics into a country. The extensive paperwork required for generic registration, along with the need for samples, serves as a deterrent to entering the market.

6.4. Shortage of Skilled Healthcare Professionals

The growth of the pharmaceutical market in Qatar is closely tied to the overall expansion of the healthcare sector in the country. One significant challenge healthcare providers face is the limited availability of highly skilled healthcare professionals. Factors such as a shortage of local medical workforce, nationalisation of job opportunities, high staff turnover, and increasing staff costs are impeding this growth. Consequently, many potential patients may opt to seek treatment in neighbouring countries, which negatively impacts the demand for pharmaceutical products in Qatar. To address this issue, the government is taking steps to establish educational and training facilities in various skilled and technical fields. This initiative aims to mitigate the shortage of healthcare professionals and curb the trend of patients seeking treatment abroad.

7. Future Trends

Qatar will continue to be an attractive market for innovative pharmaceutical and healthcare providers, even though its market size is relatively small in absolute terms. The government will persist in its efforts to enhance healthcare services to a world-class standard, promoting private sector investment throughout the healthcare sector. Qatar will also accelerate its transition to digital and the adoption of cutting-edge healthcare technologies. Although gradual strides are being made towards developing local pharmaceutical manufacturing capacity, the country will continue to depend on pharmaceutical imports in the foreseeable future (SEV, 2021).

7.1. Technology

In the upcoming years, technology will continue to be the central driving force for enhancing Qatar's pharmaceutical sector. Technological advancements, including electronic health records, virtual consultations, telemedicine, interconnected medical devices, streamlined sales reporting, and order processing, will reduce manual labour, streamline processes and result in increased productivity and efficiency. Information technology is taking on a crucial role in facilitating preventative healthcare, bolstering the capacity of the healthcare workforce and enhancing healthcare accessibility.

Consequently, the adoption of technology is emerging as a solution to address many of the current challenges associated with cost, quality, accessibility, and resource management.

7.2. Role of Private Sector

While governments still bear a significant portion of healthcare expenditures, there has been a notable rise in the private sector's role within the pharmaceutical industry in recent years. This sector remains highly appealing to investors due to its potential for reasonable returns and sustainable growth, with significant opportunities for positive social impact in the region. Additionally, an increasing number of public-private partnerships (PPPs) are expected to emerge in the coming years, playing a crucial role in supporting growth and elevating pharmaceutical standards in the country.

7.3. Transition from Curative Care to Preventive Care

The country's expanding population of technology-savvy individuals is shifting towards preventative measures and displaying a greater interest in a healthy lifestyle. There is also a heightened awareness regarding the importance of preventive care and wellness. People are taking proactive steps by scheduling annual medical checkups. This shift in consumer behaviour has prompted providers to pivot from curative to preventative care. To mitigate the prevalence of chronic illnesses and the associated costs, the government is exploring methods to promote preventive healthcare.

7.4. Development of Medical Tourism

The development of the healthcare sector and focusing on medical tourism will be part of the government's strategy of economic diversification. Given the emergence of world-renowned tourism infrastructure and visa-free access to eighty-plus countries, Qatar has the makings of a world-class medical tourism hub. Therefore, medical tourism is expected to gain prominence in the future, thereby providing impetus to Qatar's Pharmaceutical sector as well.

7.5. Growth of Branded Generics

The mounting pressure on governments to reduce healthcare expenditures could create a favourable environment for expanding branded generic products. This pressure may lead to the introduction of mandatory healthcare insurance policies, aiming to alleviate the financial burden on governments and shift costs to the private sector. As insurance providers advocate for the use of more cost-effective medications and consumers, tend to prefer well-known brands, locally produced branded generics could experience significant growth in the coming years.

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