Malaysia Pharmaceutical Market (Nov 2018)

Introduction

In 2017, Malaysia's economy expanded 5.9% and the population was at 32 million. The country also has the third highest GDP per capita adjusted for purchasing power parity (PPP) in ASEAN at RM108,000, behind only Singapore and Brunei. Malaysia's pharmaceutical market is estimated to be worth RM12 billion, more than two times that of Singapore. Malaysia's pharmaceutical market is expected to grow at approximately 10% annually, double the Asia-Pacific average.

Malaysia's national spending on healthcare has increased more than two and a half times during the last twenty years, and is expected to continue rising alongside the longevity and affluence of its population. The Malaysian government has allocated 10% of its national budget to healthcare in 2018, a level on par with many western countries.

Malaysia's healthcare is regulated by the government's Ministry of Health. The healthcare system is structured in a two-tier system consisting of a public universal healthcare system and a private system. In recent years, the private sector has seen immense growth and caters to one-third of Malaysia's wealthier population, as well as a growing number of medical tourists. Malaysia's National Pharmaceutical Regulatory Agency (NPRA) is also a member of the Pharmaceutical Inspection Co-operation Scheme (PIC/S), which guarantees that the country's Good Manufacturing Practice (GMP) is aligned with international standards.

Disease Trends

In recent decades, Malaysia's population has seen a dramatic surge of non-communicable diseases (NCDs) due to the prevalence of unhealthy diets, increasingly sedentary lifestyles, as well as the use of tobacco and alcohol. NCDs currently account for 70% of all deaths in the country.

In 2017, Malaysia has one of the highest rates of diabetes in the Asia-Pacific, with almost one-fifth of its population diagnosed with the disease. More than one-half of the population over the age of 18 is overweight or obese, and around one-fifth suffer from hypertension. Heart disease is the leading cause of health-related death in Malaysia, followed by stroke, respiratory diseases and cancer. Malaysia has a fertility rate below the replacement level, and the population is also undergoing rapid aging. The population over the age of 60 is expected to account for 15% of the country's population by 2035, up from 6% in 2016.

Multinational pharmaceutical companies that are already producing drug products targeting NCDs and such diseases of affluence see increasing demands in Malaysian market. For example, in 2015, diabetic care company Novo Nordisk (Copenhagen, Denmark) held about 21.5% of Malaysia's diabetic care market share and assumed double-digit growth.

Pharmaceutical Exports to Malaysia

In 2017, foreign pharmaceutical exports were about 70% of Malaysia's total drug market. In 2017, Malaysia's foreign pharmaceutical imports were worth RM6 billion, a fifth of which came from Germany and the United States.

Malaysia's Domestic Pharmaceutical Business

Malaysia has a fast-growing domestic pharmaceutical manufacturing industry. Among Malaysia's over 250 registered local drug manufacturing companies, about two-thirds are producers of traditional and herbal medicines, while the remaining third are mostly manufacturers of generic drugs. As a result, there is strong demand for branded and high-end pharmaceutical products from multinational corporations in Malaysia's domestic market.

Halal Pharmaceuticals Market

Already a leading exporter and consumer in the halal industry, Malaysia is working to establish itself as a pioneer in the certification, manufacturing and distribution of the rapidly-growing international halal pharmaceutical market. Approximately one-third of the world's halal-certified products are pharmaceuticals. According to the Chemical Company of Malaysia, the halal pharmaceutical market is currently worth RM300 billion and is expected to reach RM528 billion globally by 2021. Malaysia has established the *Malaysian Standard* (MS 2424:2012), the first international standard for the manufacturing and handling of halal pharmaceutical products.

Medical Tourism

The boom of Malaysia's medical tourism sector is set to increase the country's demand for branded and high-value drug products from multinational pharmaceutical corporations. Malaysia's medical tourism market is currently worth RM1.2 billion and is predicted to grow at around 30% annually for the next six years, and reach RM14 billion by 2024 (Malaysia Healthcare Travel Council). The majority of medical tourists are treated in Malaysia's growing number of private hospitals, as well as a number of public hospitals such as National Heart Institute (IJN). 14 hospitals have also received Joint Commission International (JCI) accreditation, which signifies the highest international standard in healthcare. In July 2016, Malaysia announced the establishment of a medical tourism hub in Iskandar Malaysia, on the southernmost border with Singapore, alongside existing hubs in Penang and Kuala Lumpur. The most common treatments pursued by medical tourists include oncology, in-vitro fertilization (IVF), cardiology, and orthopedics.

Government Support

The growth in Malaysia's pharmaceutical markets has been supported by government spending and policy initiatives. Malaysia has designated healthcare as one of the country's twelve National Key Economic Areas (NKEA), placing a particular emphasis on pharmaceuticals. Currently, the government is encouraging private investments as well as more public-private collaborations in the pharmaceutical sector. Malaysia is providing incentives to increase investments and collaborations with multinational pharmaceutical corporations in biopharmaceuticals, active pharmaceutical ingredients (APIs), herbal medicines, contract manufacturing, general drugs, as well as high-end pharmaceutical products.

Malaysia has also invested in a number of infrastructure projects to support the growing needs of the pharmaceutical industry. These include the Technology Park Malaysia in Kuala Lumpur and the Kulim Hi-Tech Park in the northern state of Kedah. Other specialized parks include Bio-XCell Malaysia, the Penang Science Park, and the Enstek Technology Park.

Conclusion

With steady income growth, population aging and the increase of non-communicable diseases (NCDs), Malaysia is expected to increase its demand for multinational pharmaceutical products in the near future.