

News Release

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Deloitte: International drug companies avoid manufacturing and research in the Middle East

- Deloitte: GCC prescription drugs account for 89% of Middle East pharmaceutical sales
-Deloitte: Life sciences market expects limited growth in 2014

5 January, 2014- According to a new [Deloitte](#) report, current uncertainties and instability in certain Middle East markets will limit the growth of the life sciences sector in the Middle East North Africa region. The key life sciences markets comprised of the pharmaceutical, biotechnology, and medical technology segments are Egypt, Saudi Arabia, United Arab Emirates, Jordan, and Syria, and to a lesser extent Bahrain, Kuwait, Oman, and Qatar.

The Deloitte report, "[Global life sciences outlook: Resilience and reinvention in a changing marketplace](#)" outlines the top issues facing global life sciences stakeholders, and provides a snapshot of activity in a number of geographic markets. The report goes further to suggest considerations for companies as they seek to grow revenue and market share in 2014 and beyond.

"In the Gulf Cooperation Council (GCC) countries, with most significant economic activity in the Middle East, a growing and aging population and increasing total health care expenditures per capita are supportive of life sciences and health care industry growth," said Hassib Jaber, [life sciences sector](#) leader at Deloitte Middle East. "This is in part due to the spread of chronic diseases, as the region is experiencing epidemics in diabetes and cardio vascular illnesses".

According to Deloitte research, the GCC's population is expected to increase by 5% year-on-year, driven mainly by the influx of expatriates. While the dominant age group is estimated to be 30-44 year olds, the 45-65 and 65+ age groups are expected to grow cumulatively by an average of 6% between 2011 and 2020. Among other favorable trends are continually improving health care standards; increasing governments' investments in technological advancements and health awareness; the growth of smaller health care clinics and ambulatory centers; and a strong medical tourism industry.

Sector issues in the Middle East for 2014

Two of the main issues facing the Life Sciences sector in the Middle East for the coming year are:

- ***Product registration and pricing / Intellectual property protection***
Product registration and pricing, and intellectual property (IP) protection are among the top issues facing life sciences firms operating in the MENA region. When combined with the region's instability, these issues are expected to curb significantly the appetite of international drug companies to manufacture and/or do research in the Middle East.
- ***Prescription drugs***
In the GCC, prescription drugs account for an average 89 % of the region's total pharmaceutical sales. This is also driven by the use of medical insurance to buy all products, including items that



otherwise would be considered over the counter. Within prescription drugs sales, patented products account for 90 % of the total. A key challenge is the speed of registering and approving new drugs.

“In 2013, the life sciences sector was less impacted by the recent global economic uncertainty than other sectors. However, it is facing reimbursement pressure from escalating costs and overwhelmed health systems across the world. Still, an overview of recent sector performance shows that it is favorably positioned to achieve success in the next few years through increased innovation and value delivery,” concludes Jaber.

Click [Global life sciences outlook: Resilience and reinvention in a changing marketplace](#) for more detail.

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