LONDON, UK (GlobalData), 5 December 2012 - The **government** of the **United Arab Emirates** (UAE) is trying its best to **take its healthcare industry** ‘**back to basics**’ with generic drugs as branded products rack up costs, states a new report by healthcare experts GlobalData.

The new report* states that the UAE’s pharmaceutical market is currently dominated by imported branded drugs, however aggressive measures are being taken to encourage patients and physicians to switch to generics.

The UAE’s population in 2011 was 8.4 million, but indigenous UAE citizens made up only 11.5% of this total. There is a large expatriate population in the country, primarily from Arab and Asian countries. High numbers of immigrants, a low mortality rate, and high life expectancy are leading to population growth within the UAE. Thus, the disease burden associated with lifestyle-related diseases and an aging population will force the government to allocate more resources to the care of the elderly, imposing financial and logistical burdens on the healthcare system.

The UAE’s pharmaceutical market is dominated by expensive branded products imported from the US and Europe, with the UAE domestic pharmaceutical industry comprising only 20% of pharmaceutical sales in the country. This preference causes product shortages in state healthcare facilities. To overcome this, the government has initiated several initiatives to better control the market. It is attempting to put in place price controls, while restricting advertising practices and banning direct-to-consumer marketing for drugs. The Ministry of Health (MOH) also introduced a cost cutting measure in an initiative that caused a price reduction for 565 branded drugs targeting chronic conditions such as diabetes and other lifestyle diseases, with costs being cut by 5-30% since January 1, 2012.

Meanwhile, the Health Authority Abu-Dhabi (HAAD) has announced that the country should adopt more cost-effective drug procurement strategies, including the use of generic substitution, to help to reduce inefficiency in the healthcare and pharmaceutical sectors. The Middle East Generic Association (MEGA) was formed in 2010 to promote both proper regulatory and bioequivalence testing and promote generic drug sales in the region.

The UAE also benefits handsomely from re-exportation of drugs to countries like Iran, Pakistan, Yemen, and Somalia. Since 2003, pharmaceutical imports have grown from a worth of AED800m (US$217.76m) to AED3 billion (US$0.82 billion) in 2010, while exports also rose from AED100m (US$27.2m) to AED400m (US$108.9m) during the same period. Therefore, despite the UAE policy changes, multinational companies will continue to penetrate the market due to continuing demand for patented medications, within and outside of the country, and a lack of viable domestic substitutions caused by a lack of R&D.

In 2011, the UAE’s pharmaceutical market was estimated to be worth US$1.9 billion, having increased from US$1 billion in 2006. The Compound Annual Growth Rate (CAGR) for this time period was 13.7%. The market is expected to reach US$3.7 billion in 2020 with a CAGR of 7%.

* Healthcare, Regulatory and Reimbursement Landscape - United Arab Emirates