GlobalData»

London – 10 October 2016 - The pharmaceutical market in the United Arab Emirates (UAE) is set to grow from just over $3 billion in 2015 to $5.7 billion by 2020, driven by increased healthcare expenditure, mandatory health insurance, and growing medical tourism, according to research and consulting firm GlobalData.

The company's latest report states that the UAE is quickly gaining popularity as a medical tourism destination due to its low costs, English-speaking medical staff, and virtually non-existent queues for treatment. Indeed, the Dubai Health Authority is working to develop the medical tourism sector, aiming to attract 1.3 million medical tourists annually by 2021. The revenue on medical tourism is expected to grow by 13% annually for the next five years.

Another driver of growth is the fact that the UAE generally has a stable political and economic environment, allowing for prosperity. One major initiative of the UAE government is its encouragement of private sector involvement and investment with the ultimate aim of improving healthcare. To this end, the government has established the Dubai Healthcare City and Dubai Science Park, which are special zones that come with 100% tax redemption and foreign ownership.

Despite the opportunities clearly open for growth and prosperity, the market will face a number of threats throughout the forecast period, curbing growth. Indeed, the UAE government has been lowering the price of drugs since 2011, adversely affecting the revenues of pharmaceutical companies.

Another threat to the region includes the proliferation of counterfeit drugs. According to the World Health Organization, the Middle East faces a significant challenge related to counterfeits and the illegal re-importation of medicines, with estimates suggesting that as much as 35% of the entire pharmaceutical market in the Middle East may be illicit in one way or the other. Counterfeit drugs not only result in potential treatment failure and death, also lead to loss of public confidence in health delivery systems.