

Operational Capabilities: Hidden in Plain View

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Outline

- Overview
- Regulatory Entities
- Growth of the Pharmaceutical Industry
- Biggest Global Pharmaceutical Markets
- Top 10 Pharmaceutical Companies
- US Pharmaceutical Industry
- Economic Impact
- Research and Development
- Domestic Market
- Trade: Import
- Trade: Export
- Challenges and Barriers

Overview

- The pharmaceutical industry discovers, develops, produces, and markets drugs or pharmaceutical drugs for use as medications.
- Pharmaceutical companies may deal in generic or brand medications and medical devices. They are subject to a variety of laws and regulations that govern the patenting, testing, safety, efficacy and marketing of drugs.

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Overview

- Regional annual growth rates by country
- Impact of global demographics and economic trends on drug
- Pharmaceutical companies
- Regulatory approval processes
- Risk in new drugs
- Increased sales volume and higher profitability
- Economic government expenditure on healthcare
- Growing demand for more effective treatments

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Research and development (R&D)

- The pharmaceutical sector has consistently been one of the most R&D intensive industries in the United States.
- R&D performed in the United States has become increasingly expensive relative to emerging economies in Asia.

Domestic Market

- The United States has one of the world's most sophisticated economic systems for the development and commercialization of pharmaceuticals with several market barriers.
- The United States is the world's largest emerging market for pharmaceuticals.

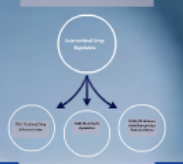
- High incomes per capita
- Unmatched access to healthcare
- Large elderly population
- Culture of end-of-life prolongation
- High rates of chronic diseases and drug consumption

US Pharmaceutical Industry Economic Impact

- The industry supports over 3.4 million jobs across the United States and added an estimated \$790 billion to the economy in 2016.
- Total pharmaceutical sales: \$330 billion (1.9% of GDP, 10.7% of total healthcare exp.)
- Per-capita pharmaceutical sales: \$1096

Regulatory entities

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Patentability

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Growth of the Pharmaceutical Industry

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Biggest Global Pharmaceutical Markets

Rank	Country	Value of Pharmaceutical Market (in trillions of \$)
1	USA	\$600.00
2	Japan	\$60.00
3	France	\$27.00
4	Germany	\$26.00
5	UK	\$24.00
6	Italy	\$23.00
7	Spain	\$18.00
8	China	\$17.00
9	India	\$16.00
10	South Korea	\$15.00

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Top 10 Pharmaceutical Companies



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US is the largest importer of pharmaceuticals



Trade Import

- US imports were valued at over \$86 billion in 2016, making it the world's largest importer of pharmaceuticals.

US has the largest distribution for pharmaceuticals



Trade Export

- 2017 US exports to 2016: The increasing use of generics and off-invoice discounts by foreign governments has led to a 10% drop in exports of US drugs.

Trade Policy and Barriers



Challenges and Barriers

- Regulatory approval
- Pricing
- Tariffs
- Patentability
- Cost-effectiveness

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U.S.'s top five sources of i



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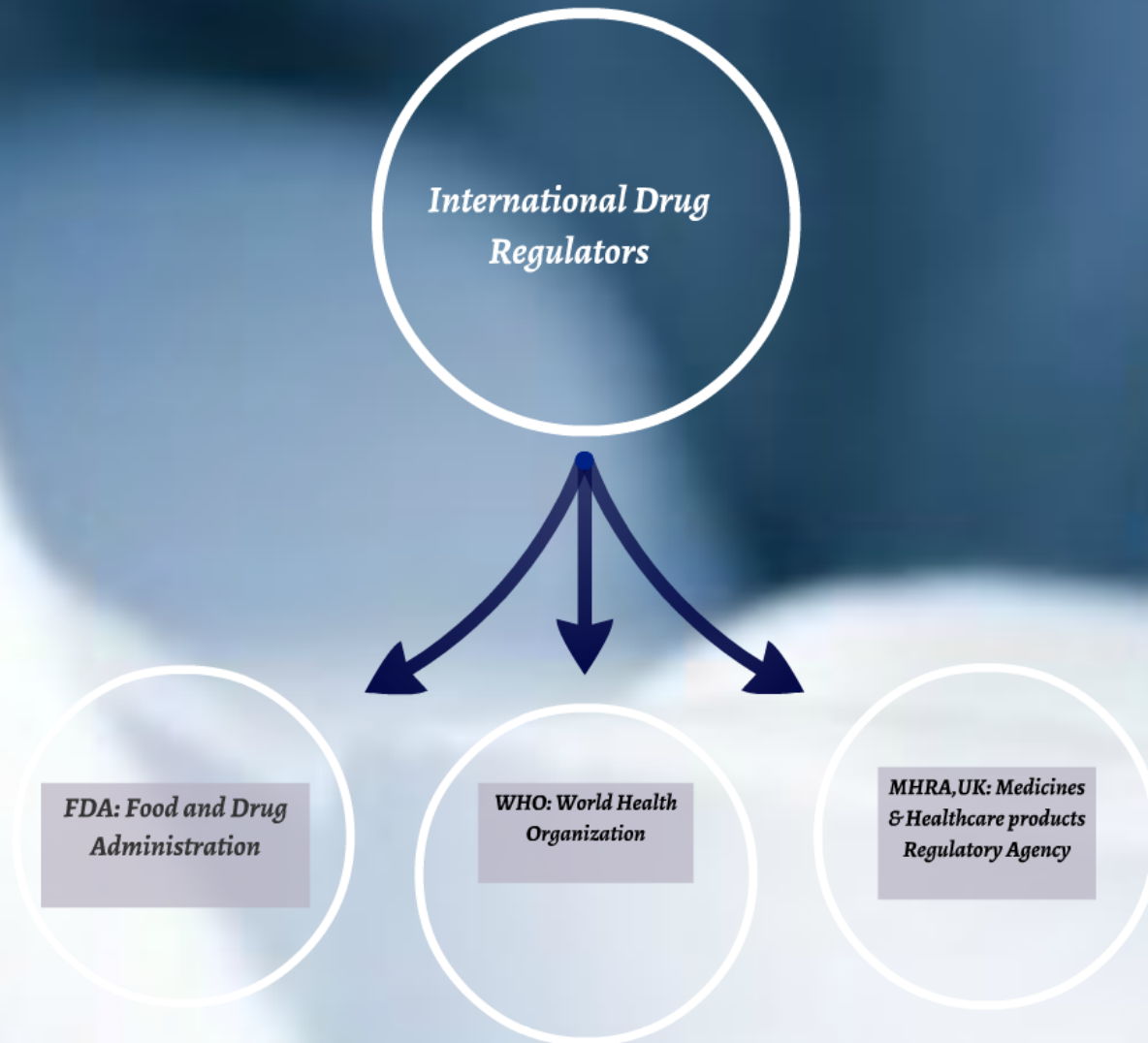
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Overview

- Expected annual growth rate of 4.9 percent.
- Several global demographic and economic trends are driving pharmaceutical consumption:
 - Rapidly aging world population
 - Rise in chronic diseases
 - Increased urbanization and higher disposable incomes
 - Greater government expenditure on healthcare
 - Growing demand for more effective treatments

Regulatory entities

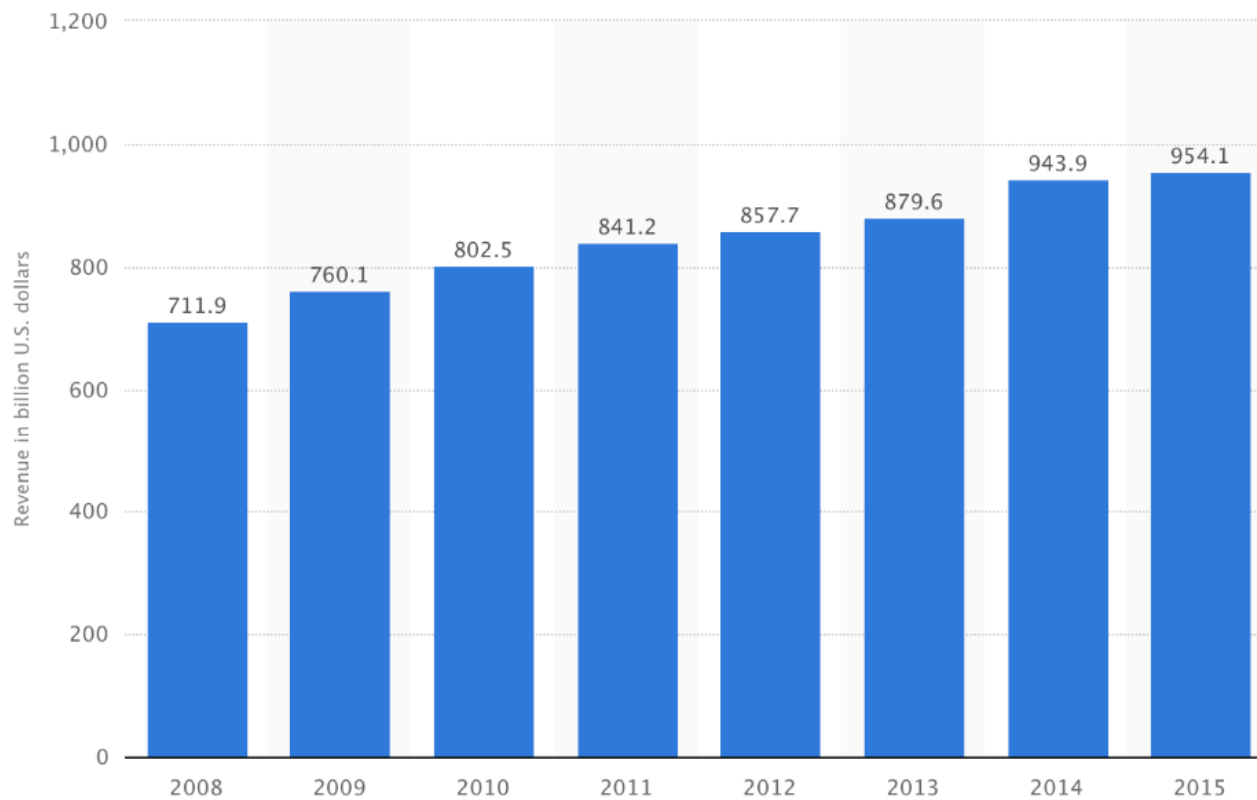
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WHO is charged with the tasks of developing and maintaining global norms, international standards and guidelines for the quality, safety and efficacy of drugs, and providing guidance in harmonization efforts.

Growth of the Pharmaceutical industry

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Biggest Global Pharmaceutical Markets

Rank	Country	Value of Pharmaceutical Market (in millions of \$)
1	USA	339,694
2	Japan	94,025
3	China	86,774
4	Germany	45,828
5	France	37,156
6	Brazil	30,670
7	Italy	27,930
8	UK	24,513
9	Canada	21,353
10	Spain	20,741