

Indonesia's pharma market to touch \$12.6 bn by 2020

11 May 2016 | Features | By BioSpectrum Bureau

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The pharmaceutical market in Indonesia more than doubled from just under \$3 billion in 2008 to reach approximately \$7 billion in 2015 and is anticipated to increase further to \$12.6 billion by 2020, driven primarily by the Indonesian government's economic and healthcare initiatives, according to research and consulting firm GlobalData.

The company's latest report states that Indonesia's pharmaceutical sector will be boosted by the establishment of a universal healthcare scheme, known as the Jaminan Kesehatan Nasional.

This was launched in January 2014 with the aim of providing health insurance to 250 million Indonesian citizens by 2019, which would make it the world's largest social health insurance.

Mr Adam Dion, GlobalData's Senior Industry Analyst, says new economic policy packages, the high prevalence of infectious diseases, widespread generic drug supply, increasing affordability of healthcare products and the large over-the-counter medicines market will also help to drive growth in Indonesia's pharmaceutical sector.

He explains: "The government implemented two economic policy packages in 2015, as GDP growth slowed and inflation increased. These policies mainly focus on raising investment in Indonesia and offering more industrial facilities to attract the investors.

"As a consequence of high and consistent economic growth and burgeoning job opportunities, purchasing power has risen and demand for high-quality healthcare services has increased thanks to greater affordability and improved general health awareness. This will positively affect the growth of the Indonesian pharmaceutical market."

Despite the overall positive trend, there are a number of factors limiting the expansion of Indonesia's healthcare industry, including the imposition of an Import Tax in 2010, a high level of counterfeit medicines, periodic price cuts to branded

generics, and limited access to healthcare facilities for the rural population.

Mr Dion continues: "Indonesia's pharmaceutical production plants are concentrated around Jakarta and Java, resulting in wide geographical discrepancies. In remote areas, many health centers and pharmacies are facing drug supply shortages due to insufficient production by manufacturers and a weak distribution system.

"Furthermore, the high cost of branded medicines combined with a lack of public reimbursement for expensive and novel drug therapies limits access to efficient medicines. However, this offers a significant opportunity to generic players."