PART II. THE PHARMACEUTICAL MARKET IN EGYPT

The Egyptian pharmaceutical market comprises a private segment and an institutional segment. Private sector sales are made to local (private) pharmacies in Egypt, while institutional sales (otherwise known as "reverse auctions") are basically requests from the Ministry of Health for stocks to supply government hospitals. The government purchases these orders at a discount, paying less than the private market pays for the same drugs.

The private segment represents nearly 70% of the total market, which was valued at US$1.65 billion in 2005, equivalent to US$22.30 per capita, compared to US$19.90 per capita in 2004.

The differences between the private and institutional market segments are important. Institutional business depends mainly on tender business, commercial programs, generic existence, etc. In the private market, while the above factors do play some part, prescriptions written by physicians are the main driving force behind market growth. The performance of pharmaceutical companies within each sector also varies according to the above-mentioned factors. The analysis here is limited to the private segment of the pharmaceutical market in Egypt.

The Arab Union of Pharmaceutical Manufacturers estimates the total value of pharmaceutical consumption in Egypt at US$1.354 billion, the largest consumption volume in the Arab World. Egypt’s local drug manufacturing industry constitutes the largest domestic drug manufacturing base in the MENA region, supplying 30% of the total market.

The dollar-value of Egypt’s private pharmaceutical market was the second largest (after Turkey) in the Middle East region prior to the 2001 devaluation of the Egyptian Pound, after which it slipped to third behind Saudi Arabia. In 2005 the Egyptian private market surged to US$1.27 billion, overtaking the US$1.2 billion of Saudi Arabia.

**Figure II.1**

**EGYPT PRIVATE PHARMACEUTICAL MARKET**


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Pfizer, Comments on Draft, January 22, 2006.
Signs that the market was picking up began in 2004 and were clearly visible by 2005, when sales increased by 25.6% compared to the previous year. Dollar sales grew by a CAGR of 2.4% over the period 2000-05. By 2007, private sales are expected to reach US$2 billion.\footnote{Business Monitor International Ltd, Egypt Pharmaceuticals and Healthcare Report, Q1, 2005.}

In volume terms, the market grew at a CAGR of 5.3% over the period 2000-05, but at a faster rate of 7% in 2005 alone.

1. Ownership Structure

Pharmaceutical companies in Egypt fall into three categories: public sector companies, which are subsidiaries of the Drug Holding Company (D.H.C.), now known as Holdipharma\footnote{www.holdipharma.com.eg}; local private sector companies; and Multinational Corporations (MNCs). At present there are about 47 drug manufacturers in Egypt, of which eight are public companies.\footnote{Ministry of Health, August 2004.}

The local pharmaceutical market is characterized by a high degree of concentration. Almost half of the market is controlled by ten companies: six are MNCs and four are from the local private sector. GlaxoSmithKline has the largest market share, followed by Novartis and Sanofi-Aventis. The Egyptian International Pharmaceutical Industries Company (EIPICO) moved from third to fourth position in 2005 due to the international merger of Sanofi and Aventis in August 2004. Sanofi-Aventis is now both the world’s and Egypt’s third largest pharmaceutical company; it ranks number one in Europe.

\textbf{Figure II.2}

\textit{Market Share of the Top Ten Pharmaceutical Companies (2005)}