

PRIVATE AND CONFIDENTIAL

June 3, 2020

EMBASSY OF BRAZIL

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Makati City, Philippines

Attention: H.E. Rodrigo do Amaral Souza
Ambassador

Your Excellency:

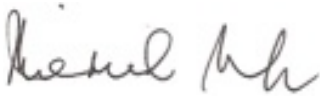
We are pleased to submit the Market Research Report on Medicaments that we prepared for the Embassy of Brazil in Manila. The report incorporates the comments and additions to the draft submitted on February 28, 2020.

The information and data presented were gathered through research and interviews with representatives of relevant agencies and associations. Our report was prepared prior to the COVID-19 pandemic announcement by the World Health Organization on March 11, 2020. There may have been changes in the Philippine economic and business conditions brought about by the pandemic which may affect the forecasts and estimates provided in the report. Reyes Tacandong & Co. (RT&Co.) assumes no responsibility for updating or revising this report based on circumstances, developments or events occurring after this date.

We understand that the results of the market research will be shared with appropriate agencies of the Government of Brazil as well as private sector entities for the purpose of generating interest in doing business in the Philippines. It is not to be used for any other purpose or to be distributed to any other party.

We would like to thank the Embassy of Brazil in Manila for the opportunity to be of service.

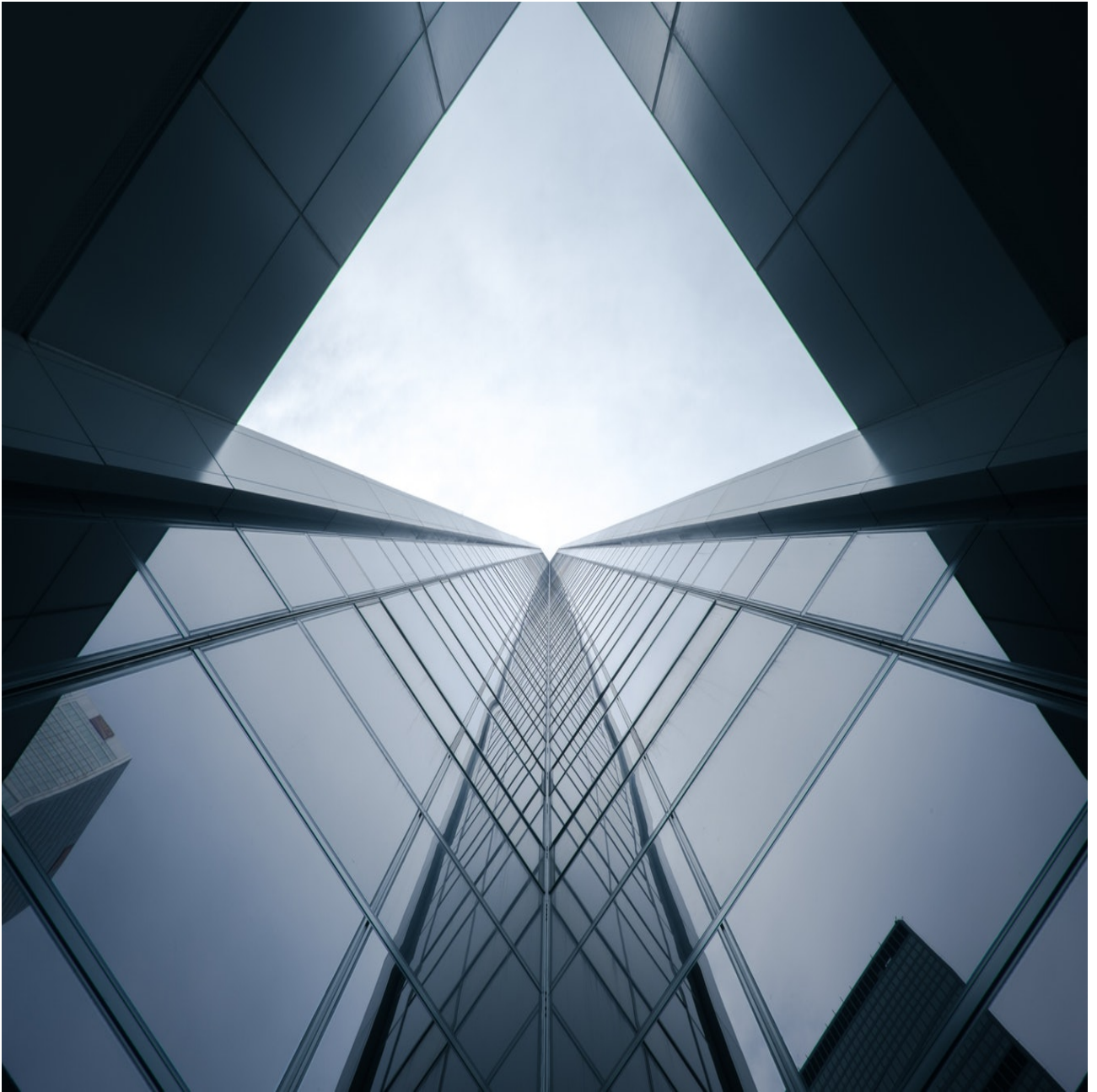
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**Medicaments
Market Research Report**

Disclaimer

This Report was prepared after the COVID-19 pandemic announcement by the World Health Organization on March 11, 2020. Statistics and other data shown in this Report were based on the latest available relevant research materials obtained and analyzed before the pandemic and the interviews conducted during that same period. The impact of the pandemic on the Philippine economy has not been considered in the forecasts and estimates provided in the Report.

In converting Philippine Peso to US Dollar, the Bangko Sentral ng Pilipinas average annual exchange rate corresponding to the particular year of the data presented was used.

EXECUTIVE SUMMARY

The Philippines is the 3rd largest pharmaceutical market in the Southeast Asian (SEA) region. With the improved economic performance of the country, the Philippine pharmaceutical industry is expected to grow from USD 3.1 billion in 2018 to USD 3.8 billion by 2022, or at a compound annual growth rate (CAGR) of 5.9 percent – an accelerated pace compared with the CAGR of 2.7 percent for the period 2014 to 2018.

The demand for medicines (used interchangeably with medicaments) in the Philippines is increasing for many of the same reasons as most other SEA countries. For the Philippines, these are, in particular, a growing population coupled with a rising GDP per capita, a universal health care program, and higher incidence of noncommunicable diseases. The Philippine population grew at a CAGR of 1.69 percent from 2011 to 2018. The United Nations projected the population to increase from 106.60 million in 2018 to 109.58 million by 2020. GDP per capita was USD 3,485 in 2019, or an increase of 4.5 percent from the previous year's GDP per capita of USD 3,280.

Per capita health spending of Filipinos was USD 142 in 2018, with medicaments making up about 17 percent. The medicine market is divided into two categories – brand-name and generic medicines, with the latter gaining a larger market share due to a number of government reforms and the implementation of the Universal Health Care Law, which grants every citizen of the country health coverage and thus greater accessibility to healthcare services and pharmaceuticals. In the process, the law promotes investments in the healthcare sector. Also, another legislation, the Universally Accessible Cheaper and Quality Medicines Act, has ensured the acceptance of generic medicines. In addition, physicians are slowly beginning to endorse generic medicines to patients, having previously opted to prescribe the more expensive, branded counterparts. Apart from brand-name and generic medicines, it is to be noted that there is a market for herbal medicines in the country.

The generic medicines are either produced by local manufacturers or are imported, while most brand-name medicines are imported, usually from well-known global pharmaceutical companies. The three principal sources of medicaments by country are India, Germany, and Indonesia. Brazil currently ranks 34th. The top two companies importing into the Philippines are Pfizer, Inc. and Boehringer Ingelheim (Phils.) Inc. Glaxosmithkline Philippines Inc., a subsidiary of Glaxosmithkline Plc., locally manufactures for both the Philippines and other Asian countries. For the period 2015 to 2019, the total importation of medicaments grew at a CAGR of 10.7 percent, from USD 800.48 million to USD 1.20 billion.

The Philippine health statistics point to a high incidence of acute respiratory tract infection, hypertension, and pneumonia countrywide, indicating a big demand for medicines that can prevent or treat these diseases. In terms of the recorded number of these diseases per region, three regions contribute the highest percentage: National Capital Region (NCR), Region 1 (Ilocos Region), and Region 8 (Eastern Visayas).



Executive Summary

The pharmacy retail network is robust, led by two principal retail companies, the Generics Pharmacy with over 2,016 outlets and Mercury Drug with over 1,112 drugstores all over the Philippines. In regions outside of the highly urbanized areas of the country, these groups have a strong presence, either through company-owned outlets or franchised outlets, supplemented by region-based pharmacies in the area.

A major development in the healthcare sector is the consolidation and mergers among hospital and pharmaceutical business entities. This has led to reduced operating costs resulting from volume purchases for their hospital pharmacies.

Opportunities in the Philippine pharmaceutical industry are in the manufacturing segment, since only about 30 percent of the requirements of multinational pharmaceutical companies for the local market is produced in the country; the wholesale distribution of pharmaceutical products; and the importation, directly or through partners, into the country of branded products that can compete with those of the more known brands, including branded generics.

COVID-19 and Emerging Themes in the Pharmaceutical Segment

The Philippine Statistics Authority (PSA) reported that the country's GDP declined by 0.2 percent year-on-year during the first quarter of 2020. The agriculture and industry sectors' gross value added dropped by 0.4 percent and 3.0 percent, respectively, while the services sector experienced a growth of 1.4 percent. The manufacturing, transportation and storage, and accommodation and food services sectors were identified to be the main contributors to the decline in economic activities.

Household consumption, especially of non-essential goods and services, is also expected to drop by about 0.2 percent (USD 0.87 billion) to 0.5 percent (USD 1.81 billion) because of plunging household incomes, social distancing interventions, and overall health concerns. The International Monetary Fund (IMF) has projected that the Philippine GDP growth in 2020 would be at 0.6 percent – 5.7 percentage points lower than the pre-COVID-19 forecasted growth of 6.3 percent.

In the healthcare industry, the healthcare services and facilities, that is, public and private hospitals, are among the few segments that grew in the first quarter of 2020, which was the onset of the pandemic. Pharmaceuticals manufacturing rose about 25.6 percent on top of the 20.3 percent growth in the previous year. There will be increased government spending to combat COVID-19 as it spreads out from the National Capital Region (NCR) to Metro Cebu and other hotspots in Visayas and Mindanao.



Executive Summary

Opportunities for key businesses are seen in the following:

1. Health-related technologies and other advances in the medical field, such as contact tracing applications and rapid testing kits. Moreover, the demand for healthcare products and services will likely increase as consumers become more health-conscious even after the pandemic has cleared.
2. Expansion and development of healthcare capacities in local governments outside of the National Capital Region (Metro Manila).
3. Pharmaceutical retailing. This is undergoing rapid transformation as the pandemic is putting the sprawling brick-and-mortar drugstore chains on “dry dock” mode. Filipinos have been “forcibly” introduced into e-commerce and ad hoc solutions have emerged overnight. In some cases, consumers are finding out that their online purchases are cheaper than their drug store purchases.
4. Integrated online retailing portal combined with properly executed logistics. This model offers an opportunity to disrupt the entrenched players in the industry.

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INTRODUCTION

The Philippines is one of the largest archipelago nations situated in the Southeast Asia Region. The islands of the Philippines are classified into three main geographical areas, namely Luzon, Visayas, and Mindanao. Manila, a highly urbanized city, is the country's capital. It is one of the cities that make up the National Capital Region (NCR), which is located in Luzon. NCR is composed of 16 cities and one municipality and is the political, economic, and commercial center of the Philippines.

The Philippine population is about 108.27 million, equivalent to 1.4 percent of the total world population. It is reported to be the 13th most populous country in the world. The country's primary languages are Filipino and English – the latter being the business language and principal medium of instruction, making the Philippines one of the world's largest English-speaking countries. Literacy rate is high, at 97.96 percent.

The Philippines has a presidential system of government. There are three sovereign yet interdependent branches: Executive, Legislative, and Judicial. The executive power is vested in the president of the country while the legislative power is vested in the Congress of the Philippines, which consists of 24 Senate members elected at large by qualified voters, and about 250 members of the House of Representatives elected in their respective resident geographical areas, including party-list representatives elected through a party-list system. The judiciary branch is composed of the Supreme Court and such lower courts as established by law.

The Philippines is one of the fastest-growing economies in Asia. Its Gross Domestic Product (GDP) grew at a CAGR of 6.6 percent from USD 329 billion in 2015 to USD 374 billion in 2019 with the services sector as both the fastest growing and the largest contributor to the GDP. Further, the Gross National Income (GNI) per capita was USD 3,861 in 2019 which was higher by 4.6 percent than the previous year's GNI.

Poverty incidence has been declining, from 27.6 percent in 2015 to 21 percent in 2018. The Philippine unemployment rate was estimated to be 5.1 percent in 2019, which is lower than the unemployment rate of 5.4 percent in 2018.

Filipinos 15 to 64 years old make up about 64 percent of the country's population. Due to improved living conditions and better access to health care services, Filipinos are expected to live much longer than before. Currently, the life expectancy is 66.2 years for males and 72.6 years for females.

Demographic Indicator	
GNI per capita, 2019 (USD)	3,861
Total Population, 2019 (in thousands)	108,274
Population annual growth rate 2019 (%)	1.6
Population in urban areas 2019 (%)	47.1
Population, under 15 years of age (%)	30
Population, over 60 years of age (%)	6
Average Life Expectancy (year)	71



Introduction

In terms of contribution to GDP, the three major economic sectors are the services sector, 61 percent; industry sector, 30 percent; and agriculture sector, nine percent. Among the sectors in the Philippines, healthcare, which is composed of several industries such as pharmaceuticals, healthcare facilities, and medical devices, is one of the most dynamic and fast growing sectors in the country.

The Department of Health is the primary health agency of the Philippines responsible for policy development, implementation, and regulation in the healthcare sector. The country's health insurance coverage provider, Philippine Health Insurance Corporation (PhilHealth) is responsible for ensuring adequate financial access of Filipinos to health care services and products.

A relatively recent legislation is the Universal Health Care Law which provides for the establishment of more healthcare facilities and government-owned pharmacies to bridge the gap between demand and supply of healthcare products and services.

With an emerging middle-class and increasing incomes, total health expenditures, as a percentage of the country's GDP, grew from 4.3 percent (USD 14.6 billion) in 2017 to 4.4 percent (USD 15.2 billion) in 2018 whereas government healthcare spending rose from USD 4.0 billion in 2017 to USD 4.3 billion in 2018.

Filipino consumers have spent about USD 7.0 billion in the past five years on health products such as over-the-counter medicines, herbal medicines, vitamins, and dietary supplements. Of the country's total current health expenditures in 2018, 41.4 percent or USD 6.0 billion went to pharmaceuticals. Given the high demand for medicaments, various efforts are being made by the government to help secure the country's medicament supply chain, improve the flow and access to medicaments, and reduce prices.

The Philippines presents various investment opportunities to foreign companies in the pharmaceutical industry given the limited supply of locally manufactured medicaments, the dependency on imported medicaments and raw materials, and consequently, the growing market for generic medicaments. In line with this, the Embassy of Brazil in Manila commissioned a research on the Philippine medicaments market to provide information that would be useful to individuals and companies in Brazil who are looking into investment opportunities in the Philippine healthcare sector, particularly in the pharmaceutical industry.

This report highlights demographic data relevant to the healthcare sector, local market and import trends, major developments in the industry, and government support to the sector. Information on key industry players is likewise provided. For the purposes of this report, medicaments refer to products that are intended to cure or prevent illnesses and diseases. The term "medicaments" is used interchangeably with medicines.

MEDICAMENTS

1

SECTION

Medicaments that fall under AHTN heading no. 3004 (HS Code 3004; see list on Annex A) are mixed or unmixed products for therapeutic or prophylactic use, produced in measured doses or in packs for retail sale. Medicaments that are not intended to cure or prevent a disease or illness, or products that are mixed together for medicinal purposes but are not in tablet or capsule form or not packed for retail sale are not covered by HS Code 3004.

Medicaments come in different forms, such as:

1. Liquids that are taken orally
2. Tablets and capsules
3. Drops that are put into ears or eyes
4. Creams or ointments that are rubbed into the skin
5. Inhalers (like nasal sprays or asthma inhalers)
6. Patches that are placed on the skin (called transdermal patches)
7. Tablets that are placed under the tongue (called sublingual medicaments)
8. Injections (shots) or intravenous (inserted into a vein) medicaments



Medicaments

Brand-name and Generic Medicines

A brand-name drug product is one that is originally discovered and developed by a pharmaceutical company. Pharmaceutical companies are required to secure the Food and Drug Administration (FDA) approval by submitting a New Drug Application before marketing and selling their product. In this application form, companies are required to submit data that will establish their drug's clinical safety and efficacy. Once the drug receives FDA approval, the innovator company can then exclusively market and sell this brand-name product for a maximum patent life of 20 years.

Once the patent life of a brand-name drug product expires or once the patent owner waives its rights and the FDA requirements are met, other pharmaceutical companies can manufacture the generic type of the drug. The FDA defines a generic drug as a drug product that is comparable to a brand-name drug in dosage form, strength, route of administration, quality, performance characteristics, and intended use. A generic drug is considered to be a bio-equivalent to a brand-name drug if the rate and extent of absorption do not show a significant difference from the listed drug, or only the extent of absorption does not show a significant difference. Any difference in rate of absorption should be intentional or not medically significant. Ultimately, the use of generic drugs should result in reduced drug cost, increased access to drug use, and prevention of drug shortage.

LOCAL MARKET TRENDS

2

SECTION

The Philippines is the 11th most attractive pharmaceutical market in the Asia-Pacific region and the third biggest pharmaceutical market in the ASEAN region (Biospectrum Magazine, 2019). BMI Research forecasted that the Philippine pharmaceutical industry, which was at PHP 162.3 billion (USD 3.1 billion) in 2018, would grow into a PHP 198.9 billion (USD 3.8 billion) industry by 2022. The projections are based on the country's growing and aging population, improved access to healthcare, and rise of diseases due to changing lifestyle.

According to Chawla, a contributor writer for Biospectrum Magazine, foreign drug companies, such as Sanofi Pasteur Inc., Pfizer Inc., Abbott Laboratories, and GlaxoSmithKline (Philippines) Inc., account for over 75 percent of the supply of pharmaceuticals in the Philippines.



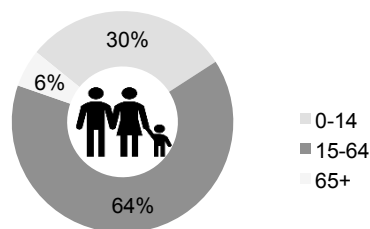
Local Market Trends

Demographic Profile

The Philippine population was about 108.27 million in 2019, or around 1.4 percent of total world population, and is projected by the United Nations to increase to 109.58 million by 2020. The country's Commission on Population reports that the Philippines is the 13th most populous country in the world.

In 2019, Filipinos under 15 years of age made up about a third of the Philippine population, while approximately 64 percent were Filipinos 15 to 64 years old (Figure 2.1). Meanwhile, the growth rate of the elderly population, those who are 65 years and above, has been gradually increasing through the years because of the longer life expectancy of Filipinos.

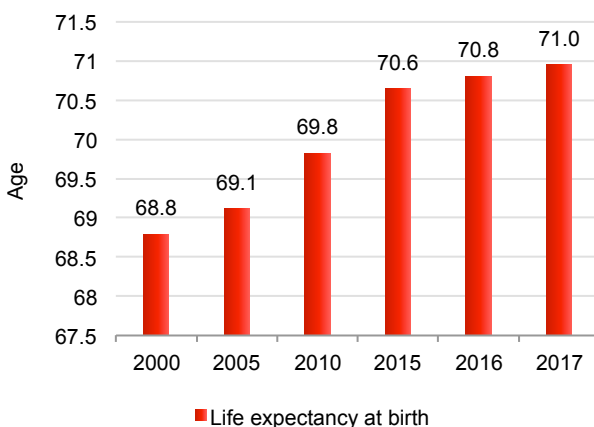
Figure 2.1 Population Age Structure, 2019



Source: United Nations Population Division

Based on the latest World Health Organization data published in 2018, Filipinos live relatively longer now than in the past 10 or more years (Figure 2.2). The life expectancy is 66.2 years for males and 72.6 years for females. This is attributed mainly to improvements in living conditions, better access to health services, and improved management and treatment of infectious diseases like pneumonia and tuberculosis. However, in health expenditure terms, the elderly population remains highest among the age groups and will continue to increase as the Philippines transitions to an aging society by 2032 according to the Philippine Institute for Development Studies.

Figure 2.2 Life Expectancy, 2000 to 2017



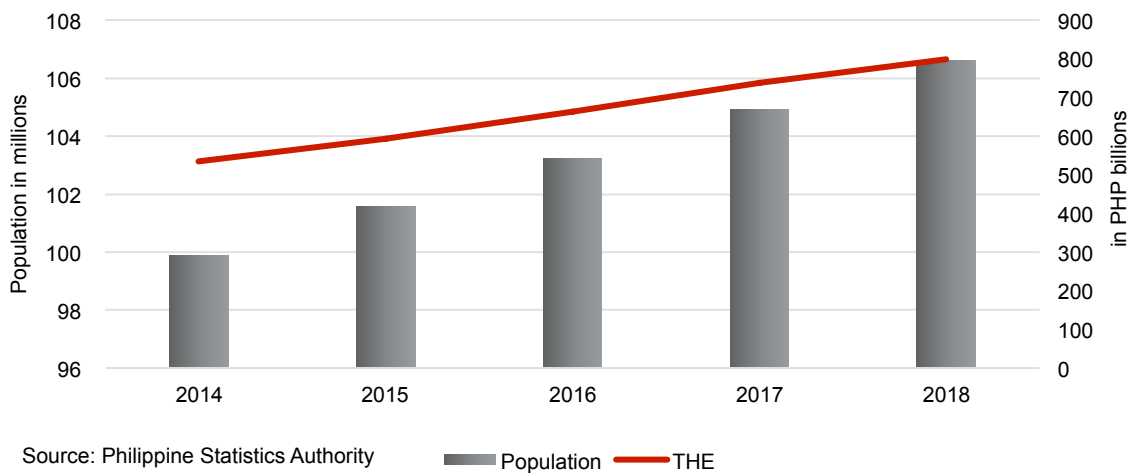
Source: United Nations Population Division



Local Market Trends

The growth in consumer health spending, especially in healthcare products that most people use, such as analgesics, cough and cold medicines, allergy remedies, and wound care products, follows the increase in population as shown below (Figure 2.3). The upward trend is caused by urbanization, rising middle class, increase in the incidence of noncommunicable diseases, and government's efforts to implement a universal health care plan. By 2018, the average total health expenditure per capita was PHP 7,496 (USD 142), up from 2014's PHP 5,346 (USD 120), or a compounded annual growth rate (CAGR) of 8.9 percent.

Figure 2.3 Population and Total Health Expenditure, 2014 to 2018



Total health expenditure is composed of current health expenditure (CHE), which is the consumption of health care goods and services. The other component, capital health formation (HK), refers to the acquisition of capital investments

The total health expenditure in 2018 of PHP 799 billion (USD 15.17 billion) (Figure 2.4) was an 8.2 percent year-on-year increase from the health expenditure in 2017 (PHP 737.8 billion; USD 14.64 billion).

Figure 2.4 Composition of Total Health Expenditure, 2018



Source: Philippine Statistics Authority



Local Market Trends

The country's current health expenditure per region in 2018 vis-a-vis the population is summarized in Table 2.1. The top three regions, NCR, Region IV-A, and Region III, had the biggest share of the Philippine population, of health expenditure, and the highest and above average current health expenditure per capita. Together, these regions comprise the Greater Capital Region and the primary healthcare market.

Table 2.1 Population and Current Health Expenditure, 2018

Region	Population, 2018 (in Thousand Persons)	Rank	Current Health Expenditure, 2018 (in USD Million*)	Rank
Region IV-A (CALABARZON)	14,922	1	2,324	2
National Capital Region (NCR)	13,045	2	2,528	1
Region III (Central Luzon)	11,588	3	1,765	3
Region VI (Western Visayas)	8,029	4	905	5
Region VII (Central Visayas)	7,811	5	923	4
Region V (Bicol Region)	6,388	6	552	10
Region I (Ilocos Region)	5,325	7	703	6
Region XI (Davao Region)	5,248	8	654	7
Region X (Northern Mindanao)	4,933	9	560	9
Region XII (SOCCSKSARGEN)	4,871	10	632	8
Region VIII (Eastern Visayas)	4,792	11	443	11
Autonomous Region in Muslim Mindanao (ARMM)	3,995	12	111	17
Region IX (Zamboanga Peninsula)	3,963	13	294	14
Region II (Cagayan Valley)	3,644	14	402	12
Region IV-B (MIMAROPA)	3,281	15	249	15
Region XIII (CARAGA)	2,886	16	234	16
Cordillera Administrative Region (CAR)	1,880	17	326	13

Source: Philippine Statistics Authority
Converted to USD*

It is to be noted that NCR and Region IV-A regions are considered as highly urbanized areas. The NCR, which is classified as entirely urban, accounts for one-third of the total urban population of the country and 13 percent of its total national population. Based on the 2015 Census of Population, 51.2 percent of the Philippine population resided in urban areas while the level of urbanization was only 45.3 percent. The World Bank has forecasted that by the year 2050, 102 million, or more than 65 percent of the country's population, would be residing in cities.



Local Market Trends

For the period 2016 to 2018, the per capita current health expenditure of the elderly population was more than the per capita current health expenditure of the other age groups combined as illustrated in Table 2.2.

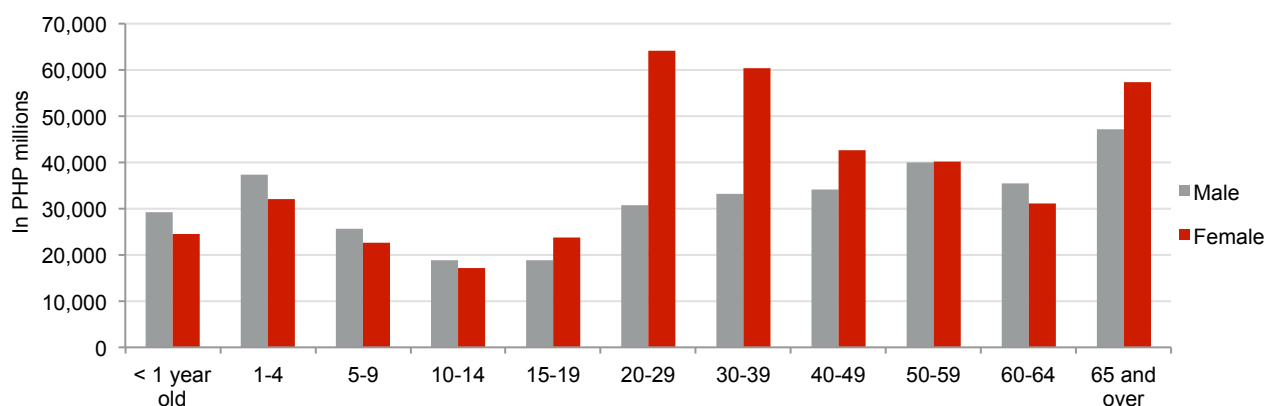
Table 2.2 Health Expenditure Per Capita in USD*, 2016 to 2018

Age Group	2016	2017	2018	CAGR
Youth: 0 to 14	97.42	109.86	121.66	11.75%
Working Age: 15 to 64	113.09	120.75	128.98	6.80%
Elderly: 65 and over	339.08	355.98	361.56	3.26%
All	119.32	129.31	138.88	7.88%

Source: Philippine Statistics Authority
Converted to USD*

Genderwise, the total health expenditure of Filipino females 15 years and older is generally higher compared to that of Filipino males (Figure 2.5). In particular, the 20-29 age group registered the highest difference in health expenditure between males and females at PHP 30,821 million (USD 585 million) for males and PHP 64,198 million (USD 1,219 million) for females. Within the 49 years and older age group, the ratio of male to female health spending was also higher at 65 years and over since the life expectancy of Filipino women is longer.

Figure 2.5 Health Expenditure by Gender Group, 2018



Source: Philippine Statistics Authority



Local Market Trends

The Field Health Services Information System (FHSIS) 2018 annual report listed acute respiratory tract infection as the leading cause of morbidity followed by hypertension and acute lower respiratory tract infection and pneumonia. (Table 2.3)

Table 2.3 Causes of Morbidity, Rate per 100,000 Population, 2018

Disease	Number of Cases	Rate	Rank
Acute Respiratory Tract Infection	1,209,821	1,139.53	1
Hypertension	602,811	567.79	2
ALRTI and Pneumonia	503,884	474.61	3
Urinary Tract Infection	280,687	264.38	4
Bronchitis	130,057	122.50	5
Acute Watery Diarrhea	112,543	106.00	6
Influenza	91,681	86.35	7
Diseases of the Heart	66,688	62.81	8
Dengue Fever	51,361	48.38	9
TB Respiratory	39,923	37.60	10

At the regional level, acute respiratory tract infection and hypertension were most prevalent, together or one of the two, in 16 of the 17 regions. The table below presents the Philippines' leading causes of morbidity per region. (Table 2.4 below.)

Table 2.4 Ranking of Causes of Morbidity per Region, 2018

	Acute Respiratory Tract Infection	Hypertension	ALRTI and Pneumonia	Urinary Tract Infection	Bronchitis	Acute Watery Diarrhea	Influenza	Diseases of the Heart	Dengue Fever	TB Respiratory
National Capital Region (NCR)	1	2	4	3	5	6	8	7		10
Cordillera Administrative Region (CAR)	1	2	3	4	6	5	7		8	10
Region I (Ilocos Region)	1	2		4	9	6	5	3	7	8
Region II (Cagayan Valley)	2	3	1	5	6	9	7		8	
Region III (Central Luzon)									1	
Region IV-A (CALABARZON)	2	8	1	3		6			9	
Region IV-B (MIMAROPA)	1	2	4	3	6		5		9	8
Region V (Bicol Region)	2	1	3	4	8	9	7			5
Region VI (Western Visayas)	3	2	1	5	4	7	9	8	10	6
Region VII (Central Visayas)		1		3	2		4		8	6
Region VIII (Eastern Visayas)	1	2	3	4	7	5	10	8		9
Region IX (Zamboanga Peninsula)		1	3		4	10	8		2	9
Region X (Northern Mindanao)	1	2	4	5	6	8	3			9
Region XI (Davao Region)	1	3	2	4	7		5	8	6	
Region XII (SOCCSKSARGEN)	9	1	4	5	2	7	3			8
Region XIII (Caraga)	1	2	7	3	8	6	5		4	9
Autonomous Region in Muslim Mindanao	4	2	1	5	7	3				8



Local Market Trends

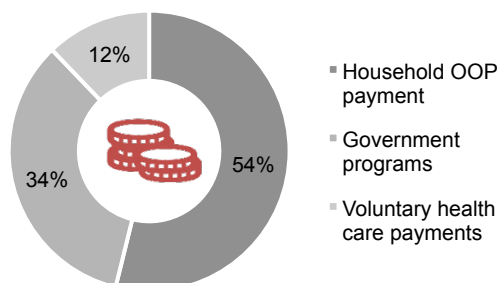
On the other hand, the Department of Health (DOH) Philippine Health Statistics report showed that in 2016 (latest available report on the subject) the leading cause of death in the Philippines was heart disease followed by malignant neoplasms and cerebrovascular diseases (Table 2.5).

Table 2.5 Causes of Mortality, Rate per 100,000 Population, 2016

Cause of Death	5-Year Average (2011-2015)		2016	
	Rate	Rank	Rate	Rank
Diseases of the heart	97.00	1	133.30	1
Malignant neoplasms	43.10	3	58.30	2
Diseases of the cerebrovascular system	54.10	2	58.10	3
Pneumonia	42.00	4	55.70	4
External Factors (Accidents)	30.50	5	42.80	5
Diabetes mellitus	21.10	6	32.10	6
Tuberculosis, all forms	19.40	8	24.90	7
Chronic lower respiratory diseases	19.70	7	23.50	8
Diseases of the genitourinary system	15.90	10	22.70	9
Diseases of the digestive system	17.30	9	22.00	10

Of the total 2018 current health expenditure of PHP 767 billion (USD 14.6 billion) previously reported, approximately 54 percent (PHP 412 billion; USD 7.8 billion) represented out-of-pocket (OOP) payments (Figure 2.6). The government's share was only 34 percent (PHP 260 billion; USD 4.9 billion) while that of voluntary private sources, including private insurers and health maintenance organizations (HMO), was 12 percent (PHP 93 billion; USD 1.8 billion).

Figure 2.6 Expenditure Financing, 2018



Source: Philippine Statistics Authority

The OOP payments are direct payments made by households to healthcare practitioners and suppliers of pharmaceuticals, therapeutic appliances, and other healthcare goods and services. The proportion of OOP payments to the total health expenditure (more than 50 percent) has been historically high, compared to 15 to 30 percent seen in other emerging economies. Even in Asia, this proportion is high compared to 36.8 percent in Viet Nam, 46.9 percent in Indonesia, 35.3 percent in Malaysia and 11.9 percent in Thailand.



Local Market Trends

Demand

Medical products accounted for around 49 percent of the total OOP expenditure (Table 2.6). Of these, 64 percent and 29 percent were for pharmaceutical products and nutritionals, respectively.

Table 2.6 Composition of Household OOP Expenditure in USD*, 2012

Component	Average Expenditure	Share (%)
Medical products	65.93	48.5
Pharmaceutical products	42.31	64.2
Nutritionals	19.26	29.2
Other medical preparations	2.08	3.2
Other medical products	0.94	1.4
Therapeutic appliance	1.33	2.0
Outpatient services	21.25	15.7
Medical services	17.72	83.4
Dental services	1.73	8.1
Paramedical services	1.81	8.5
Inpatient services	48.63	35.8
Public	12.82	26.4
Private	35.81	73.6

Source: Ulep VGT et al, 2013
Converted to USD*

The BMI Research forecasted that the total health expenditure in the Philippines would grow at a CAGR of 8.5 percent over the 2020 to 2022 period (Table 2.7) with the government as the main contributor to growth. This is shown in the country's 2019 budget, wherein the government has allocated PHP 67.4 billion (USD 1.3 billion) for PhilHealth, which is an 11.2 percent year-on-year increase from the 2018 budget allocation of PHP 60.63 billion (USD 1.2 billion).

Table 2.7 Main Indicators of Growth in Health Expenditure Forecast

Indicators of Growth	2020f	2021f	2022f
Total Health Expenditure, USD bn*	18.43	20.01	21.71
Government Health Expenditure, USD bn*	6.89	7.65	8.49
Private Health Expenditure, USD bn*	11.54	12.36	13.22
Total Health Expenditure, % of GDP	4.70%	4.70%	4.70%
Total Health Expenditure, y/y Change	8.70%	8.60%	8.50%
Hospital Beds Per 1,000 People	1.0	1.0	1.0
Pharmaceutical Sales, USD bn*	3.53	3.68	3.84
Pharmaceutical Exports, USD bn*	0.06	0.06	0.06
Pharmaceutical Imports, USD bn*	1.42	1.48	1.54
Medical Devices Sales, USD bn*	0.63	0.70	0.78

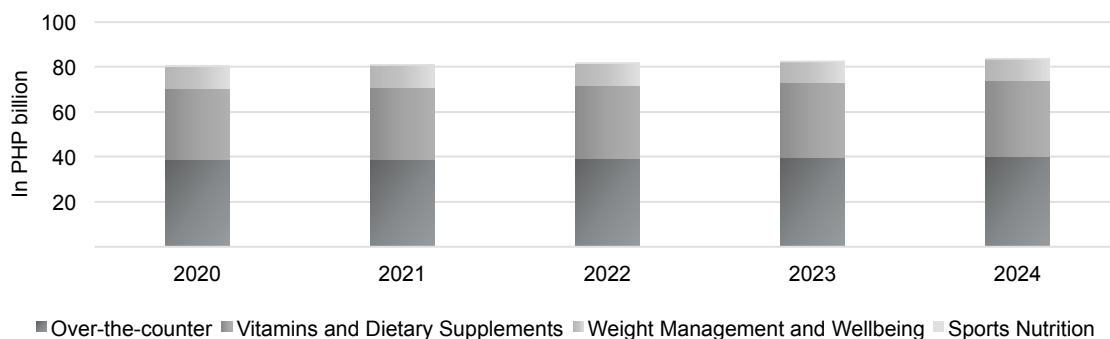
Source: BMI Research
Converted to USD*



Local Market Trends

According to Euromonitor International 2019, sales of healthcare products will continue to grow for the next five years as the gap between prevention and treatment narrows. Based on their data, from sales in 2019 growing by 5.3 percent from the 2018 growth of 4.3 percent, sales would reach PHP 83.9 billion (USD 1.6 billion) in 2024, with over-the-counter (OTC) pharmaceuticals accounting for 48 percent or about PHP 40 billion (USD 0.8 billion), and vitamins and dietary supplements, another 40 percent or about PHP 34 billion (USD 0.7 billion) (Figure 2.7).

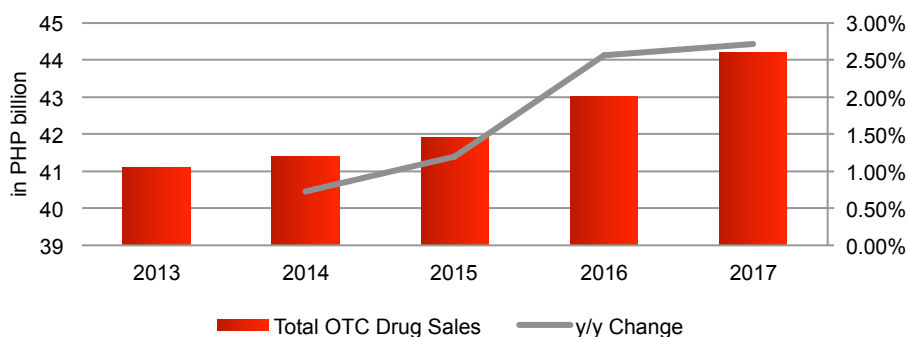
Figure 2.7 Forecasted Sales of Healthcare Products, 2020 to 2024



Source: Euromonitor International

On further analysis of OTC medicament sales, Figure 2.8 shows that market demand increased at a CAGR of 1.9 percent over the 2013 to 2017 period. Sales growth accelerated in 2016 and 2017 relative to 2014 and 2015, as Filipinos became more aware of the importance of preventive care. It is to be noted that health consciousness is more pronounced in the wealthier segments of Filipino society, but D and E class homes are also exhibiting health-conscious behaviors. This may be reflected in changing preferences for food and beverages, as well as increased interest for natural products.

Figure 2.8 Total OTC Drug Sales, 2013 to 2017



Source: EMIS Insights



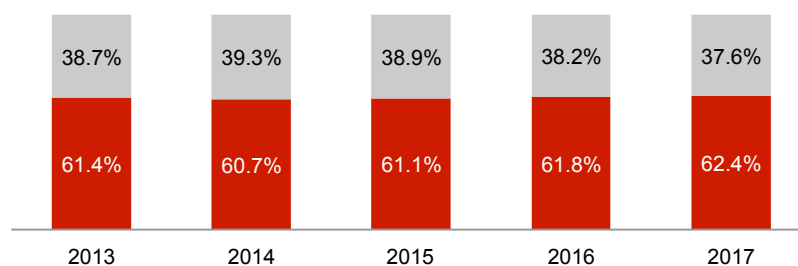
Local Market Trends

The country's consumption of generic medicines is higher than that in other Asia-Pacific countries. Filipinos are becoming more accepting of generic drugs but generally, consumers still trust branded medicines over their generic counterparts. The government's focus on expanding health insurance coverage is expected to benefit the generic medicines product category in particular given its aim to provide affordable medicines in the coming years.

Also, the DOH mandates that public or government physicians prescribe generics. Doctors in private practice can prescribe brand-name medicines as long as the generic name is indicated.

The figure below illustrates the increasing market share of generics medicines, which accounted for 62.4 percent of the total pharmaceutical sales in 2017.

Figure 2.9 Market Share, Brand-name and Generic Drugs, 2013 to 2017



Source: BMI Research

■ Generic ■ Originator



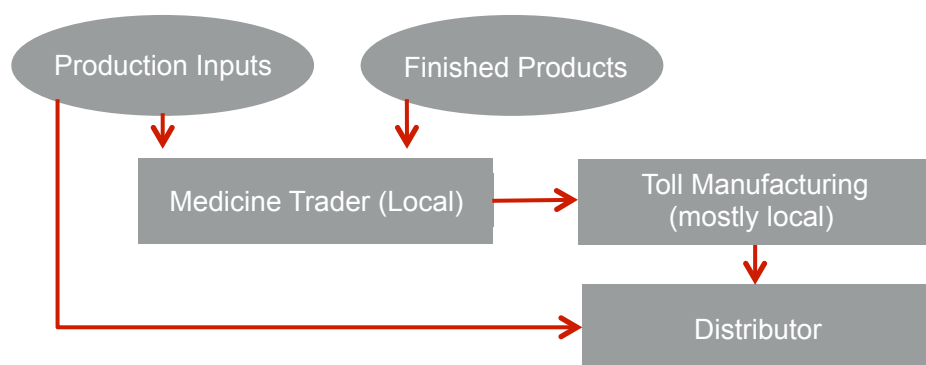
Local Market Trends

Supply

Medicines reach consumers via a supply chain distribution scheme. Among the wholesalers and retailers, the drugstores have the largest percentage share in the market at about 60 percent while hospitals have the smallest share at nine percent.

The diagram below illustrates the typical supply chain of medicines traders.

Figure 2.10 Supply Chain of a Pharmaceutical Distributor



Source: Philippine Institute for Development Studies

The Philippines pharmaceutical industry has approximately 500 medicines traders, 700 medicines importers, and 5,000 medicines distributors in 2018. Below are some of the pharmaceutical traders, importers, and distributors in the industry:

Figure 2.11 List of Selected Pharmaceutical Companies in the Philippines

Multinationals	Local Companies	Toll Manufacturers
<ul style="list-style-type: none"> • Abbott Laboratories • Astrazeneca • Bayer • Boehringer Ingelheim • Bristol Myers Squibb • GlaxoSmithkline Philippines • Johnson & Johnson • Merck Inc. • Novartis • Roche • Sanofi • Zuellig Pharma Corp. 	<ul style="list-style-type: none"> • AD Drugstel • AM –Europharma • Euro-Med • GX International • Pascual Laboratories • United Laboratories 	<ul style="list-style-type: none"> • Ashford Laboratories • EL Pharma • Hizon Laboratories • Interchemex Pharma • Interphil Laboratories • La Croesus Pharma • Lloyd Laboratories • Swisspharma • Sydenham Laboratories

Source: Philippine Board of Investments, 2017



Local Market Trends

Multinational companies (MNC) are usually medicines traders, focused on marketing and distribution rather than manufacturing. MNC traders normally import a large proportion of their medicine products in final form as well as raw and intermediate materials. These imported raw and intermediate materials go straight to their toll manufacturers for production.

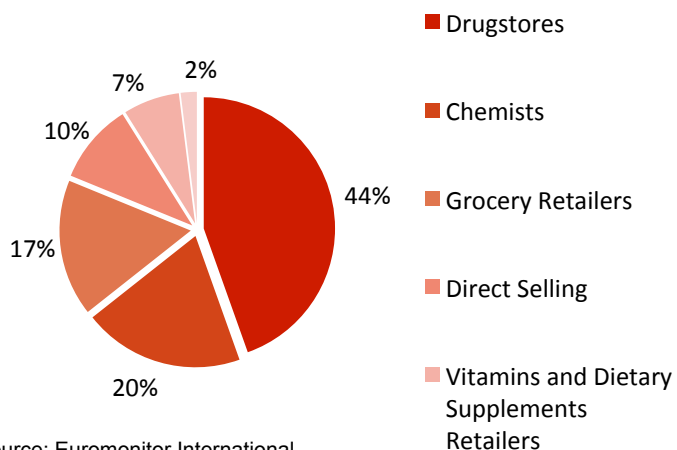
On the other hand, there are MNC that import all their medicine supplies. These goods go directly to their distribution channels. Aside from the presence of long-established MNC in the country, there are also emerging companies like Taiwan's Orient Europharma and Pakistan's Getz Pharma (Biospectrum, 2019).

Local pharmaceutical companies are more diverse in terms of their roles in the supply chain, delving into manufacturing, trading, and distribution. Government promotion of generic medicines manufacturers has led to the rising manufacture of generics, which today involves about 50 firms.

One of the leading toll manufacturers in the Philippines, Interphil Laboratories, Inc. (Interphil), manufactures for MNC, local pharmaceutical companies as well as exports medicaments to nine countries. Apart from Interphil, Hizon Laboratories, and Swisspharma Research Laboratories, Inc. also manufacture medicines for MNC.

In terms of distribution, the main channels of consumers for their medicine requirements are drugstores (44 percent) and pharmacies (20 percent) (Figure 2.12). Besides the traditional distribution channels, internet retailing of medicines is fast becoming a popular channel because of convenience and lower prices. However, the FDA has warned Filipinos of possible health risks of self-medication and of the authenticity of the medicines bought online.

Figure 2.12 Distribution of Consumer Health Sources by Format, 2019



Source: Euromonitor International



Local Market Trends

The prices of medicaments in the Philippines are higher than those in other Asian countries. The reduced prices of medicaments in the Philippines are partly attributable to the government's bulk purchases of medicaments and the successful pricing negotiations between the government and some manufacturers.

Prices of medicines in some private hospitals are higher than those in retail outlets. The majority of the drugstores in the Philippines are in urban areas. In rural areas, drugstores are located far away from one another, which makes access to those medicines harder for residents. To give assistance to people residing in rural areas, health workers dispense medicines through government-owned clinics, government hospitals, and the "Botika ng Bayan", which is a drugstore operated by the government.

The price comparison of some medicines that the DOH was able to monitor in public and private hospitals and leading drugstores for the year 2018 is presented in Table 2.8. On average, prices of medicines in public hospitals are 1.89 to 2.26 times lower than those of private hospitals while private hospitals sell medicines at a comparatively higher price or 2.19 times more than those in by drugstores.

Table 2.8 DOH Drug Price Watch, 2018

Medicine	Price of Medicine (in USD*)						
	Public Hospital	Private Hospital	The Generics Pharmacy	Generika	South Star Drug	Watsons	Mercury Drug
Anti-Hypercholesterolemia							
Simvastatin - 20mg Tablet	0.02-0.48	0.03-1.54	0.07-0.20	0.13-0.20	0.21-0.70	0.17-0.69	0.20-0.69
Rosuvastatin - 20mg Tablet	0.12-1.30	0.36-3.40	0.33-0.56	0.42-1.81	0.5-1.82	0.62-1.81	0.44-1.81
Atorvastatin - 10mg Tablet	0.04-0.55	0.07-0.67	0.13-0.27	0.19-0.55	0.26-0.66	0.27-0.66	0.19-0.66
20mg Tablet	0.06-0.70	0.06-0.76	0.27-0.34	0.24-0.75	0.24-0.75	0.34-0.75	0.31-0.75
40mg Tablet	0.10-0.86	0.10-0.97	0.39-0.54	0.41-0.97	0.44-0.97	0.46-0.97	0.44-0.97
Anti-Hypertensive							
Amlodipine - 10mg Tablet	0.00-0.55	0.01-0.74	0.03-0.19	0.06-0.74	0.18-0.62	0.14-0.74	0.14-0.74
Losartan - 100mg Tablet	0.05-0.68	0.05-1.35	0.17-0.32	0.17-0.61	0.32-0.61	0.28-0.68	0.32-0.61
Metoprolol - 100mg Tablet	0.02-0.29	0.03-1.31	0.06-0.08	0.07-0.15	0.10-0.83	0.10-0.84	0.10-0.79
Enalapril - 20mg Tablet	0.10-0.48	0.19-1.49	0.14	0.21	0.36-0.42	0.27-0.88	0.27-0.88
Anti-Thrombotic							
Aspirin - 80mg Tablet	0.01-0.15	0.02-0.42	0.03	0.03-0.06	0.06	0.06	0.06
Clopidogrel - 75mg Tablet	0.02-1.17	0.04-2.53	0.17-0.44	0.29-1.46	0.17-1.46	0.37-1.46	0.37-1.38
Anti-Diabetic							
Gliclazide - 30mg Tablet	0.05-0.29	0.08-0.68	0.10	0.11-0.18	0.18	0.12-0.18	0.08-0.18
80mg Tablet	0.02-0.41	0.06-0.48	0.09	0.12-0.19	0.16-0.19	0.14-0.19	0.13-0.19
Metformin - 500mg Tablet	0.01-0.21	0.01-0.71	0.03-0.17	0.03-0.31	0.07-0.31	0.06-0.31	0.07-0.31
Regular Insulin - 100IU/mL	2.55-38.38	10.94-51.74	N/A	13.90	25.64-26.39	N/A	13.09-26.4
Isophane (NPH) Insulin - 100 IU/mL	2.12-21.24	10.94-56.95	N/A	13.51	N/A	N/A	14.38-26.4

Source: Department of Health
Converted to USD*



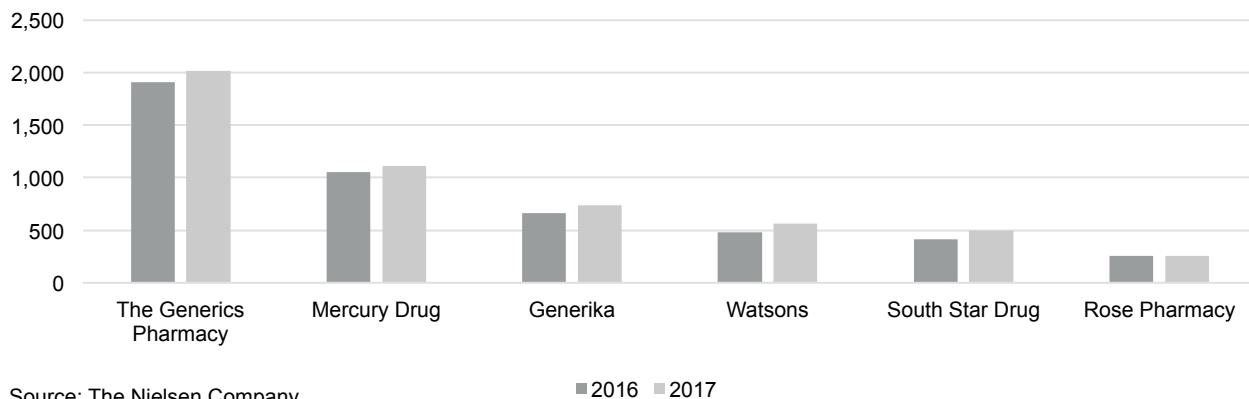
Local Market Trends

Mercury Drug is the largest drugstore chain in the Philippines in terms of total retail value, accounting for 47.7 percent of the total value of pharmaceuticals sold via drugstores in 2016. In terms of the total number of stores, the Generics Pharmacy ranked the first with over 2,016 doors in 2017 which was followed by Mercury Drug with over 1,112 drugstores all over the Philippines (Figure 2.13).

The drugstore market in the Philippines is becoming increasingly competitive. Smaller pharmacy retail chains like Watsons are challenging the bigger pharmacies by aggressively increasing their outlet count across the Philippines.

Drugstores in the Philippines not only sell medicines but also stock on other everyday items, playing the role of a convenience store at times.

Figure 2.13 Number of Drugstores in the Philippines by number of outlets, 2016 and 2017



Source: The Nielsen Company

■ 2016 ■ 2017



The Generics Pharmacy focuses on the sale of generic medicines at low margins. Through its franchising business model, it aims to bring medicines more accessible throughout the nation. In 2016, The Generic Pharmacy formed a partnership with one the country's retail giants, Robinsons Retail.



Mercury Drug is one of the country's trusted provider of health and wellness products, most particularly a wide range of both branded and generic medicines as well as medical devices and everyday items.



Local Market Trends



Generika Drugstore is one of the pioneers of generic medicines in the pharmacy retail industry. The company uses the franchising business model as it expands in the Visayas and Mindanao regions. In 2015, it became a member of AC Health, a subsidiary of Ayala Corporation.



watsons

Watsons is an international health and beauty retailer operating in Asian and European markets. In 2002, the Watsons Group entered into a partnership with SM Prime Holdings Inc., one of the country's largest property developers, to open Watsons outlets in the Philippines. Watsons offers a variety of products ranging from medicines, cosmetics, fragrances personal care items and general merchandises. As at 2017, it had 623 stores in the Philippines.



southstar drug

Established in 1937, Southstar Drug started out as a retail store for Chinese herbal medicines in the southern region of Luzon. It has now ventured into a wide range of prescription drugs and over-the-counter pharmaceutical products, food, and personal care items. Its stores are predominantly in provincial areas of the Philippines. South Star Drug is a subsidiary of the Robinsons Retail Group.



Rose Pharmacy

Rose Pharmacy opened its first drugstore in Cebu City in 1952. Today, it has over 291 branches all over the country. In 2018, Mulgrave Corporation B.V. acquired 51 percent ownership of Rose Pharmacy. It has also ventured in a home delivery facility called Rosexpress Delivery, wherein buying medicines and grocery items can be delivered right to the customer's residence. Additionally, its official website serves customers through online product inquiry and ordering of products.

Source: Official Websites of Respective Drugstores

A business expansion strategy of some drugstore retailers is forming partnerships or joint ventures with major mall retailers such as SM Prime Holdings, Ayala Corporation, and Robinsons Retail. The synergy with mall retailers allows the drugstore chains to open more outlets in strategic places in the Philippines.



Local Market Trends

Based on the latest EMIS report on the Philippines' Pharma and Healthcare Sector 2018, the top companies engaged in manufacturing, distribution, and retail of medicines in the Philippine pharmaceutical industry based on gross revenue in 2015 are enumerated below. Some of these companies have revenue sources other than those from the manufacturing and distribution of pharmaceutical products.



The Zuellig Pharma Corporation is a multinational corporation and is one of the largest healthcare service groups in Asia. Its purpose is to provide and distribute healthcare products. The company offers different products such as pharmaceuticals, vaccines, medical devices, and diagnostics.



United Laboratories Inc. (ULI) is a Filipino-owned corporation and is one of the leading pharmaceutical companies in the Philippines. The company envisions to provide quality and affordable healthcare products and services that promote and enrich life for the communities. ULI offers different prescription and over-the-counter medicines. The company also offers other healthcare products such as oral care and skin cosmetics.



Pfizer Inc. is a multinational pharmaceutical company committed to provide programs for the public benefit, advance medical care, and improve patient outcomes. Pfizer Inc. offers a vast range of prescription and over-the-counter pharmaceutical products.



Abbott Laboratories is a multinational pharmaceutical company in the Philippines that has more than 700 employees and approximately 94,000 worldwide. The company's operations in the Philippines include nutrition, pharmaceuticals, diagnostics, and diabetes care.



Glaxosmithkline Philippines Inc. (GSK) is a science-led global healthcare company with a purpose to help people to do more, to feel better, and to live longer. GSK develops and manufactures pharmaceutical medicines, vaccines, and other consumer healthcare products. The pharmaceutical business of GSK has a leading position in respiratory and HIV medicaments.



Euro-Med Laboratories Philippines, Inc, is a publicly-listed company that manufactures parenteral, specialty solutions, and irrigation solutions in different volumes. The company also manufactures intravenous fluids, hemodialysis concentrates, ophthalmic products, and disinfectants. It has a nationwide marketing and distribution network with depots located in different key provinces in the country.



Local Market Trends



Ritemed, ULI's subsidiary, started its operations in 2002 as a manufacturer and marketer of low cost medicines offering 20 percent to 70 percent lower prices than equivalent counterparts. Ritemed has almost 200 medicaments for different illnesses and diseases like diabetes, hypertension, infection, pain, and cough and colds. It is considered as one of the top branded generic medicines.



Sanofi Pasteur Inc. (Sanofi) has more than 400 employees in the Philippines that strive to improve the state of health and access to health care of the Filipinos. Sanofi offers a wide range of products and services, from treatments and therapies to medicaments and vaccines. Their consumer healthcare products target diseases such as cough and cold, allergy, pain, digestive health, nutritionals, and skin care.

Source: Official Websites of Respective Companies

IMPORT TREND ANALYSIS

3

SECTION

The Philippines has few market players that undertake their own manufacturing of pharmaceuticals, which has made the country highly reliant on importation of both raw materials and finished products to fulfill domestic demand.

According to the 2017 pharmaceutical industry profile from the Philippine Board of Investments, about 98 percent of pharmaceutical raw materials are imported. Only a few local raw materials are available in the country such as herbal raw materials, sugar, starch, glycerine, and alcohol. Countries that make their own raw materials like China and India are competitive in terms of pricing. The majority of the MNC have their products sourced from other countries. Only about 30 percent of their product requirements is locally produced through toll manufacturers.

Business Monitor International 2018 gave the Philippines an Innovative Pharmaceutical Risk/Reward Index (RRI) score of 45.8 out of 100 on attractiveness of the Philippine pharmaceutical industry. The RRI is a numerical assessment of the market's attractiveness and the potential for investors to launch high-value drugs. Among the Asian countries, Japan has the highest score of 84.9 and Laos, the lowest score of 22.0.

Asia Pacific, as a region, remains to be among the attractive markets for multinational pharmaceutical companies with an RRI of 53.3, which is higher than the global RRI of 50.0 by a small margin. This is because of the presence of the world's largest pharmaceutical markets (Japan and China specifically) and the industry's growth in the respective emerging markets within the region.

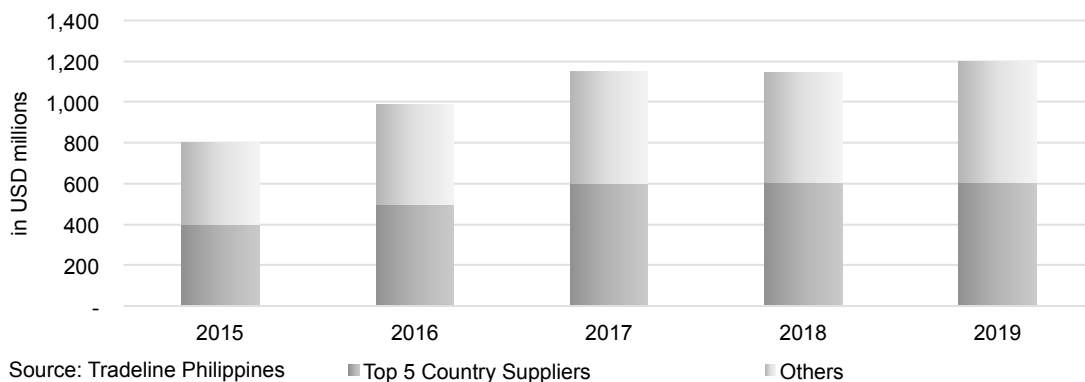


Import Trend Analysis

Philippine Importation of Medicaments

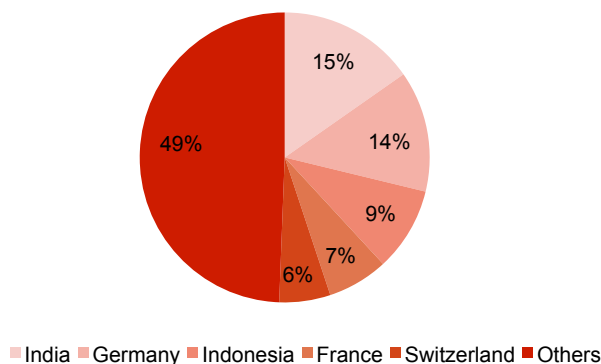
Over the period of 2015 to 2019, the total importation of medicaments (under HS Code 3004) grew at a CAGR of 10.7 percent, from USD 800.48 million (PHP 36.42 billion) to USD 1.20 billion (PHP 62.16 billion). The importation in 2019 accounted for approximately one percent of the country's total importation.

Figure 3.1 Importation of Medicaments, 2015 to 2019



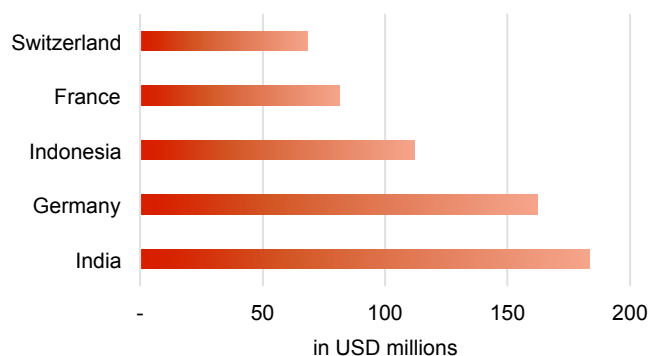
Of the total importation of medicaments, 50.6 percent or USD 607.64 million (PHP 31.48 billion) was contributed by five country suppliers (Figure 3.2). These are India, Germany, Indonesia, France, and Switzerland (Figure 3.3). India was the Philippines' top country supplier of medicaments at 15 percent market share, which was equivalent to USD 183.42 million (PHP 9.5 billion) in 2019. This was followed by Germany with a total value of USD 162.26 million (PHP 8.41 billion) or 14 percent.

Figure 3.2 Importation of Medicaments by Source Country, 2019



Source: Tradeline Philippines

Figure 3.3 Top 5 Country Suppliers of Medicaments to the Philippines, 2019



Source: Tradeline Philippines



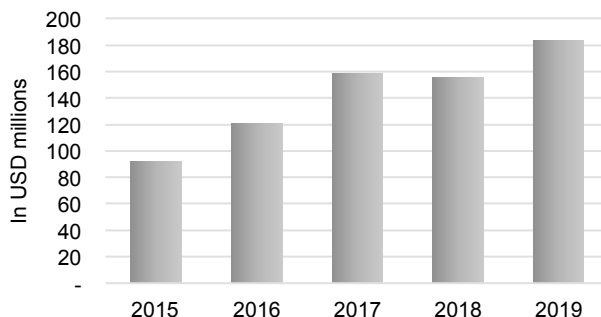
Import Trend Analysis

Two out of five top country suppliers of medicaments in the Philippines are found in the Asia Pacific region. These are India and Indonesia.

India

In 2019, India exported a total of USD 183.42 million (PHP 9.5 billion) worth of medicaments (HS Code 3004) to the Philippines. The CAGR for the period 2015 to 2019 was 19 percent. According to the Embassy of India, pharmaceutical products (HS Code 30) ranked the second most exported product of India to the Philippines, after vehicles and accessories (HS Code 87).

Figure 3.4 India's Total Export of Medicaments to the Philippines, 2015 to 2019

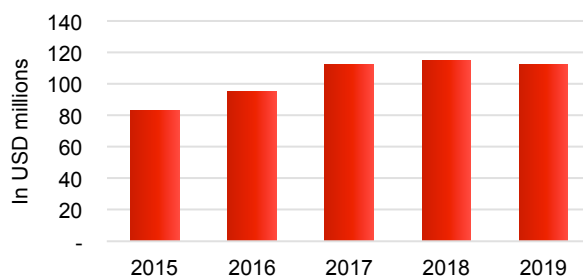


Source: Tradeline Philippines

Indonesia

The Philippines imported a total of USD 112.12 million (PHP 5.81 billion) worth of medicaments from Indonesia in 2019. The importation had a five-year CAGR of 8 percent from 2015 to 2019. Other medicaments for therapeutic or prophylactic uses (under HS Code 300490) accounted for the 46 percent of the total imports of medicaments from Indonesia followed by vitamins which is equal to USD 48 million (PHP 2.49 billion) or 43 percent.

Figure 3.5 Indonesia's Total Export of Medicaments to the Philippines, 2015 to 2019



Source: Tradeline Philippines



Import Trend Analysis

Below is the top 35 country suppliers of medicaments to the Philippines in 2019, along with the total export value of medicaments. In 2019, Brazil ranked 34th, between Slovenia and Greece. Medicaments that originated from Brazil include, but are not limited to, Vigadexa, Novorapid Flexpen, and Dectomax.

Table 3.1 Top 35 Country Suppliers of Medicaments of the Philippines, 2019

Rank	Country Supplier	Export Value (in USD)
1	India	183,422,247
2	Germany	162,256,478
3	Indonesia	112,115,641
4	France	81,363,389
5	Switzerland	68,478,888
6	China	68,436,183
7	United States Of America	58,222,989
8	UK Great Britain And N. Ireland	47,941,227
9	South Korea	39,440,511
10	Italy	33,835,568
11	Netherlands	30,665,167
12	Thailand	27,318,539
13	Denmark	27,277,936
14	Belgium	24,064,706
15	Spain	22,948,188
16	Singapore	22,747,357
17	Turkey	19,104,403
18	Pakistan	17,791,520
19	Australia	17,259,251
20	Ireland	14,450,918
21	Sweden	13,582,450
22	Taiwan	13,014,404
23	Bangladesh	9,972,753
24	Japan	9,880,307
25	Malaysia	9,044,175
26	Mexico	8,512,108
27	Puerto Rico	8,419,007
28	Austria	7,412,504
29	Canada	6,730,736
30	Viet Nam	5,306,339
31	Poland	5,153,233
32	Hong Kong Sar	3,943,377
33	Slovenia	3,891,614
34	Brazil	3,772,149
35	Greece	3,316,987

Source: Tradeline Philippines



Import Trend Analysis

Based on the Bureau of Import Services' raw dataset on the importation of medicaments, the following companies were listed to be the top 20 importers of medicament in 2019 in the Philippines (Table 3.2). Out of the 20 top importers, 15 were MNC.

Table 3.2 Top 20 Importers of Medicaments, 2019

Importer	Import Value (in USD*)	Import Value (in PHP)
Pfizer Inc.	95,348,147	4,939,034,032
Boehringer Ingelheim (Phils.) Inc.	83,183,852	4,308,923,524
Glaxosmithkline Philippines Inc.	79,053,917	4,094,992,907
Unilab Inc.	74,616,909	3,865,155,866
Sanofi Aventis Philippines Inc.	66,422,167	3,440,668,271
Novartis Healthcare Phils Inc.	61,605,768	3,191,178,763
Zuellig Pharma Corporation	37,052,172	1,919,302,500
Bayer Philippines Incorporated	36,986,395	1,915,895,265
Abbott Laboratories	36,650,848	1,898,513,951
Servier Philippines Inc.	33,421,565	1,731,237,047
Metro Drug Inc.	33,123,427	1,715,793,511
Astrazeneca Pharmaceuticals (Phils.)	31,544,456	1,634,002,824
Merck Sharp And Dohme (IA) LLC	27,575,660	1,428,419,168
UL Skin Sciences Inc.	25,080,462	1,299,167,926
Ambica International Corporation	22,290,608	1,154,653,518
Sandoz Phils Corp.	21,549,038	1,116,240,182
Roche (Philippines) Inc.	20,070,294	1,039,641,216
Procter & Gamble Philippines Inc.	19,206,307	994,886,686
The Cathay Drug Co Inc.	18,734,457	970,444,885
A Menarini Philippines Inc.	18,571,247	961,990,592

Source: Bureau of Import Services
Converted to USD*

From the dataset, MNC usually import medicaments from its affiliated companies all over the world. As for the local companies, most of the suppliers originate from India while Unilab Inc.'s top supplier is from Indonesia and in 2019 contributed 43 percent of total imports. Further, a company from Argentina was one of the suppliers of Unilab Inc. of unspecified pharmaceutical products for clinical trials.



Import Trend Analysis

In 2019, 72 percent or a total of USD 866 million (PHP 44.86 billion) of the total importation of medicaments were products under HS Code of 300490 while the remaining 23 percent consisted of the seven other product categories. Table 3.3 summarizes the total importation of medicaments from each product category of HS Code 3004.

Table 3.3 Total Importation of Medicaments by Product Category, 2019

HS Code	Description	Amounts in USD
300490	Other medicaments (excluding goods of heading no.30.02, 30.05 or 30.06) consisting or mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses or in forms or packings for retail sale.	866,028,551
300450	Other medicaments containing vitamins or other products of heading no. 29.36	88,917,936
300420	Medicaments containing other antibiotics, consisting of mixed or unmixed products for therapeutic or prophylactic uses	65,688,629
300410	Medicament containing penicillin or derivatives thereof, with a penicillanic acid structure, or streptomycin or their derivatives, consisting of mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses or in forms or packings for retail sale	54,161,463
300439	Other medicaments containing hormones or other products of heading no. 29.37 but not containing antibiotics	44,357,778
300432	Medicament containing adrenal cortical hormones	42,532,057
300431	Medicament containing insulin, consisting of mixed or unmixed products for therapeutic or prophylactic uses	35,339,443
300440	Medicaments containing alkaloids or derivatives thereof but not containing hormones, other products of heading no. 29.37 or antibiotics	3,661,926

Source: Tradeline Philippines

Among the product categories, other medicaments for therapeutic and prophylactic uses (under HS Code 300490) accounted for 72.1 percent of the total medicament importation. This includes, but is not limited to, specialized medicaments for cancer, AIDS, or other intractable diseases (HS Code 30049010); transdermal therapeutic systems patches for cancer or heart diseases (HS Code 30049080); and antiseptics (HS Code 30049030).

Other medicaments containing vitamins (under HS Code 300450) were listed as the second most imported product category. A survey conducted by Food and Nutrition Research Institute of the Department of Science and Technology revealed that the most common supplements taken by Filipinos are multivitamins and minerals, B-complex vitamins and vitamin C.



Import Trend Analysis

The Philippine Pharma Procurement, Inc. (PPPI), a pharmaceutical company that is owned and controlled by the government, prepares an annual budget for the sourcing, procurement, and importation of the pharmaceutical needs of the public healthcare sector. In 2019, PPPI had a total budget amounting to PHP 122.2 million (USD 2.4 million), of which 92 percent or PHP 112 million (USD 2.2 million) was allocated for pharmaceutical products. Of this, 46 percent or PHP 51.7 million (USD 1.0 million) of the budget was for generic medicaments and vaccines had a budget equal to 28 percent or PHP 30.9 million (USD 0.6 million). Medicaments for the treatment of tumors had 16 percent or PHP 18.4 million (USD 0.4 million) share. The allotment to the top five products per category based on the 2019 procurement plan of PPPI is summarized in Table 3.4.

Table 3.4 Philippine Pharma Procurement, Inc. 2019 Procurement Plan – Trade Goods

Description	2019 Budgeted Cost (in USD*)	%
I. Drugs and Medicines		
A. Generic Medicines		
Co-Amoxiclav (Amoxicillin (as trihydrate) + potassium clavulanate) 250mg + 62.5mg/5ml granules/ powder for drops/susp 60ml bottle	140,038	6%
Paracetamol (alcohol-free) 100mg/ml drops 15ml bottle	72,663	3%
Salbutamol (as sulfate) 1mg/ml 2.5ml nebulae, box of 30's	55,747	3%
Naproxen (as base) 500mg tablet, box of 100's	53,717	2%
Cefuroxime (as axeli) 500mg tablet, box of 100's	47,483	2%
Other Generic Medicines	627,969	29%
Subtotal	997,617	46%
B. Oncology Medicines		
Docetaxel (as trihydrate) 80mg/4ml concentrate for solution for injection for IV fusion, box of 1's	80,275	4%
Carboplatin 10mg/ml 45ml vial, box of 1's	53,401	2%
Calcium Folinat (Leucovorin Calcium) 10mg/ml, 5ml amp (IM, IV) amp, box of 1's	45,866	2%
Etoposide 20mg/ml 5ml ampule/vial (IV)	33,982	2%
L-asparaginase 10,000 IU lyophilized powder (IV)	33,235	2%
Other Oncology Medicines	107,689	5%
Subtotal	354,448	16%
C. Intravenous Fluids		
0.9% Sodium chloride Solution for IV Infusion 1000ml	48,927	2%
5% dextrose in Lactated Ringer's Solution for IV infusion 1000ml	37,737	2%
5% Dextrose in Water Solution for IV infusion 500ml	27,324	1%
5% Dextrose in Water Solution for IV infusion 1000ml	22,770	1%
Lactated Ringer's Solution for IV Infusion 1000ml	18,869	1%
Other Intravenous Fluids	50,293	2%
Subtotal	205,920	10%
II. Vaccines		
Meningococcal conjugate	210,232	10%
Pneumococcal Polyvalent Vaccine 0.5ml pre-filled syringe/vial (IM, SC)	128,303	6%
Influenza Quadrivalent Vaccine (IM), 0.5ml/dose pre-filled syringe, box of 1's	110,653	5%
Influenza Polyvalent Vaccine (IM), 9.5ml/dose pre-filled syringe, box of 1's	78,699	4%
HPV Vaccines	63,350	3%
Other Vaccines	6,152	<1%
Subtotal	597,388	28%
III. Other Trade Goods		
	7,010	<1%
Grand Total Budget – Trade Goods	2,162,382	100%

Source: Philippine Pharma Procurement Inc. 2019

Converted to USD*



Import Trend Analysis

A continued increase in medicaments imports may be expected in the coming years. However, there are existing concerns and recent developments in the industry that may affect the demand for imported medicaments in the country, such as:

1. The government efforts to attract foreign companies to put up manufacturing facilities in the Philippines.
2. The potential partnership between the government and Indian pharmaceutical manufacturers with the objective of marketing Indian pharmaceutical products, particularly generic medicaments, in the Philippines as a substitute for some of the existing imports from other countries.
3. The uncertain pricing regulations and the government's price ceiling on some medicaments. According to the Executive Director of Pharmaceutical and Healthcare Association of the Philippines, Teodoro Padilla, the price ceiling on medicaments may result in discontinued operations of small retailers and uncertainty to manufacturers to launch new medicaments. On the other hand, Fitch Solutions stated that the lower prices of medicaments may impact the growth in demand positively which in turn would attract more suppliers to the country.
4. The slow product registration process in the country may discourage other importers to bring pharmaceutical products into the Philippines. To address this, a number of efforts have been made by the FDA to create more efficient processes and systems.
5. The weak intellectual property protection in the country. Under the ASEAN Intellectual Property Rights (IPR) Strategic Plan for 2016 to 2025, the government aims to facilitate the rapid and effective resolution of IPR disputes, strengthen the IPR framework, and enhance coordination and enforcement in the sector.

Nevertheless, the Universal Health Care Law in 2019 that grants every citizen of the country health coverage will give rise to an increased need for medicaments to serve the higher number of PhilHealth members in the years ahead.

Over the long-term, profit margins for pharmaceutical companies will be lower due to price cap on medicaments but they will be able to grow in terms of sales volume. The Philippines growing and aging population, increasing health consciousness of the Filipinos, rapid urbanization, emerging middle-class, and the increasing prevalence of noncommunicable diseases will provide a number of revenue earning opportunities for pharmaceutical firms, especially for generic medicament suppliers.

REGULATORY ENVIRONMENT

4

SECTION

The Philippine health system is a dual health system composed of the public sector and the private sector. Health services in the public sector are provided by health facilities run by the national and local governments and are largely financed through a tax-based budgeting system. The private sector is largely market-oriented, where private pharmaceutical companies earn through user fees at the point of service.

The DOH is the country's primary regulatory body of the pharmaceutical and healthcare sector. Aside from providing overall technical expertise on public health issues, ensuring access to basic public health services to all Filipinos, and regulating the providers of health goods and services, the DOH is also responsible for providing technical assistance to local governments units (LGU). It also manages and operates several regional hospitals, medical centers, treatment and rehabilitation centers, and special hospitals that provide tertiary specialized health services and specialty training to health professionals.

Under the DOH, the Philippine Food and Drug Administration (FDA) is the government authority responsible for the licensing, monitoring, and regulating of food, cosmetics, pharmaceutical and medical devices in the Philippines.

To propagate universal healthcare, Philippine Health Insurance Corporation (PhilHealth), a tax-exempt, fully government-owned and controlled corporation attached to the DOH, provides national health insurance program to Filipinos.

There are legal provisions granting patents to manufacturers of pharmaceuticals, laboratory supplies, medical supplies, and medical equipment. Patent protection for pharmaceutical products is governed under the provisions of the Intellectual Property (IP) Code of the Philippines and enforced by the Intellectual Property Office under the Department of Trade and Industry.



Regulatory Environment

Government Initiatives

Over the past years, access to healthcare services in the Philippines has been limited due to PhilHealth's restricted benefits. The government has made considerable efforts to bridge the financing gap by bringing universal health coverage to the Philippines. Both the government and the private sector are undertaking efforts to increase the number of healthcare facilities throughout the Philippines to cater to the rising demand.

The Rodrigo Duterte presidency introduced the Philippine Health Agenda 2016-2022 with the goal of increasing the financial protection being given to Filipinos, especially for the poor and marginalised segments of the population, as well as improving health outcomes. The Philippine Health Agenda 2016-2022 intends to achieve these by growing the number of hospitals and enhancing the healthcare delivery system through the use of telemedicine and mobile clinics to bring healthcare services closer to the patients.

The government also aims to improve public health by supplying affordable quality medicaments to the population. This has influenced the market for generic pharmaceuticals and has provided consumers a range of choices of drugs.

Below are some of the laws passed by the Philippine legislative body to protect and promote the right to health of all Filipinos, and instill health conscientiousness among them:

R.A. 9502: Universally Accessible Cheaper and Quality Medicines Act of 2008

The law was enacted to reduce the cost of medicines and make it accessible to the Filipinos. The law is intended to ensure the production of adequate supply, distribution, use and acceptance of medicines identified by their generic names, which are priced much lower than brand-name drugs mainly produced by multinational corporations.

R.A. 11223: Universal Health Care Act

The law aims to progressively realize universal healthcare through a systematic approach and to ensure equitable access to quality and affordable healthcare services for all Filipinos. The implementation of the law is expected to significantly reduce out-of-pocket expenditure for health.



Regulatory Environment

Government Initiatives

R.A. 11036: Mental Health Act

This law will pave the way for the complete integration of mental health into the Philippines healthcare system. The law intends to provide mental health services down to the barangay (neighborhood) level and integrate mental health programs in hospitals. It also aims to improve mental health facilities and to promote mental health education in schools and workplaces.

R.A. 9994: Expanded Senior Citizens Act of 2010

The law grants senior citizens a 20 percent discount and exemption from value-added tax (VAT) on the sale of goods and services including, but not limited to, pharmaceutical products, consumer products, professional services, transport services, pension house, and leisure and entertainment services, from all establishments for availment and personal consumption.

R.A. 10754: Expanding The Benefits And Privileges Of Persons With Disability (PWD)

The law grants persons with disability to avail at least 20 percent discount and VAT exemption on the sale of goods and services which includes basic necessities, medicines, dental services, professional services, transportation, restaurants, and educational assistance for the benefit of the PWD.

Source: Official Gazette of the Republic of the Philippines; Department of Health

Furthermore, the government came up with programs to make affordable medicines more accessible to Filipinos, such as:

BNB Project (Botika ng Barangay)

The project aims to establish drug outlets in rural areas to make medicines more accessible to Filipinos. The prices of drugs in these outlets should be 50 to 70 percent cheaper compared to branded medicines. According to DOH, the BNB Project serves a total population of approximately 90.5 million.



Regulatory Environment

Government Initiatives

Parallel Drug Importation Program

Parallel importation happens when a patented drug is brought into the country by the government itself or any private party even without the consent of the patent holder as long as the patented drug has been either introduced in the Philippines or anywhere in the world by the patent holder. Thus, parallel drug importation allows the importer to source for a good price of the patented product, bring it to the country and sell it at a more competitive price than the prevailing price from the innovator company.

Maximum Retail Price (MRP)

In the government's efforts to lower the price of selected expensive medicines, the government has imposed a MRP which is a 56 percent price reduction from the prevailing market prices. In February 2020, President Duterte signed the Executive Order (E.O.) 104 entitled "Improving Access to Healthcare through the Regulation of Prices in the Retail of Drugs and Medicines" to impose the maximum retail price of some medicines in the market. The list of medicines with the respective maximum wholesale and retail prices is presented in Annex B.

Source: Department of Health

Based on PIDS' paper entitled "Review of Cheaper Medicines Program of the Philippines" by Picazo (2012), the government's BnB program contributed to the country's expansion of distribution network for medicaments. Additionally, the program showed that generic drugs are profitable which encourages the private sector to also enter the market of generic drugs.

These government initiatives will boost the accessibility and affordability of drugs in the Philippine market in order to meet the growing demand for medicaments. However, based on an article from the Asia Business Law Journal, Carlota (2019) stated that these interventions have also, in turn, limited the intellectual property protection over new drugs, like the implementation of parallel importation. Carlota (2019) also concluded that the Philippine Government will have to strike a balance between addressing the public's need for affordable drugs and encouraging patent owners to innovate new drugs.



Regulatory Environment

Philippine Health Insurance Corporation

R.A. 7875, or the National Health Insurance Act of 1995, created health insurance coverage for all Filipinos and established PhilHealth to carry out the purpose. According to the Revised Implementing Rules and Regulations (IRR) of the Act, the objectives are (1) to give Filipino citizens financial access to health services, (2) to help Filipinos pay for health services, and (3) to expand the reach of health care facilities for the Filipinos, especially for those who cannot afford health care.

The IRR states the following, alongside their dependents, as eligible members of PhilHealth:

- Members in the Formal Economy – these are members, from both the private and public sector, covered with a formal contract and a fixed term of employment. Premium contribution payments are shared by both employer and employee
- Members in the Informal Economy – members included are, but not limited to, migrant workers, workers of the informal sector (street hawkers, market vendors, pedicab and tricycle drivers, etc.), self-earning individuals, Filipinos with dual citizenship, and others
- Indigent Members – these are members who do not have any source of income and has been identified by the Department of Social Welfare and Development as having an insufficient income for family livelihood
- Sponsored Members – these are members whose contributions are paid by a sponsor like private individual, government agency or private agency
- Senior Citizen Members – also called Lifetime Members, these are members who have reached the retirement age and paid at least 120 monthly premium contributions

Based on PhilHealth’s annual report, it released PHP 121 billion (USD 2.3 billion) in benefit payments in 2018 to its beneficiaries, which is 14 percent higher than the previous year’s PHP 106 billion (USD 2.1 billion).

The total number of covered members and dependents including the premiums contributed for each member type is summarized in Table 4.1.

Table 4.1 Total Number of Beneficiaries and Contributions, 2018

Member Type	Member	Dependent	Total Beneficiaries	Total Premium Contribution (in USD millions) ¹²
Members in the Formal Economy	15,989,829	15,002,702	30,992,531	164
Members in the Informal Economy	11,778,458	12,254,864	24,033,322	717
Indigent Members	15,718,882	18,743,293	34,462,175	361
Senior Citizens	7,531,326	1,879,707	9,411,033	41
Sponsored Members	2,797,973	2,791,946	5,589,919	

Source: 2018 Annual Report of PhilHealth
Converted to USD*



Regulatory Environment

Intellectual Property Code of the Philippines

The Act aims to protect and secure the exclusive rights on intellectual properties and creations of scientists, inventors, artists, and other citizens within a certain period of time. This act promotes the proper distribution of knowledge and information for the progress and development of the country. The government acknowledges that an effective system for intellectual property rights is essential to ease the transfer of technology, develop domestic creativity, attract foreign investments, and ensure market accessibility. Intellectual property rights include patents, trademarks, copyrights, designs, and protection of undisclosed information.

With the promotion of generic medicines pursuant to R.A. 9502, amendments were made to the Intellectual Property Code. Provisions included the limitation of patent rights and the adoption of the Bolar provision upon which competitors can also produce the patented drug for the sole purpose of research and development.

Product Registration and Importation

A License to Operate (LTO) and a Certificate of Product Registration (CPR) must be obtained from the FDA Philippines in order for business entities to engage in manufacturing, importation, exportation, sale, distribution, transfer, promotion, advertisement, and/or sponsorship of any pharmaceutical product or health product. The process and requirements for product registration and product importation are shown on Annex C and Annex D, respectively.

Import of pharmaceutical products are regulated by the Philippine Government. Under the Administrative Order no. 85 series of 2000 issued by DOH, the import of generic pharmaceuticals from other countries are now allowed in the Philippines.

The government importation of pharmaceutical products is the task of the Philippine Pharma Procurement, Inc. formerly known as PITC Pharma, Inc. PPPI is a subsidiary of the Philippine International Trading Corporation and an affiliate of the National Development Company. It is the only pharmaceutical company tasked to provide affordable and quality ensured medicines to the Filipino people. PPPI is assigned for the direct importation, and sourcing for government agencies as well as offer the same service to private entities.

As stated in Asia Business Law Journal, the process of registering the products of domestic and MNC in the Philippines may take time. Based on the ASEAN Business Advisory Council, the current committed turnaround time for product registration is 254 calendar days but in practice, turnaround time ranges from two to four years.



Regulatory Environment

As stated in the Customs Modernization and Tariff Act (CMTA), the importation and exportation of certain products and commodities in the Philippines are classified as follows:

- Free Importation and Exportation – goods may be freely imported into and exported from the Philippines without the need for import and export permits, clearances or licenses unless otherwise provided by law or regulation.
- Regulated Importation and Exportation – these are goods which are subject to regulation and can only be transported after securing the necessary permits, clearances, licenses, and other requirements prior to transport. In case of importation, submission of requirements after arrival of the goods, but prior to release from customs custody, will only be allowed in cases provided for by governing laws or regulations. Regulated goods include food, drugs, cosmetics and medical devices regulated by the Food and Drug Administration.
- Restricted Importation and Exportation – the importation and exportation of restricted goods listed in Chapter 3, Section 119 of the CMTA are prohibited unless authorized by law or regulation. Restricted goods include explosives, gambling equipment, habit forming chemicals/substances like marijuana, opium, heroin or other narcotics.
- Prohibited Importation and Exportation – the importation and exportation of goods listed in Chapter 3, Section 118 of the CMTA are prohibited. Prohibited imports include adulterated or misbranded food, drugs, cosmetics, devices or goods for human consumption in violation of relevant laws and regulations.

INDUSTRY OPPORTUNITIES AND SELECTED MARKET PLAYERS

5

SECTION

The increasing demand for pharmaceutical products opens business opportunities for potential investors. For instance, the government is promoting foreign investors to enter the industry with a goal to meet the demand for medicaments. Apart from the infusion of foreign investments, local pharmaceutical companies are also expanding their businesses in their own respective spaces to gain a larger market share.



As the Philippine pharmaceutical industry continues to grow, new opportunities for foreign and local companies have emerged. The following are some of the business opportunities for new entrants in the industry.

Form a joint venture with a local manufacturing company

Since 2018, the DOH has been promoting foreign investments from international pharmaceutical companies, particularly those from India and members of the European Union, to set up manufacturing facilities in the Philippines. These efforts may result in partnerships between foreign and local manufacturer, which may help to increase production of medicines in the country and reduce the prices of drugs in the Philippines (EMIS, 2018).

On January 18, 2019, the Pharmaceuticals Export Promotion Council of India, which is an industry association set up by the Indian Government for the promotion and exportation of Indian healthcare and pharmaceutical products, brought its business delegation into the Philippines for the fifth time to set up a mini expo and an exclusive business matching session for Indian partner companies and local distributors. Through this event, Indian companies were able to meet and connect with potential business partners. The product portfolio included active pharmaceutical ingredients; bulk drugs and excipients; intermediates; finished formulation; nutraceuticals and food supplements; surgical and wound care products; liquid orals, oral dosages, tables and capsules; injectables; medical devices; pellet; vitamins and probiotics; and herbal products.

Supply a local drug retailer's house-brand medicament

The majority of pharmaceutical sales take place through retail pharmacies. Pharmacy chains like Mercury, Watsons, TGP Generika are expanding into house-brands. House-brands are medicines sourced from toll manufacturers or originators with the branding of the drug retailer. The prices of house-brands are lower than those of branded or uni-branded generic. Introducing a house-brand gives the drug retailers an advantage since retailers do not need to conduct heavy sales and marketing efforts to promote the brand. Also, there is a lesser need for a brand development, as brand recall is somewhat linked to the pharmacy (Kashyap, She and Ho, 2015).

Although the market for house-brands is relatively small, other companies may find it difficult to sell their brands of the same product through the drug retailer's stores once they launch their own house-brand. Rose Pharmacy, one of the top retail pharmacies in the country with over 291 branches all over the Philippines, started to sell generic drugs under its brand name.



Industry Opportunities and Selected Market Players

Partner with the Philippine Government through PPPI

Under the mandate of Republic Act No. 9502 (Universally Accessible Cheaper and Quality Medicines Act of 2008), PPPI was established to undertake direct importation of low-priced medicines for government agencies, establish a common facility for pooled procurement, and assist in maintaining the cost levels of medicines to prevent unnecessary spending.

Considering that PPPI is allowed to act as a procurement agent of the government, it is capable of consolidating the individual procurements of the health facilities of DOH and the LGUs, and the BNB outlets. Hence, PPPI is qualified to undertake pooled procurement to serve the country's demand for medicines, which in turn increases the purchasing power of the government which is important for price negotiations. However, non-compliance to agreements by some suppliers of PPPI due to stock-outs limits the agency to provide a stable source of supply to the country.

As an example, PITC, the parent company of PPPI, identified manufacturers from India and Thailand to supply face masks for the Philippine market due to depleting local supply amidst the health situation in the country.

Apart from the opportunities listed above, partnerships with private companies may also be a means for foreign companies to enter the Philippine pharmaceutical industry. The researchers have selected some market players in the industry, ranging from importers, drug retailers and manufacturers. For importers, the companies were selected based on their total value of imports in a given year as well as the diversification of their trade partners. With regards to drug retailers, the selection was based on the number of retail outlets.



Industry Opportunities and Selected Market Players

United Laboratories Inc., Philippines

United Laboratories, Inc. is a private company which was established in 1945. Its primary purpose is to manufacture, develop, import, export, market, and distribute all types and kinds of pharmaceutical products in wholesale or retail.

ULI is one of the leading pharmaceutical company in the Philippines, In 2017, it captured approximately 20 percent of the market for pharmaceutical products.

On September 19, 2017, ULI and its subsidiaries had a corporate restructuring wherein ULI's revenue generating activities were transferred to its core business entities. Effective on January 1, 2018, the assets and activities related to the branded pharmaceuticals were transferred to UNILAB, Inc., the branded generic pharmaceuticals to Ritemed Philippines, Inc., and the personal care products segment to UL Skin Sciences, Inc.

Based on the separate financial statements of UNILAB Inc., the company reported total assets amounting to PHP 30.9 billion (USD 0.6 billion) and posted revenues of PHP 38 billion (USD 0.7 billion) in 2018.

The following table summarizes Unilab's top suppliers, the respective countries of origin, and the imported medicaments in 2019.

Table 5.1 Unilab's Top 20 Import Partners of Medicaments, 2019

Exporter	Country of Origin	Imported Medicament*
Concord Pharmaceuticals Limited	Indonesia	Neozep Forte, Myla E, Biogesic, Phervon, Alaxan FR, Conzace, Decolgen, Zegen
Ajanta Pharma Limited	India	Cardiosel, Amlife, Urinorm, Plogrel, Roswin, Pregabalin
Bilim Ilac San Ve Tic AS	Turkey	Amoclav, Memry, Jovia
Astral Steritech Private Ltd.	India	Piperacillin Sodium And Tazobactam Sodium, Amoclav
Standard Chem And Pharma Co Ltd.	Taiwan	Omepron, Prozelax, Versant
Neutec Ilac San Ve Tic AS	Turkey	Exflem Effervescent Tablets
Shenzhen Sciprogen Bio Pharmaceutical	China	Erythropoietin Renogen
Square Pharmaceutical Ltd.	Bangladesh	Rexidol Forte, Nasoflo Nasal Spray, Valpros Pedia
JW Holdings Corporation	Korea	Combiflex



Industry Opportunities and Selected Market Players

Table 5.1 Unilab’s Top 20 Import Partners of Medicaments, 2019

Exporter	Country of Origin	Imported Medicament*
Nectar Lifesciences Limited	India	Zegen
Laboratorios Richmond Sacif	Argentina	Unspecified Pharmaceutical Samples for Clinical Trial
Medispray Laboratories Pvt. Ltd.	India	Duavent Pulmoneb
H & B Pharma International Inc.	Korea	Algina Suspension, Alendra, Motivest Cap
Inventia Healthcare Pvt. Ltd.	India	Motra, Norizec, Expel OD
Intas Pharmaceuticals Limited	India	Valpros, Celabin Capecita
Jubilant Generics Limited	India	Dopezil, Donepezil
Sun Pharmaceutical Industries	India	Duavent, Fozal
USV Private Limited	India	Idezar
Steril Gene Life Sciences Private Ltd.	India	Heragest
Ultratech India Limited	India	Klindex

*This is not the full list of imported goods.
Source: Bureau of Import Services

Ambica International Corporation

Ambica International Corporation (Ambica) was registered with the SEC on April 17, 2008 to trade various goods as well as to import and export different products such as, pharmaceuticals, food, cosmetics, consumer goods, medical devices, molecular diagnostics, household products, and other related products.

The business is primarily focused on branded generics as the company aims to provide the community access to safe, affordable, and effective medication to cure illnesses and diseases.

Based on the latest available financial statements of Ambica, the company reported total assets and revenues in 2017 were PHP 619.8 million (USD 12 million) and PHP 1.1 billion (USD 21.8 million), respectively.

The table 6.2 summarizes Ambica’s top suppliers, the respective countries of origin, and the imported medicament in 2019.



Industry Opportunities and Selected Market Players

Table 5.2 Ambica's Top 20 Import Partners of Medicaments, 2019

Exporter	Country of Origin	Imported Medicament*
Stallion Laboratories Pvt. Ltd.	India	Renalog, Tazeast, Tazbactam, Tazoget, Postal, Miravest, Stafipime
XL Laboratories Pvt. Ltd.	India	Citicoline, Vitamine E Capsile, Omeprazole, Monti Plus, Bisacodyl
Rainbow Life Sciences Pvt. Ltd.	India	Rosalta, Nervicore, Gotriaxone, Ambnerv, Hyscopen, Eastprazol
Unicure Remedies Pvt. Ltd.	India	Flucysteine, Acetylcysteine, Soluflem, Plenacyl, Lactone
Wockhardt Limited	India	Glaritus, Glysolin, Wosulin, Wepox
Brawn Laboratories Limited	India	Cefuroxime, Ciprofloxacin, Goutless, Pantoprazole Sodium
Unique Pharmaceutical	India	Ifimol IV, Losartan Potassium, Endovaz, Loratadine,
Agio Pharmaceuticals Limited	India	Bactestop, Provizar, Enalapril Maleate Tablet, Mupiban, Diclogen,
West-Coast Pharmaceutical	India	Aminolog, Nitro, Ketophil, Ketorels, Ketomitab, Moferen,
Akums Drugs & Pharmaceuticals	India	Divalgen, Triocef, Depamax, Akudiva
Endurance Healthcare Limited	India	Celecoxib, Goxib, Pantoprazole Sodium, Clopidrogel, Ciprofloxacin, Losartan, Coxidia
Hebei Changshan Biochemical	China	Enoxane
Cooper Pharma Ltd.	India	Kaitrate, Acitrate, Citrapos, Positate, Lithrocal
Cadila Pharmaceuticals Ltd.	India	Teli Tablet, Cilostazol, Ambixime, Axecrest
Giyaan Pharma Pvt. Ltd.	India	Gloclav, Amoxitrene, Alclav
Synmedic Laboratories	India	Zarpose, Mysartan, Amara
Virchow Healthcare Pvt. Ltd.	India	Heme-up FA, Viprax, Vife-Z
Mediwin Pharmaceuticals	India	Losawin Tablet, Pancer, Ketoconazole, Atorvastatin, Losartan
Medley Pharmaceutical Ltd.	India	Ceurox, Losartan Potassium, Glito
Mankind Pharma Ltd.	India	Vertikind, Losakind

*This is not the full list of imported goods.

Source: Bureau of Import Services



Industry Opportunities and Selected Market Players

Metro Drug, Inc.

Metro Drug, Inc. (MDI) was incorporated and registered with the SEC on November 3, 1997. The company distributes products such as pharmaceutical and veterinary products, personal care, and other related products.

MDI is a wholly owned subsidiary of Zuellig Corporation.

The company is focused on its pharmaceutical sales and distribution activity. MDI aims to become one of the largest and most efficient distributors of pharmaceutical and health care products.

In 2018, MDI reported total assets amounting to PHP 10.8 billion (USD 0.2 billion) and posted revenues of PHP 30.4 billion (USD 0.6 billion).

The following table summarizes MDI's top suppliers, the respective countries of origin, and the imported medicaments in 2019.

Table 5.3 MDI's Top 20 Import Partners of Medicaments, 2019

Exporter	Country of Origin	Imported Medicament*
Lundbeck Export A/S	Denmark	Brintellix, Fluvoxol, Lexapro, Abixa
Inova Pharmaceuticals (Singapore)	Australia, United Kingdom, India, Italy, Singapore	Difflam Solution
Adcock Ingram Limited	India	Norgesic Forte, Nuelin
Mega Lifesciences Pty. Ltd.	Thailand	Livolin Forte, Flexsa, Acnetrex, E Nat, Avarin, Ursoliv, Pynocare
Bioton S.A.	Poland	Scilin
Ferring Pharmaceuticals	China, Switzerland, Czech, Germany, United Kingdom, Sweden, Singapore	Picoprep Powder for Oral Solution, Minirin, Pentasa, Duratocin, Menogon, Menopur, Decapeptyl
Unique Pharmaceutical Laboratories Ltd.	India	Difflam Solution
Kalbe International Pte. Ltd.	Indonesia	Woods ATT Cough
Scigen Pte. Ltd.	Austria, Singapore	Scitropin
Virchow Healthcare Pvt. Ltd.	India	Xuvan
Bio Technology General (Israel) Ltd.	Israel	Euflexxa Solution



Industry Opportunities and Selected Market Players

Table 5.3 MDI's Top 20 Import Partners of Medicaments, 2019

Exporter	Country of Origin	Imported Medicament*
Inventia Healthcare Ltd.	India	Barole, Panfor
Windlas Biotech Limited	India	Mebaal
Intas Pharmaceuticals Ltd.	India	Scilocyte
The Madras Pharmaceuticals	India	Rocimus
NPF Materia Medica Holding Ltd.	Russia	Anaferon
MSN Laboratories Private Limited	India	Ligaba
Pharmathen S.A.	Greece	Larfen
Schaper & Brummer GmbH & Co. KG	Germany	Esberitox
Pharma-Zentrale GmbH	Germany	Normagut

*This is not the full list of imported goods.

Source: Bureau of Import Services

TGP Pharma Inc.

TGP Pharma Inc. (TGP) was incorporated and registered with the SEC on September 15, 2010. TGP is engaged in trading of pharmaceutical products, medical devices, and medical equipment. It is also involved in trading food supplements, cosmetics, and general merchandise for wholesale or retail.

TGP is 51 percent owned by South Star Drug, Inc. which is a subsidiary of Robinsons Retail Holdings, Inc, a publicly listed company.

TGP's pharmaceutical products are purely generic medicaments. The company also offers franchising opportunities to individuals and corporations with starting capital ranging from PHP 600,000 (USD 11,583) to PHP 800,000 (USD 15,444) per outlet. After nine years of operations, the company was able to expand and now has the highest number of drugstores with more than 2,000 stores nationwide.

TGP reported total assets and revenues in 2018 were PHP 1.8 billion (USD 34.2 million) and PHP 4.3 billion (USD 81.7 million), respectively.



Industry Opportunities and Selected Market Players

Euro-Med Laboratories Philippines, Inc.

Euro-Med Laboratories Philippines, Inc. (Euro-Med) is a listed company that was incorporated and registered with the Securities and Exchange Commission (SEC) on January 29, 1988. Euro-Med is engaged in manufacturing of high quality pharmaceutical products such as parenterals, intravenous fluids, and other solutions. Euro-Med acquired several LTOs and GMP Certificate from the FDA which include licenses as drug manufacturer, trader, importer, and wholesaler.

Euro-med's laboratory facilities are equipped for testing raw materials and finished pharmaceutical products. The company also offers analytical laboratory services to other companies for the testing of selected raw materials and pharmaceutical products to maximize the usage of its equipment.

In 2018, the company reported total assets and revenues amounting to PHP 9.7 billion (USD 0.2 billion) and PHP 5.2 billion (USD 0.1 billion), respectively.

Mercury Drug Corporation

Mercury Drug Corporation (Mercury Drug) was incorporated and registered with the SEC on May 20, 1968 to buy, sell, and distribute products on wholesale or retail basis. It offers a wide range of products, like pharmaceuticals, medical and veterinary compounds, general merchandise, cosmetics, food, medical devices, and other consumer health products. It has approximately 1,100 stores with over 14,000 employees all over the Philippines.

The company also has corporate social responsibility programs that focus on health and education for the communities where Mercury Drug operates.

In 2018, Mercury drug reported total assets amounting to PHP 46.5 billion (USD 0.9 billion) and posted revenues totaling PHP 141.7 billion (USD 2.7 billion).

INDUSTRY ASSOCIATIONS AND CONVENTION

6

SECTION

Alongside the government, the private sector is also taking initiatives to fast track the growth of the Philippine pharmaceutical industry. Collaboration amongst market players through associations and organizations promotes the commitment to pursue improved health care for all Filipinos.

This section provides a list of organizations and convention for members of the industry.



Industry Associations and Convention

Industry Associations

Industry associations engage in various activities that will support the growth of their members' businesses within an industry. These industry associations advocate their members by providing resources, information, and opportunities they might not have had otherwise.

Below is a list of associations engaged in the Philippine pharmaceutical industry:

Pharmaceutical and Healthcare Association of the Philippines (PHAP)

It is the organization representing the research-based pharmaceutical industry of the country. Its committed to developing and providing access to quality and safe pharmaceutical products to the Filipinos. PHAP works with patients, medical practitioners, government, and non-government organization to improve the health condition in the Philippines.



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Philippines Pharmaceutical Manufacturers Association (PPMA)

The association was organized to bring together companies engaged in the manufacturing and/or marketing of pharmaceutical products as well as to upgrade the standards of the pharmaceutical manufacturing industry in the Philippines. PPMA provides a venue for members to collaborate with each other with the goal of providing quality medicament.



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Industry Associations and Convention

Industry Associations

Philippine Chamber of Pharmaceutical Industry, Inc. (PCPI)

Established in 2004, the PCPI aims to lead the role of ensuring competitiveness of local pharmaceutical companies worldwide. In partnership with the government, PCPI is focused on growing the recipients of the benefit from the low price of medicaments in the market. The association assisted local manufacturing companies to be at par with international competitors in terms of quality and affordability.



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Source: Official Website of Respective Associations



Industry Associations and Convention

Convention

The Medical Philippines Expo 2020

The Medical Philippines Expo 2020, co-located with Pharma Philippines 2020 and Dental Philippines 2020, is an annual event that gathers an international congregation of medical and healthcare equipment and services, dental technology and pharmaceutical companies, and its supporting industries in Manila to showcase the latest advancements in the medical, dental, and pharmaceutical industry.

On its 5th year, the event is organized by Fireworks Trade Exhibitions & Conferences Philippines, Inc. and below are some of the key details:



August 12-14, 2020; 10:00 AM – 6:00 PM



SMX Convention Center Manila

Mall of Asia Complex, Seashell Lane, Pasay, Metro Manila, Philippines



Admission is free of charge but restricted to trade professionals only



Approximately 3,000 visitors
and 150 Exhibitors



<http://philmedical.com/>



7-902-0900 extension 115



phil@asiafireworks.com

Source: Official Website of Convention

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Annexes





Annex A: Medicaments

AHTN Code 2017	Description	MFN Rates of Duty, 2020
3004.10	A. Containing penicillin or derivatives thereof, with a penicillanic acid structure, or streptomycin or their derivatives :	
	I. Containing penicillin or derivatives thereof :	
3004.10.15	a. Containing penicillin G (excluding penicillin G benzathine), phenoxymethyl penicillin or salts thereof	5%
3004.10.16	b. Containing ampicillin, amoxicillin or salts thereof, of a kind taken orally	5%
3004.10.19	c. Other	5%
	II. Containing streptomycin or derivatives thereof :	
3004.10.21	a. In ointment form	5%
3004.10.29	b. Other	5%
3004.20	B. Other, containing antibiotics :	
3004.20.10	I. Containing gentamycin, lincomycin, sulfamethoxazole or their derivatives, of a kind taken orally or in ointment form	5%
	II. Containing erythromycin or derivatives thereof :	
3004.20.31	a. Of a kind taken orally	5%
3004.20.32	b. In ointment form	5%
3004.20.39	c. Other	5%
	III. Containing tetracyclines or chloramphenicols or derivatives thereof :	
3004.20.71	a. Of a kind taken orally or in ointment form	5%
3004.20.79	b. Other	5%
	IV. Other :	
3004.20.91	a. Of a kind taken orally or in ointment form	5%
3004.20.99	b. Other	5%
	C. Other, containing hormones or other products of heading 29.37 :	
3004.31.00	I. Containing insulin	1%
3004.32	II. Containing corticosteroid hormones, their derivatives or structural analogues :	
3004.32.10	a. Containing dexamethasone or their derivatives	1%
3004.32.40	b. Containing hydrocortisone sodium succinate or flucinolone acetonide	1%
3004.32.90	c. Other	1%
3004.39.00	III. Other	1%

Source: Philippine Tariff Commission



Annex A: Medicaments

AHTN Code 2017	Description	Rates of Duty for MFN, 2020
3004.40	D. Other, containing alkaloids or derivatives thereof :	
3004.41.00	I. Containing ephedrine or its salts	1%
3004.42.00	II. Containing pseudoephedrine (INN) or its salts	1%
3004.43.00	III. Containing norephedrine or its salts	1%
3004.49	IV. Other :	
3004.49.10	a. Containing morphine or its derivatives	1%
3004.49.50	b. Containing papaverine or berberine, of a kind taken orally	1%
3004.49.60	c. Containing theophylline, of a kind taken orally	1%
3004.49.70	d. Containing atropine sulphate	1%
3004.49.80	e. Containing quinine hydrochloride or dihydroquinine chloride, for injection; Containing quinine sulphate or bisulphate, of a kind taken orally	1%
3004.49.90	f. Other	1%
3004.50	E. Other, containing vitamins or other products of heading no. 2936	
3004.50.10	I. Of a kind suitable for children, in syrup form	5%
	II. Other, containing more than one vitamin :	
3004.50.21	a. Of a kind taken orally	5%
3004.50.29	b. Other	5%
	III. Other :	
3004.50.91	a. Containing vitamin A, B or C	5%
3004.50.99	b. Other	5%
3004.60	F. Other, containing antimalarial active principles	
3004.60.10	I. Containing artemisinin combined with other pharmaceutical active ingredients	5%
3004.60.20	II. Containing artesunate or chloroquine	5%
3004.60.90	III. Other	5%
3004.90	G. Other :	
3004.90.10	I. Transdermal therapeutic system patches for the treatment of cancer or heart diseases	0%
3004.90.20	II. Closed sterile water for inhalation, pharmaceutical grade	3%
3004.90.30	III. Antiseptics	5%
	IV. Anaesthetics :	
3004.90.41	a. Containing procaine hydrochloride	5%
3004.90.49	b. Other	5%
	V. Analgesics, antipyretics and other medicaments for the treatment of coughs or colds, whether or not containing antihistamines :	
3004.90.51	a. Containing acetylsalicylic acid, paracetamol or dipyron (INN), of a kind taken orally	5%
3004.90.52	b. Containing chlorpheniramine maleate	5%
3004.90.53	c. Containing diclofenac, of a kind taken orally	5%
3004.90.54	d. Containing piroxicam (INN) or ibuprofen	5%
3004.90.55	e. Other, in liniment form	5%
3004.90.59	f. Other	5%

Source: Philippine Tariff Commission



Annex A: Medicaments

AHTN Code 2017	Description	Rates of Duty for MFN, 2020
	VI. Antimalarials :	
3004.90.62	a. Containing primaquine	5%
3004.90.64	b. Containing artemisinin other than of subheading 3004.60.10	5%
	c. Other :	
3004.90.65	1. Herbal medicaments	5%
3004.90.69	2. Other	5%
	VII. Anthelmintic	
3004.90.71	a. Containing piperazine or mebendazole (INN)	5%
	b. Other :	
3004.90.72	1. Herbal medicaments	5%
3004.90.79	2. Other	5%
	VIII. Other medicaments for the treatment of cancer, HIV/AIDS or other intractable diseases :	
3004.90.81	a. Containing deferoxamine, for injection	0%
3004.90.82	b. Anti HIV/AIDS medicaments	0%
3004.90.89	c. Other	0%
	IX. Other :	
3004.90.91	a. Containing sodium chloride or glucose, for infusion	5%
3004.90.92	b. Containing sorbitol or salbutamol, for infusion	5%
3004.90.93	c. Containing sorbitol or salbutamol, in other forms	5%
3004.90.94	d. Containing cimetidine (INN) or ranitidine (INN) other than for injection	5%
3004.90.95	e. Containing phenobarbital, diazepam or chlorpromazine, other than for injection or infusion	5%
3004.90.96	f. Nasal-drop medicaments containing naphazoline, xylometazoline or oxymetazoline	5%
	g. Other :	
3004.90.98	1. Herbal medicaments	5%
3004.90.99	2. Other	5%

Source: Philippine Tariff Commission



Annex B: Maximum Retail Price

No.	Drug Molecule	Dosage Strength and Form	Maximum Wholesale Price (MWP), in PhP	Maximum Retail Price (MRP), in PhP
Antihypertensives				
1	Amlodipine + Bisoprolol	10 mg + 5 mg tablet*	16.79	24.35
2		5 mg + 10 mg tablet*	15.74	22.82
3		5 mg + 5 mg tablet*	15.79	22.90
4	Amlodipine +	37.5 mg film-coated tablet*	12.82	18.59
5	Hydrochlorothiazide +	57.5 mg film-coated tablet	22.25	30.75
6	Olmesartan Medoxomil	62.5 mg film-coated tablet	23.50	31.25
7	Amlodipine +	10 mg + 160 mg + 25 mg film-coated	20.02	29.03
8	Hydrochlorothiazide	tablet*		
9	+ Valsartan	10 mg + 320 mg + 25 mg film-coated	23.80	34.51
10		tablet*		
11	Amlodipine +	5 mg + 160 mg + 25 mg film-coated	19.09	27.68
12		tablet*		
13	Amlodipine +	10 mg + 1.5 mg modified-release tablet	23.66	28.50
14	Indapamide			
15	Amlodipine +	10 mg + 1.25 mg + 5 mg	37.78	50.00
16	Indapamide + Perindopril	film-coated tablet*		
17		10 mg + 2.5 mg + 10 mg	35.75	51.84
18		film-coated tablet*		
19		5 mg + 1.25 mg + 5 mg	35.62	44.75
20		film-coated tablet*		
21	Amlodipine + Perindopril	2.5 mg + 3.5 mg tablet*	14.27	20.70
22	Bisoprolol +	2.5 mg + 6.25 mg	11.29	16.36
23	Hydrochlorothiazide	film-coated tablet*		
24		5 mg + 6.25 mg	13.31	19.30
25		film-coated tablet*		
26	Eprosartan	600 mg film-coated tablet*	28.90	41.17
27	Eprosartan +	600 mg + 12.5 mg film-coated tablet*	25.50	36.97
28	Hydrochlorothiazide			
29	Imidapril	10 mg tablet*	17.67	25.62
30	Indapamide + Perindopril	2.5 mg + 10 mg film-coated tablet*	21.04	30.51
31	Levamlodipine	2.5 mg tablet*	8.16	11.84
32	Nimodipine	30 mg film-coated tablet	27.52	44.70
Antidiabetic Drugs				
33	Dapagliflozin	10 mg film-coated tablet*	32.40	44.20
34	Empagliflozin	10 mg film-coated tablet*	48.28	55.31



Annex B: Maximum Retail Price

No.	Drug Molecule	Dosage Strength and Form	Maximum Wholesale Price (MWP), in PhP	Maximum Retail Price (MRP), in PhP
25	Empagliflozin +	12.5 mg + 1 g film-coated tablet*	34.31	41.52
26	Metformin	12.5 mg + 500 mg film-coated tablet*	31.64	41.52
27		5 mg + 1 g film-coated tablet*	34.25	41.52
28		5 mg + 500 mg film-coated tablet*	23.33	33.83
29	Insulin Aspart	100 IU/mL, 3 mL pre-filled pen*	327.23	424.04
30	Insulin Aspart + Insulin Aspart Protamine Crystalline	100 IU/mL, 3 mL pre-filled pen	328.90	477.26
31	Insulin Degludec	100 IU/mL, 3 mL pre-filled pen*	598.72	763.40
32	Insulin Detemir	100 IU/mL, 3 mL pre-filled pen*	541.34	691.67
33	Insulin Glulisine	100 IU/mL, 3 mL pre-filled pen*	336.14	435.18
34	Insulin Lispro	100 IU/mL, 10 mL vial*	941.80	1,192.25
35	Linagliptin	100 IU/mL, 3 mL pre-filled pen*	324.43	420.53
36	Linagliptin + Metformin	5 mg film-coated tablet*	44.05	55.78
37		2.5 mg + 1 g film-coated tablet*	24.32	30.36
38		2.5 mg + 500 mg film-coated tablet*	24.44	30.56
39		2.5 mg + 850 mg film-coated tablet*	24.24	30.36
40	Metformin + Saxagliptin	1 g + 5 mg extended-release tablet*	47.16	68.38
41		500 mg + 5 mg extended-release tablet*	46.91	68.02
42	Metformin + Sitagliptin	1 g + 100 mg extended-release tablet*	49.45	62.50
43		1 g + 50 mg film-coated tablet*	25.10	32.55
44		500 mg + 50 mg film-coated tablet*	25.05	30.31
45		850 mg + 50 mg film-coated tablet*	24.68	32.14
46	Saxagliptin	2.5 mg film-coated tablet*	32.97	47.80
47		5 mg film-coated tablet*	40.16	57.00
48	Sitagliptin	100 mg film-coated tablet*	45.08	65.37
49		25 mg film-coated tablet*	31.85	46.19
50		50 mg film-coated tablet*	43.70	53.19
Anti-Neoplastic/Anti-Cancer				
51	Afatinib	30 mg film-coated tablet	2,886.43	4,057.80
52		40 mg film-coated tablet	2,817.63	3,961.49
53	Bevacizumab	100 mg, 4 mL vial	16,735.07	23,445.90
54		400 mg, 16 mL vial	57,621.55	80,686.97
55	Cetuximab	5 mg/mL, 20 mL vial	12,182.70	17,072.58
56	Denosumab	60 mg/mL, 1 mL pre-filled syringe	9,676.00	13,563.20
57	Erlotinib	150 mg film-coated tablet	1,500.01	2,116.81
58	Goserelin	10.8 mg pre-filled syringe	14,077.89	19,725.85
59		3.6 mg pre-filled syringe	4,118.80	5,783.12



Annex B: Maximum Retail Price

No.	Drug Molecule	Dosage Strength and Form	Maximum Wholesale Price (MWP), in PhP	Maximum Retail Price (MRP), in PhP
60	Lapatinib	250 mg film-coated tablet	377.34	545.08
61	Panitumumab	20 mg/mL, 5 mL vial	20,652.24	28,929.94
62	Pertuzumab	30 mg/ mL, 14 mL vial	124,356.34	174,115.67
63	Regorafenib	40 mg film-coated tablet	2,026.30	2,853.62
64	Rituximab	100 mg/ 10 mL, 10 mL vial	9,783.74	13,714.04
65		500 mg/ 50 mL, 50 mL vial	47,673.39	66,759.55
66	Trastuzumab	150 mg vial	26,025.24	36,452.14
67	Trastuzumab Emtansine	100 mg vial	65,318.33	91,462.46
68		160 mg vial	104,908.18	146,888.25
Immunosuppressant				
69	Azathioprine	50 mg tablet [†]	34.30	42.58
70	Basiliximab	20 mg vial	53,969.49	75,574.09
71	Ciclosporin	100 mg/mL, 50 mL oral solution	6,634.84	9,305.57
72	Etanercept	25 mg/ 0.5 mL, 0.5 mL pre-filled syringe	5,316.17	7,459.44
73	Golimumab	50 mg/ 0.5 mL, 0.5 mL pre-filled autoinjector	44,022.64	61,648.50
74	Immunoglobulin Anti-Thymocyte	25 mg vial [†]	11,704.12	16,402.57
75	Mycophenolic Acid	360 mg enteric coated tablet	58.71	94.36
76	Secukinumab	150 mg vial	17,004.26	23,822.77
77	Sirolimus	0.5 mg tablet	136.97	208.55
78		1 mg tablet	185.72	276.81
79	Tacrolimus	0.5 mg prolonged-release capsule	46.34	75.26
80		1 mg prolonged-release capsule	83.18	131.36
81	Tocilizumab	200 mg/ 10 mL, 10 mL vial	10,392.98	14,566.97
82		400 mg/ 20 mL, 20 mL vial	20,581.45	28,830.84
83	Tofacitinib	5 mg film-coated tablet	569.61	814.26
84	Ustekinumab	45 mg/ 0.5 mL, 0.5 mL pre-filled syringe	114,933.59	160,923.83
Analgesics				
85	Morphine	10 mg modified-release tablet [†]	10.08	16.00
86		30 mg modified-release tablet [†]	26.18	41.58
87		60 mg modified-release tablet [†]	69.67	108.69



Annex B: Maximum Retail Price

No.	Drug Molecule	Dosage Strength and Form	Maximum Wholesale Price (MWP), in PhP	Maximum Retail Price (MRP), in PhP
	Naloxone + Oxycodone	10 mg + 20 mg prolonged-release tablet [†]	143.80	214.00
88		2.5 mg + 5 mg prolonged-release tablet [†]	80.10	124.13
89		20 mg + 40 mg prolonged-release tablet [†]	243.54	351.00
90		5 mg + 10 mg prolonged-release tablet [†]	72.92	113.50
91	Oxycodone	10 mg controlled-release tablet [†]	115.69	175.39
92		10 mg/mL, 1 mL vial [†]	552.40	775.23
93		10 mg/mL, 2 mL vial [†]	923.50	1,284.96
94	Parecoxib	40 mg ampule	329.44	478.01
95	Antiasthmatic & Chronic Ostructive Pulmonary Disease (COPD) Preparation			
	Fluticasone	500 mcg/ 2mL, 2 mL nebulas	59.02	85.00
96	Formoterol	12 mcg dry power for inhalation, capsules	15.32	24.88
97	Indacaterol	150 mg inhalation powder, capsule	48.71	79.11
98		300 mcg inhalation powder, capsule	47.54	77.21
99	Procaterol	10 mcg/ dose, 200 doses lung metered dose inhaler	589.99	842.78
100	Roflumilast	500 mcg film-coated tablet	54.95	88.69
101	Tiotropium Bromide	18 mcg powder for inhalation, capsule	57.33	92.28
102		2.5 mcg per dose, 60 doses (4 mL)*	2,420.34	2,988.26
103	Anticoagulant			
	Apixaban	2.5 mg film-coated tablet	56.59	91.17
104		5 mg film-coated tablet	56.47	90.98
105	Ticagrelor	90 mg film-coated tablet	54.70	80.25
106	Tinzaparin	10,000 anti-XA IU, 2 mL vial (SC)	711.57	1,013.00
107		4500 anti-XA IU, 0.45 mL pre-filled syringe	238.31	350.44
108	Tirofiban	250 mcg/mL, 50 mL vial	8,570.94	12,016.12
109	Triflusal	300 mg capsule	28.06	45.57
110	Anti-Angina			
	Isosorbide Dinitrate	0.1%, 10 mL ampule [†]	485.72	696.81
111	lvabradine	5 mg film-coated tablet	23.31	37.86
112		7.5 mg film-coated tablet	23.52	38.19
113	Agents Affecting Bone Metabolism			
	Calcitonin (Salmon)	100 IU/mL, 1 mL ampule	321.42	466.79
114		200 IU nasal spray, 14 doses	3,041.56	4,274.99
115				



Annex B: Maximum Retail Price

No.	Drug Molecule	Dosage Strength and Form	Maximum Wholesale Price (MWP), in PhP	Maximum Retail Price (MRP), in PhP
116	Ibandronic Acid	6 mg/ 6 mL , 6 mL vial	7,675.33	10,762.26
		Antiemetic		
117	Palonosetron	75 mcg/ 1.5 mL , 1.5 mL vial	902.47	1,280.26
118	Ramosectron	100 mcg oral disintegrating tablet	659.95	940.73
119		300 mcg/ 2 mL , 2 mL ampule	1,002.32	1,420.05
		Psoriasis, Seborrhea & Ichthyosis Preparation		
120	Betamethasone + Calcipotriol	500 mcg + 50 mcg/g, 30 g gel	1,221.36	1,726.70
121	Betamethasone + Salicylic Acid	0.5 mg + 30 mg/g, 5 g ointment	151.84	229.38
		Antidepressant		
122	Vortioxetine	10 mg film-coated tablet	61.66	98.83
123		20 mg film-coated tablet	61.83	99.08
124		5 mg film-coated tablet	32.99	53.57
		Iron Chelating Agent		
125	Deferoxamine	500 mg, 7.5 mL vial	163.68	245.96
		Growth Hormone Inhibitor		
126	Octreotide	20 mg vial	48,457.96	67,857.95
		Antiviral		
127	Ganciclovir	500 mg vial	1,630.78	2,299.90
		Fibrinolytic		
128	Alteplase	50 mg, 50 mL vial	27,264.30	38,186.81
		Hematopoietic Agent		
129	Lenograstim	263 mcg/ mL , 1 mL vial	3,987.48	5,599.27
		Mucolytic		
130	Erdosteine	175 mg/ 5 mL , 60 mL suspension	120.92	186.09
		Parenteral Nutritional Product		
131	Alanyl-Glutamine	200 mg/mL , 100 mL solution for infusion	1,766.04	2,489.26
		Phosphate Binder		
132	Sevelamer	800 mg film-coated tablet	34.63	56.24
		Surfactant		
133	Beractant	25 mg/mL , 8 mL vial ⁺	14,086.19	19,600.27

MRP refers to the maximum price given by retailers to consumers. Prices reflected by default are value-added tax (VAT) inclusive.

MWP refers to the maximum price to be given by the manufacturer / wholesaler / trader / distributor and the like to retailer.

Special discounts such as Senior Citizen and Person with Disability shall continue to be honored.

*MRPs reflected are VAT - exclusive

⁺Voluntary price reduction from pharmaceutical companies which the government approved.



Annex C: Product Registration

The following are the initial requirements for the application of a LTO.

- a) Accomplished Application Form with Declaration and Undertaking
- b) Proof of Business Name Registration
- c) Site Master Plan (for manufacturers of drugs)
- d) Risk Management Plan
- e) Payment

The step by step procedures in securing a LTO and a CPR are as follows:



1. **Download.** Download the application form from ww2.fda.gov.ph. The application form is used for both license and registration applications. The first issuance of LTO is valid for three years while renewed LTO has a validity of five years. A valid LTO is required to apply for a product registration;
2. **Fill-up.** The application form has six parts: 1) General Information, 2) Establishment Information, 3) Product Information, 4) Supporting Information, 5) Sources and Clients, and 6) Applicant Information;
3. **Email.** In the application form, the worksheet 'Email' composes the subject and body of the email that should be sent to pair@fda.gov.ph. There should be no attachment on the email, any attachment will lead to rejection of schedule request;
4. **Schedule.** Within two working days, a Document Tracking Log (DTL) is sent with a schedule for submission. The FDA will determine the schedule of applications according to the priority of the centers;
5. **Pay.** Fees are paid either at Land Bank branches or at the main FDA cashier. Once a DTL is received, payment can be made immediately. A copy of the DTL provided by FDA and a copy of the application form are required to process payment. Indicate in the application form the tracking number provided. The tracking number indicated in the DTL should be indicated in the proof of payment;
6. **Check.** Check if all requirements are in order. Acquire a checklist from the FDA website and have all the necessary documents ready. The petition or declaration form should be notarized. A softcopy of all requirements should be stored in a flash drive to facilitate transfer. Include a copy of the accomplished application form and a copy of the payment slip; and



Annex C: Product Registration

7. Submit. Application should only be filed on scheduled date. Hard copies will no longer be required at submission. Remember the RSN number of each application. Use the RSN to follow-up through pair@fda.gov.ph. Should the company fail to complete submission on the set date, queue for another schedule through pair@fda.gov.ph using the RSN.

Based on the Annex B of the Administrative Order No. 31 Series of 2012, the following fees shall apply.

FDA Fees for License to Operate

Type of Business	License Fee	Annual Fee
A. Drug Manufacturer	PHP 90,000	PHP 18,000
B. Drug Distributors		
1. Importer	PHP 60,000	PHP 12,000
2. Wholesaler	PHP 30,000	PHP 7,000
3. Exporter	PHP 15,000	PHP 3,000
4. Importer/Wholesaler	PHP 75,000	PHP 15,000
C. Drug Retailers		
1. Retail Pharmacy	PHP 20,000	PHP 5,000
2. Retail Outlet For Non-Prescription Drugs	PHP 10,000	PHP 2,000
3. On-Line Pharmacy	PHP 15,000	PHP 3,000
4. Compounding Pharmacy	PHP 25,000	PHP 5,000
D. Other Drug Establishments		
1. Clinical Research Organization	PHP 60,000	PHP 12,000
2. Sponsor	PHP 60,000	PHP 12,000

Variation	Major Variation Fee	Minor Variation Fee
LTO for Drug Manufacturers	PHP 20,000	PHP 10,000
LTO for Drug Distributor	PHP 15,000	PHP 5,000
LTO for Drug Retailer	PHP 10,000	PHP 2,500



Annex C: Product Registration

FDA Fees for Certificate of Registration

Type of Business	Application Fee	Evaluation Fee	Annual Fee
1. New Chemical Entity	PHP 100,000	PHP 150,000	PHP 30,000
2. Vaccines & Biologicals	PHP 100,000	PHP 150,000	PHP 30,000
3. Innovative Products And Technologies	PHP 100,000	PHP 150,000	PHP 30,000
4. Generics			
A. Prescription			
Imported	PHP 10,000	PHP 75,000	PHP 15,000
Locally Manufactured	PHP 5,000	PHP 30,000	
B. Non- Prescription			
Imported	PHP 7,500	PHP 50,000	PHP 10,000
Locally Manufactured	PHP 3,500	PHP 20,000	
5. Traditional And Herbal Medicines			
A. Prescription			
Imported	PHP 10,000	PHP 75,000	PHP 15,000
Locally Manufactured	PHP 5,000	PHP 30,000	
B. Non- Prescription			
Imported	PHP 7,500	PHP 50,000	PHP 10,000
Locally Manufactured	PHP 3,500	PHP 20,000	
6. Other Drug Products			
Imported	PHP 7,500	PHP 50,000	PHP 10,000
Locally Manufactured	PHP 3,500	PHP 20,000	
7. Veterinary Medicines, Vaccines and Biologicals			
A. Prescription			
Imported	PHP 10,000	PHP 75,000	PHP 15,000
Locally Manufactured	PHP 5,000	PHP 30,000	-
B. Non- Prescription			
Imported	PHP 7,500	PHP 50,000	PHP 10,000
Locally Manufactured	PHP 3,500	PHP 20,000	-
Variations		Major Variation Fee	Minor Variation Fee
CPR of Imported Drug Products		PHP 30,000	PHP 10,000
CPR for Locally Manufacture Products		PHP 10,000	PHP 5,000
Other Permits/Certification		Fee	
1. Generic Labelling Exemption		PHP 5,000	
2. Certificate of Pharmaceutical Product		PHP 5,000	



Annex D: Product Importation

To register as an importer, the following procedures must be done:

1. Secure an Import Clearance Certificate (ICC) from the Bureau of Internal Revenue. The ICC is valid for three years;
2. Register with the Bureau of Customs (BOC) and setup an account with the Client Profile Registration System (CPRS). The Customs Client Profile Accreditation must be updated annually. The accreditation in the CPRS costs PHP 1,000 and typically takes 15 working days to process.

Based on the Customs Memorandum Order no. 31-2019 of the BOC, the following documents must be submitted for accreditation of importers:

- A. Duly notarized accomplished application form and signed by owner (for sole proprietorship), responsible officer (for corporation), chairman (for cooperative), and authorized partner (for partnership);
- B. Bureau of Customs Official Receipt (BCOR) evidencing payment of the processing fee of PHP 1,000;
- C. Corporate Secretary Certificate (for Corporation) / Affidavit (Sole Proprietorship) / Partnership Resolution (Partnership) / BOD resolution (Cooperative) designating its authorized signatories in the import entries;
- D. Two valid government issued IDs of applicant, president and responsible officers;
- E. NBI clearance of applicant (issued within three months prior to the application);
- F. Photocopy of DTI registration or SEC registration/Articles of Partnership and latest General information Sheet, or Cooperative Development Authority Registration and latest Cooperative Annual Progress Report, whichever is applicable;
- G. Personal profile of applicant, president and responsible officers;
- H. Company profile with pictures of office with proper and permanent signage and pictures of warehouse/storage area;
- I. Valid Mayor's Permit as certified by the Bureau of Permits and Licensing Office;
- J. Proof of financial capacity to import goods; and
- K. Endorsement from the District Collector, if applicable.