



**India Pavilion at CPhI China
20 -22 June 2018, Shanghai New
International Expo Centre
(SNIEC), China**

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PHARMEXCIL PARTICIPATION IN CPhI CHINA

EVENT AT GLANCE:

CPhI China 2018 is China's largest and leading pharmaceutical exhibition, which brings together more than 25,000 pharma industry professionals from 50+ countries. CPhI China and co-located events ICSE, NEX, P-MEC, InnoPack and LAB world represent the entire pharmaceutical supply chain and its key players.

CPhI China 2018, a three day exhibition has provided an opportunity to meet key industry stakeholders, manufacturers, suppliers and innovators at one place. The 18th edition of CPhI China was held during 20th -22th June 2018 at Shanghai New International Expo Centre (SNIEC).

Exhibitor & Visitors Participation:

- No. of Exhibitors: 3,000 Exhibitors from 30+ countries
- No. of Visitors: 60,000 Pharma industry professional Visitors
- Top Ten Exhibitors by Countries: China, Japan, India, South Korea, Taiwan, Italy, USA, Germany, Switzerland, United Kingdom

Council organised "India pavilion" at CPhI China fifth time with participation from the following Indian Pharma companies.

- | | |
|-------------------------------------|---|
| ▪ Dr. JCR Bio-Sciences Pvt. Ltd. | ▪ R L Fine Chem Pvt Ltd |
| ▪ Everest Organics Ltd. | ▪ Rumit International / Rumit Lifecare |
| ▪ Infinium Pharmachem Pvt. Ltd. | ▪ Sainor Laboratories Pvt. Ltd. |
| ▪ JPN Pharma Pvt. Ltd. | ▪ Shree Chemicals |
| ▪ Metrochem API Pvt. Ltd. | ▪ Siflon Drugs |
| ▪ Murlikrishna Exports Pvt. Ltd. | ▪ Supreem Pharmaceuticals Mysore Pvt.Ltd. |
| ▪ Natco Pharma Limited | ▪ Suryakala Laboratories Pvt. Ltd. |
| ▪ Nosch Labs Pvt. Ltd. | ▪ Surya Remedies Pvt. Ltd. |
| ▪ Patel Chem Specialities Pvt. Ltd. | |
| ▪ Raptim Research Ltd. | |

Trade Enquiries generated: 35

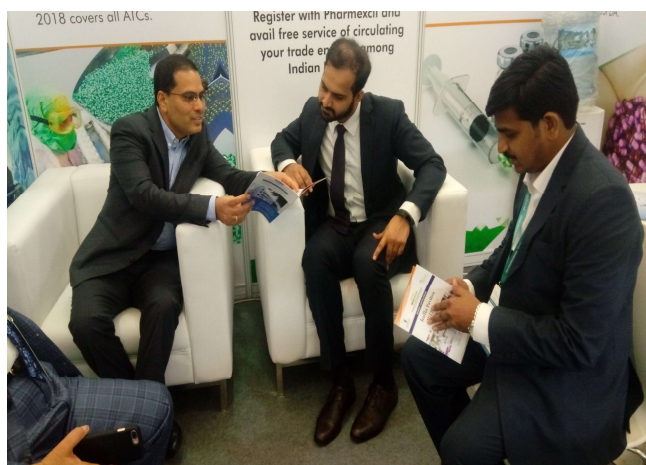
Business Generated: Few business deals are in progress

Brochures:

We have printed 200 copies of the brochures containing information about Indian Pharma industry and its Accreditations, contact details of the participants and distributed to the visitors and local pharma associations.

INAUGURATION OF INDIA PAVILION

India Pavilion at CPhI China was inaugurated by Mr.Aravind Jagannath, Consul, Embassy of India on 20th June 2018. Mr.Murali Krishna, Joint Director, Pharmexcil, Ms.Ch.Lakshmi Prasanna, Sr.Regulatory Affairs Officer, Pharmexcil and Mr.DVS Reddy, Member COA were present. The delegates had an interaction with the Consul and informed about the Pharma Seminar & BSM being organized by Pharmexcil in China during the month of August and sought the cooperation from the embassy. The Consul has suggested organizing the event in the 1st week or 4th week of August in Shanghai city rather than in Beijing, as the pharma industry is mainly localized near to Shanghai.



China Healthcare Sector - Overview:

According to the U.S.FDA, more than 80% of the APIs used to manufacture drugs in the U.S, are produced overseas. China and India are the major exporters of bulk APIs to the U.S and FDA defines China as the “leading Supplier”.

Under the background of new round of economic structural adjustment and supply-side structural reform, the pace of transformation and upgrading of China’s pharmaceutical industry has been further accelerated, enterprises have gradually moved from API low-end preparations to high-end preparations, modified new drugs and innovative drugs, and more and more enterprises are targeting at the international market through deepening the internationalization of Chinese preparations by increasing international certification and cooperation with foreign companies.

Currently Chinese pharmaceutical companies have obtained more than 150 U.S..ANDA numbers, but only 60 have been commercialized.

Bilateral trade of pharmaceutical formulations between China and EU increased by 25% in 2017, which was 6% higher than the overall pharmaceutical trade.

The registration particulars of Chinese companies in regulated markets are as follows:

- Over 1500 DMFs
- 560 CEPs
- 383 EUGMPs
- 34 APIs and 18 FPPs including 3 vaccines on WHO pre-qualification list
- Over 70 products have filed ANDAs
- Hundreds of products registered in other countries.

Trade performance of China in healthcare sector FTY 2017:

Category	Export	Year-on-year	Import	Year-on-year	Import & Export	Year-on-year
Total	607.99	9.44	558.77	6.34	1166.76	12.64
Pharmaceuticals	354.56	12.62	339.63	19.64	694.19	15.95
Medical devices & Equipment	217.03	5.84	203.57	10.6	420.6	8.09
TCM(Traditional Chinese Medicine)	36.4	2.07	15.57	26.06	51.97	8.25

Sourced from CCCMHPIE

Pollution issues in Pharmaceutical Industry in China:

With the rapid development of Chinese pharmaceutical industry comprising majorly pharmaceutical formulations and Chemical APIs, bring increasingly severe pollution issues in production.

The government has launched stricter supervision with firmer enforcement since recent years. The implementation of **Environment protection tax law of People's Republic of China since Jan 1st 2018** set limits for numerous pharmaceutical and chemical companies. The burden of environmental protection tax will finally lead to the change of price and production scale. That will force companies to reset their strategies and management with more efforts made on technological innovation, production process improvement and investments in environmental-friendly equipments.

The API industry in China now facing a bunch of challenges and problems. Recent changes in policies and the environment result in shortage of several APIs and corresponding soaring prices, which significantly influence the sustainable development of industry and has drawn great attention. *This could be an opportunity for Indian pharma companies to enhance their market penetration.*

BUSINESS MEETINGS:

The delegation from Pharmexcil comprising of Mr.Murali Krishna, Joint Director, Ms.Ch.Lakshmi Prasanna, Sr.Regulatory Affairs Officer and Mr.DVS Reddy, Member COA had meetings with the following important stake holders.

❖ Meeting with Ms. Meng Dongping, Vice President, China Chamber of Commerce for Import & Export of Medicines & Health Products (CCCM-HPIE).

Pharmexcil Sought cooperation for our BSM in the month of August and she has extended consent from CCCM for the said event and suggested to organize in Shanghai.

She informed that the China Ministry has advised the Chamber to cooperate with India pharmaceuticals and provide market access. In this regard, Ms.Dongping requested pharmexcil to share the Draft MoU highlighting the points of cooperation from China Chamber.

❖ Meeting with Mr.Nathan, Manager, B/D, M/s.China Chino Pharma:

On discussion with Mr.Nathan, it was understood that China Chino Pharma is interested in joint ventures with Indian pharma units for CMO (Contract manufacturing) activities. But could not proceed further for CMO agreements, as the CFDA is planning to impose certain policy regulations.

For API registration, CFDA already mandated DMF filing along with the FDF (Finished dosage formulation) of local manufacturers.

❖ SinoPharm



FEEDBACK FROM MEMBER COMPANIES

Council participated in CPhI China for the fifth consecutive year and organised India Pavilion by taking space of 168 Sqmtrs with participation of 19 member companies.

The member companies expressed their satisfaction with the arrangements made by Pharmexcil and would like continue their participation in CPhI China 2019 as well.

Specific suggestions include:

- 1) It would be of helpful if Pharmexcil can arrange Translator for Chinese to English language to overcome the language barrier.
- 2) Shifting of the India Pavillion to another location near to the hall entrance.
- 3) Arrangement of Indian food at the cost of Member Company.
- 4) Suggested to increase the stall area.
- 5) Suggested to change the stand constructor, as the quality of furniture is not good and are not clean.

In terms of the Business enquiries, most of the members have expressed satisfaction and few companies have received the orders.

Business Enquiries : 50

Orders received : 22

Member companies have requested Pharmexcil to book the space for the year 2019 and we are in discussion with UBM for finalising the space.

CHINA MARKET REPORT

China has been one of the largest producers of API globally, contributing ~11.6% of world exports amounting to US\$ 42.1 billion in 2016. The Indian Pharmaceutical industry is also dependent on China as many formulators are flocking to get cheaper API imports from China which has impacted API manufacturing in India, which currently accounts to importing 70-80% of its active pharmaceutical ingredients from China, creating a huge trade balance in pharmaceutical sector. According to the IIFT report, if India could capture 10% of the Chinese market, the spill-over effects in terms of specialization and economies of scale would result in the faster growth and development of Indian exports to China, especially in pharmaceuticals and medical instruments. Therefore, it is becoming imperative for the Indian government and pharmaceutical companies in India to understand the Chinese pharmaceutical market and its implications with respect to market access to facilitate pharmaceutical exports and reduce the burden of API/ bulk drugs imports from China.

China is one of the most important strategic markets for future growth. It will be the second largest market in the world after the United States in terms value and volume by 2018. More importantly, China currently accounts for less than 3% of global revenue for most major pharmaceutical companies, leaving significant opportunity for expansion and growth. China's healthcare industry is projected to grow from US\$ 590 billion in 2014 to US\$ 1 trillion by 2020.

Urbanization, changing lifestyles and an aging population are all driving a rapid increase in the prevalence of chronic non-communicable diseases. Long-term national plans for cancer and other leading chronic conditions will seek to address the growing burden imposed by non-communicable diseases

Key health indicators place China among the most advanced of the world's developing countries. The government's goal is to achieve health indicators that are on a par with those of intermediately developed countries by 2020.

Product registration and approval can take up to five to seven years in China. This prompts longer delays in gaining market access making MNCs to re-evaluate the benefits of launching innovative products in China. Moreover, the reforms in regulatory environment have complicated the market entry of foreign pharmaceutical companies into China.

Local companies are seeking research and manufacturing partnerships with multinationals to support the development of an innovative industry. At the same time, joint ventures and collaborations with local companies will assist multinationals in their expansion plans in China as well as providing them with local insight into policy trends. Despite the short-term uncertainties of the Chinese market, its growth potential will foster continued foreign investment.