

Vietnam Active Pharmaceutical Ingredients Market By Type (Generic APIs and Innovative APIs), By Type Of Drug (Prescription and OTC), By Type Of Synthesis (Synthetic and Biotech), By Type Of Manufacturer (Captive APIs and Merchant APIs), By Application (Cardiovascular Diseases, Oncology, CNS & Neurology, Orthopedic, Endocrinology, Pulmonology, Gastroenterology, Nephrology, Ophthalmology, and Others), By Region, Competition, Forecast and Opportunities, 2020-2030F

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Abstracts

Vietnam Active Pharmaceutical Ingredients Market was valued at USD 472.77 Million in 2024 and is expected to reach USD 728.10 Million by 2030 with a CAGR of 7.42% during the forecast period. The Vietnam Active Pharmaceutical Ingredients (API) Market is being driven by several key factors, including the growing demand for pharmaceuticals due to the increasing prevalence of chronic diseases such as diabetes, cardiovascular diseases, and cancer. The expansion of the healthcare sector in Vietnam, spurred by both government initiatives and private investments, is enhancing the accessibility and availability of medications, which in turn drives the demand for APIs. Vietnam's growing pharmaceutical manufacturing sector is increasingly focused on self-sufficiency in API production, reducing reliance on imports and improving local supply chains. The rise of generic drugs and the increase in health insurance coverage are also key contributors to the market's growth. The shift toward biopharmaceuticals and the growing emphasis on quality control and regulatory compliance have led to the development of advanced manufacturing facilities. As the market continues to expand,

these factors will collectively drive the demand for APIs in Vietnam.

Key Market Drivers

Growing Healthcare Demand Due to Increasing Prevalence of Chronic Diseases

Vietnam's growing burden of chronic diseases such as diabetes, hypertension, cardiovascular diseases, and cancer is a significant driver of the Active Pharmaceutical Ingredients (API) Market. According to a study titled, Economic aspects of chronic diseases in Vietnam, a population-based study conducted in rural Vietnam revealed that 39% of individuals aged 25–74 reported having at least one chronic disease. Over 10% of these individuals reported having two or more chronic conditions. Additionally, common risk factors for chronic diseases were prevalent in Vietnam.

As the population ages, the number of individuals requiring long-term medication continues to rise. With chronic diseases requiring sustained pharmaceutical treatments, the demand for APIs to manufacture these drugs has grown significantly. The increasing awareness and diagnosis rates of diseases have contributed to a greater reliance on pharmaceutical products, further intensifying the demand for APIs. As the healthcare system in Vietnam improves, patients are more likely to access necessary treatments, further driving the consumption of pharmaceuticals and APIs. The demand for medicines that help manage such diseases continues to rise, fueling the expansion of the API market.

Expansion of Pharmaceutical Manufacturing Capabilities

Vietnam's pharmaceutical manufacturing sector has witnessed significant development in recent years. As the country's pharmaceutical industry seeks to reduce dependency on imported medicines, local API production has become a priority. The Vietnamese government and private sector have been investing in the development of state-of-the-art pharmaceutical manufacturing facilities, with a focus on API production. This move towards self-sufficiency aims to make APIs more affordable and ensure a reliable supply of high-quality medicines. In October 2023, the Prime Minister approved Decision No. 1165/QD-TTg, which outlines a strategy to develop Vietnam's pharmaceutical industry by 2030, with a vision extending to 2045. The goal is to align the industry with the standards of advanced regional nations and increase domestic production of pharmaceutical and herbal ingredients. The Ministry of Health has introduced a draft Law Amending the Law on Pharmacy, which includes several incentives aimed at further advancing the sector.

Enhanced manufacturing capabilities also provide a competitive advantage, allowing local pharmaceutical companies to compete on both domestic and international markets. Increased capacity for API production helps meet the growing demand for both domestic consumption and export markets, positioning Vietnam as a prominent player in the Southeast Asian pharmaceutical industry.

Favorable Government Initiatives and Policies

The government of Vietnam has implemented several policies that support the growth of the Active Pharmaceutical Ingredients (API) Market. These initiatives include tax incentives, subsidies, and regulatory reforms aimed at stimulating local pharmaceutical manufacturing. The Vietnam National Pharmaceutical Strategy emphasizes improving the quality and self-sufficiency of API production. The government is also working to establish a more favorable regulatory environment that encourages domestic and foreign investments in the pharmaceutical sector. In addition, Vietnam has made efforts to align with international standards to foster better-quality production and increase the exportability of its pharmaceutical products. The government's support of research and development (R&D) in the pharmaceutical industry is also facilitating the growth of APIs.

Increasing Demand for Generic Drugs

The growing acceptance and demand for generic drugs in Vietnam is a major driver of the API Market. Generic medicines, which contain the same active ingredients as branded drugs, are gaining popularity due to their affordability and efficacy. Vietnam currently has 238 factories that comply with GMP-WHO standards, with 17 of these meeting GMP-EU standards, primarily focused on producing generic drugs. However, despite these notable achievements, the Vietnamese pharmaceutical industry faces several challenges. The production of high-tech drugs, generic medications, vaccines, and modern biological products remains in its early stages. At present, the domestic pharmaceutical industry meets approximately 70% of the quantity and 46.3% of the value of the country's drug demand, with a significant reliance on imported raw materials for production. A key issue remains the limited capacity for vaccine research and production in Vietnam. While 15 types of vaccines are produced locally, covering 100% of expanded immunization needs, the coverage for service immunization is still only 10%. The development of mRNA vaccines, breakthrough vaccines, and advanced biological products remains a distant goal, with progress yet to be fully realized.

Vietnam's healthcare system, which is gradually expanding coverage through public

and private health insurance schemes, is more likely to include generic drugs to manage treatment costs. As healthcare costs rise globally, patients and governments are turning to generic alternatives, leading to a surge in API demand. The growing generic drug market in Vietnam, along with an increase in local manufacturing of generics, directly contributes to the rising demand for APIs used in their production. The success of generic drug adoption in Vietnam ensures a continued market for APIs as a cost-effective solution for pharmaceutical manufacturers.

Growing Pharmaceutical Export Potential

Vietnam's growing pharmaceutical export market plays a significant role in driving the demand for APIs. The country's strong pharmaceutical production base allows it to meet both domestic and international market needs. As Vietnam increasingly participates in global pharmaceutical trade, the production and supply of APIs have become vital to fulfilling international demands. With agreements such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and Vietnam's free trade agreements (FTAs) with various countries, access to overseas markets has improved. As demand for high-quality and affordable APIs increases in international markets, Vietnam's local API manufacturers are capitalizing on these opportunities to expand exports. This export-driven growth is further solidifying Vietnam's position in the global pharmaceutical supply chain, contributing significantly to the API market's expansion.

Key Market Challenges

Dependency on Imported Raw Materials

One of the primary challenges in the Vietnam API Market is the continued dependency on imported raw materials. Despite the growth in local manufacturing capabilities, Vietnam's API production is still heavily reliant on raw materials sourced from other countries, particularly China and India. This reliance creates several issues, including vulnerability to fluctuations in global supply chains, rising import costs, and delays in procurement. Trade disruptions, such as those caused by geopolitical tensions or the COVID-19 pandemic, can impact the availability and cost of raw materials, which in turn affects the pricing and production timelines of APIs. Local manufacturers face difficulties in sourcing high-quality and specific raw materials necessary for the production of advanced APIs, such as biologics and specialty drugs. As Vietnam strives for self-sufficiency in API production, this dependency on imports remains a major barrier, highlighting the need for stronger local supply chain development and the establishment

of strategic partnerships with raw material suppliers.

Regulatory Challenges and Compliance

The regulatory environment in Vietnam poses another challenge to the growth of the Active Pharmaceutical Ingredients market. The regulatory landscape surrounding API manufacturing and marketing is complex and constantly evolving. To meet international standards and gain approval for API production, manufacturers must navigate a web of regulatory requirements, which can be both time-consuming and costly. For example, ensuring compliance with Good Manufacturing Practices (GMP) and International Council for Harmonisation (ICH) guidelines requires significant investment in facilities, equipment, and employee training. Vietnam's regulatory framework is still developing in terms of pharmaceutical manufacturing and quality control standards, which can create confusion and delays in product approvals. For small and medium-sized enterprises (SMEs), these regulatory barriers can be even more challenging, potentially limiting their ability to enter the market or expand operations. Despite improvements in regulatory frameworks, the complexities associated with compliance continue to slow the progress of the local API market.

Key Market Trends

Technological Advancements in Pharmaceutical Production

Technological advancements in pharmaceutical manufacturing are revolutionizing the way Active Pharmaceutical Ingredients are produced in Vietnam. The integration of automation, artificial intelligence (AI), and advanced processing technologies into API production facilities has led to greater efficiency, quality control, and cost-effectiveness in the manufacturing process. The introduction of biopharmaceuticals and biosimilars also opens new avenues for API production. Vietnam's manufacturers are increasingly adopting global best practices and technological innovations to produce APIs that comply with international standards. These advancements allow companies to improve productivity and quality, thus catering to both domestic needs and export markets. The focus on technological progress is creating opportunities for higher value-added products and better production yields, which further accelerates the growth of the API market.

Rise of Biopharmaceuticals and Personalized Medicine

The rise of biopharmaceuticals and personalized medicine is reshaping the

pharmaceutical landscape in Vietnam, creating new demand for biological APIs. Biopharmaceuticals, which are derived from living organisms, are expected to play an increasingly important role in treating conditions such as cancer, autoimmune diseases, and rare genetic disorders. As Vietnam's pharmaceutical industry evolves, the production of biologic APIs is gaining importance. This is driven by a growing focus on targeted therapies and precision medicine, which are tailored to the individual needs of patients. The demand for biologic drugs and personalized treatments has led to an increased need for biologic APIs, fueling the growth of this segment of the market. This trend is expected to continue as the Vietnamese pharmaceutical sector embraces cutting-edge medical technologies and the global market for biologics expands. In January 2025, Vietnam has begun the construction of its inaugural plasma-based biopharmaceutical production plant, situated in the high-tech park of Thu Duc City, Ho Chi Minh City. The facility will feature units for plasma fractionation, as well as the production of vaccines, insulin, anesthetics, and cancer medications, with an annual plasma processing capacity of 600,000 liters. The project is expected to be completed by February 2026.

Segmental Insights

Type Insights

Based on the Type, Generic APIs are currently dominating the market. The significant growth of generic medicines in Vietnam is a primary driver for the demand for Generic APIs, which are crucial for the production of these drugs. Generic APIs are cost-effective alternatives to their branded counterparts, and they provide a significant opportunity for both domestic manufacturers and international suppliers to cater to the increasing demand for affordable healthcare solutions. Given the rising healthcare costs in Vietnam, particularly for chronic conditions such as diabetes, hypertension, and cardiovascular diseases, the demand for generic drugs, and consequently, Generic APIs, has surged.

One of the main reasons Generic APIs dominate the market is the price sensitivity of consumers and healthcare providers in Vietnam. The cost of treatment is a major concern for both individuals and the government, and generic medicines offer an affordable solution without compromising the therapeutic effect. As a result, many patients prefer generic drugs that contain the same active ingredients as branded medicines but at a lower cost. This trend is expected to continue as Vietnam's middle class grows, leading to increased demand for affordable treatment options. Vietnam's growing pharmaceutical manufacturing base has also contributed to the dominance of

Generic APIs. Local manufacturers are ramping up their production capabilities to meet the rising demand for generic drugs, which in turn drives the need for Generic APIs. The Vietnamese government has been supportive of the local manufacturing of generics, as it aims to reduce dependency on imports and boost self-sufficiency in pharmaceutical production. As a result, generic API production is receiving substantial attention from both the public and private sectors, making it the leading segment in the Vietnam API market.

Type Of Drug Insights

Based on the Type Of Drug, Prescription APIs currently dominate the market. The growing burden of chronic diseases, such as diabetes, hypertension, and cardiovascular conditions, has significantly increased the demand for prescription medications in the country. Prescription drugs, which typically require a doctor's prescription due to their complexity and the potential for misuse, rely heavily on APIs for their formulation. As the Vietnamese healthcare system continues to improve and access to healthcare becomes more widespread, the demand for prescription drugs has surged, thus driving the consumption of Prescription APIs.

One of the key factors contributing to the dominance of prescription APIs is the rising prevalence of chronic and lifestyle-related diseases in Vietnam. As more individuals are diagnosed with long-term conditions, the need for prescription-based treatments has increased, further spurring the demand for APIs. Chronic diseases generally require consistent and long-term medication regimens, which are mostly met by prescription medicines, and thus create sustained demand for high-quality APIs that go into these drugs. This has been a primary driver for pharmaceutical manufacturers, who increasingly focus on formulating prescription drugs and ensuring a steady supply of APIs.

Regional Insights

Southern Vietnam was the dominant region. This is due to several factors, including the region's well-established pharmaceutical manufacturing infrastructure, its robust industrial base, and its proximity to key commercial hubs. Ho Chi Minh City, located in the southern region, is the economic and industrial powerhouse of Vietnam. As the largest city in the country, Ho Chi Minh City is home to a significant portion of the country's pharmaceutical manufacturing facilities and a thriving pharmaceutical industry, which drives the demand for APIs.

The southern region benefits from its strategic location as a commercial center, making it the primary hub for both domestic and international pharmaceutical companies. Many international pharmaceutical manufacturers have set up operations in Southern Vietnam, seeking to take advantage of the region's advanced infrastructure, skilled labor force, and proximity to export markets. The region also attracts significant foreign direct investment (FDI), further boosting its pharmaceutical manufacturing capabilities and API production. Southern Vietnam's dominance in the API market can also be attributed to the development of pharmaceutical clusters in cities like Ho Chi Minh City and Binh Duong. These clusters have created a highly favorable environment for API production, including access to research and development (R&D) resources, efficient supply chains, and better access to raw materials. As a result, many local and international pharmaceutical manufacturers in the region are able to produce high-quality APIs in large volumes, meeting both domestic demand and export requirements.

Key Market Players

Bayer Vietnam Ltd.

DHG Pharmaceutical Joint Stock Company

Traphaco Joint Stock Company

Pharmaceutical Corporation Ha Tay

Domesco Medical Import Export Joint Stock Corporation (DOMESCO)

OPC Pharmaceutical Joint Stock Company

Sanofi-Aventis Vietnam

Mekophar Chemical and Pharmaceutical JSC

Imexpharm Pharmaceutical Joint Stock Company

Pymepharco Joint Stock Company

Report Scope:

In this report, the Vietnam Active Pharmaceutical Ingredients Market has been segmented into the following categories, in addition to the industry trends which have also been detailed below:

Vietnam Active Pharmaceutical Ingredients Market, By Type:

Generic APIs

Innovative APIs

Vietnam Active Pharmaceutical Ingredients Market, By Type Of Drug:

Prescription

OTC

Vietnam Active Pharmaceutical Ingredients Market, By Type Of Synthesis:

Synthetic

Biotech

Vietnam Active Pharmaceutical Ingredients Market, By Type Of Manufacture:

Captive APIs

Merchant APIs

Vietnam Active Pharmaceutical Ingredients Market, By Application:

Cardiovascular Diseases

Oncology

CNS & Neurology

Orthopedic

Endocrinology

Pulmonology

Gastroenterology

Nephrology

Ophthalmology

Others

Vietnam Active Pharmaceutical Ingredients Market, By Region:

Southern Vietnam

Northern Vietnam

Central Vietnam

Competitive Landscape

Company Profiles: Detailed analysis of the major companies present in the Vietnam Active Pharmaceutical Ingredients Market.

Available Customizations:

Vietnam Active Pharmaceutical Ingredients Market report with the given market data, TechSci Research offers customizations according to a company's specific needs. The following customization options are available for the report:

Company Information

Detailed analysis and profiling of additional market players (up to five).

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