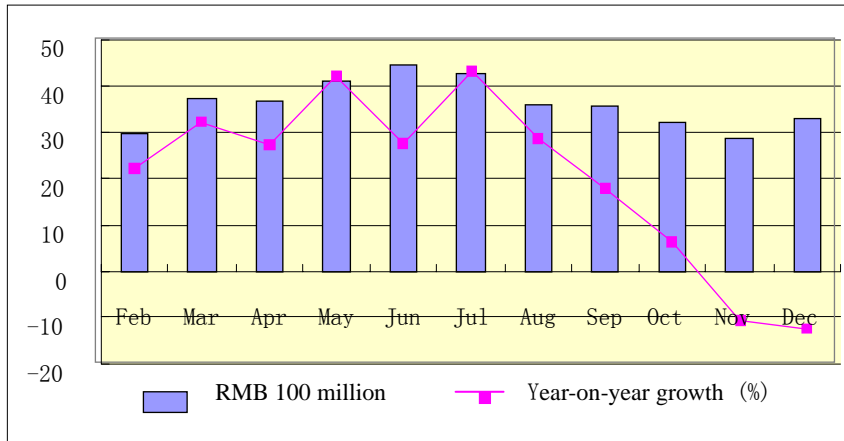


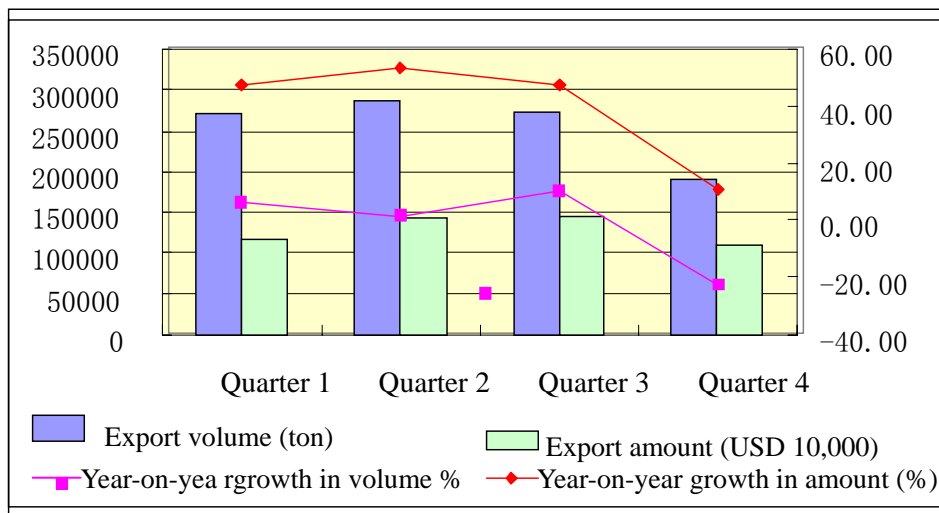
## **China's Export of Key Products of Pharmaceutical Raw Materials**

During the period of the 62nd API China& INTERPHEX CHINA, China Pharmaceutical Industry Association released its annual Report on *Analysis of Production and Marketing Trend of Pharmaceutical Industry of 2008*. The report points out that the import and export trading of chemicals in China was active in 2008. The export sales amount of chemical raw medicine reported an 18.3% year on year increase to RMB 41.86 billion Yuan, an expansion consistent with that of last year. Customs statistical data indicates a 35.7% year on year increase of the export sales amount of key chemical raw medicine, an expansion of 3.6 per cent higher than that of the same period of last year. However, there is a 1.5 percent year on year decrease of exporting volume. Chemical raw medicine export in the first eight months of 2008 shows a momentum of price surging in general as overseas customers were worried about a reduced supply during the Olympics and make their purchase in advance, such caused a temporary tight supply situation and a price rising. Suffered from financial crisis, order quantity after September was reduced and price dropped, which resulted in a marked reduction in export volume. The export delivery value showed a negative growth in November and December at 10.1% and 11.6% year on year decrease respectively (see Figure 1 and Figure 2).

**Figure 1 Export Delivery Value and Year-on-Year Growth Rate of Monthly Chemical Raw Medicines, 2008**



**Figure 2 Chemicals Export Trend in 2008**



As the promulgator of the report of *Analysis of Supply & Demand Situation of Chemical Pharmaceutical Industry*, China Pharmaceutical Industry Association is composed of chemicals manufacturing enterprises (groups), regional medical industry association, medicine research and designing organizations and medical colleges, with 378 members. The gross industrial output value of the member organizations almost occupies 80% of the total figure of China's pharmaceutical industry.

As a sponsor of API China& INTERPHEX CHINA, China Pharmaceutical Industry Association would distribute the report for *Analysis of Production and Marketing Trend of Pharmaceutical Industry* on site and hold the related technical forums during each API China& INTERPHEX CHINA. *Analysis of Production and Marketing Trend of Pharmaceutical Industry* involves R&D, production, sales, import & export of raw medicines and preparations of China's pharmaceutical industry, introduces the overall situation of China's pharmaceutical and medicine industry and analyzes the changes of China's pharmaceutical industry, which provides a great support to grasp the tendency of China's pharmaceutical industry and market.

**Table 1 Export Statistics of Each Category in 2008**

Category	Year-on-year Growth in Export Volume (%)	Year-on-year Growth in Export Volume (%)
In total	-1.49	35.66
Vitamin category	8.98	83.07
Others	-2.66	37.99
Anti-infective category	-6.22	18.09
Antibiotics intermediate	-6.52	-2.38
Antipyretic analgesics category	-5.42	22.55
Amino acid category	0.56	30.23
Hormone category	-17.21	4.10
Respiratory system	-42.70	-38.85

The categorical data of exported chemical raw medicines shows (see Table 1) that vitamin product was the biggest winner in export, with a year-on-year increase of 9% in export volume and 83% in export sales amount. The annual average unit price increase of Vitamin C is 83%, of Vitamin E 237% and Vitamin A 90%. Among numerous loyal exhibitors of API China,

NHU, Zhejiang Medicine, HUA YAO, CSPC, Northeast Pharmaceutical, ALAND and DSM are the biggest beneficiaries in this round of market quotation. Taking VE products as an example, its global demand is approximately 60,000 tons, but merely the output capacity of DSM, Zhejiang Medicine and NHU has already reached 42,000 tons, accounting for 70% of the total market share. Among which, output from DSM is the largest, accounting for 30%, and NHU and Zhejiang Medicine cover 20% respectively. It is thus clear that the three companies mentioned above have the right of deciding the price of VE.

**Table 2 Major Export Destination Country in 2008**

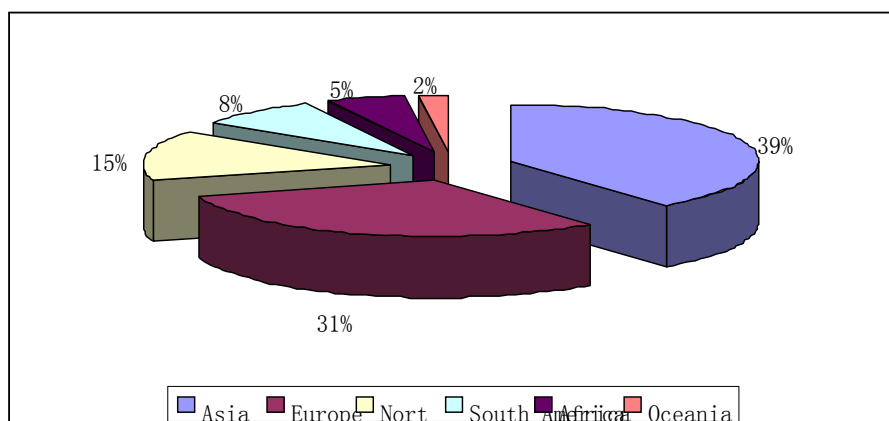
Order in this period	Order in the same period	Country	Volume (ton)	Amount (USD 10,000)	Volume year on year increase (%)	Amount year on year increase (%)
1	2	USA	141040	90269	2.32	53.21
2	1	India	66666	72079	-6.54	6.18
3	3	Germany	54169	47866	-9.60	64.07
4	5	Japan	70223	29267	18.72	75.68
5	4	Netherland	57804	28008	-14.89	28.23
6	11	Brazil	24278	15544	64.63	95.12
7	6	South Korea	31870	15450	-13.20	35.43
8	8	Belgium	34161	13817	-23.95	29.53
9	7	Italy	24116	13294	-11.01	19.23
10	9	Indonesia	26963	13150	-7.28	27.49
11	10	Spain	21252	12505	-1.98	37.91
12	15	Thailand	20627	8354	40.86	65.82
13	13	Vietnam	25502	7961	77.88	40.91
14	12	France	8587	7428	-37.72	16.97
15	17	UK	18210	6789	-14.87	38.02
16	14	Turkey	30472	6601	5.69	29.13
17	18	Iran	11818	6572	-27.40	35.75
18	16	Russia	21613	6061	23.43	20.39
19	24	Canada	9107	5324	1.78	72.14
20	19	Pakistan	15054	5296	-30.69	19.95

With regard to the exported regions, the export amount of top 20 countries and regions occupies nearly 80% of the total amount (see Table 2). The first seven export destination countries are: USA, India, Germany, Japan, Netherlands, Brazil and South Korea. See from the post exhibition data of the 62<sup>nd</sup> API China& INTERPHEX CHINA that overseas visitors to the exhibition mainly come from USA, India, Japan and South Korea Among which the number of visitors from South Korea is the biggest, accounting for 21.69% of the total number of overseas visitors. Next is India at 15.81%, Japan 5.88% and USA 5.15%. After integration of above data, it shows that the source of visitors can reflect the change trend of the medical industry market.

**Table 3 Chemical Medicine Export Status in different Regions in 2008**

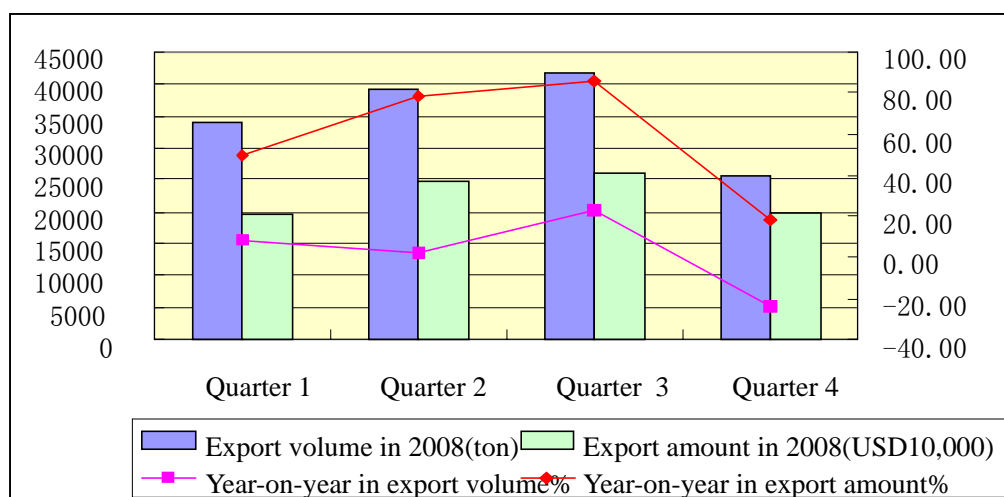
Region	Volume (ton)	Amount (USD 10,000)	Export Volume year on year increase (%)	Export Amount year on year increase (%)
Asia	397839	201243	0.27	25.29
Euope	316814	157649	-9.76	38.12
North America	150146	95593	2.28	54.15
South America	77845	38729	15.13	58.61
Africa	55925	19593	20.98	108.18
Oceania	18904	6037	12.74	90.02

**Figure 3 Regional Distributions of Exported Chemical Raw Medicines in 2008**



In 2008, Africa and South America became the regions of fasted increase of exported chemical raw medicine. The export volume year on year increase was 21% and 15% respectively. The price increase of the exported products to Africa also ranked the first (see Table 3). The chemical raw medicines were mainly exported to Asia and Europe, accounting for 70% of the total export market share (see Figure 3).

**Figure 4 Trend of Chemicals Exported to USA in 2008**



Influenced by the US' financial crisis, the export of Chinese' products to USA was affected. However, as the market demand elasticity of

pharmaceuticals is small, the impact of economic cycle and financial crisis is relatively weak and lagging. In addition, stimulated by anticipating a forthcoming tight export of chemical raw medicine due to environmental problem, the trading volume of chemicals exported to USA increased by 53% on a year-on-year basis in 2008, but it also fell back in the fourth quarter (see Figure 4).

Above data analysis is part of the report of *Analysis of Production and Marketing Trend of Pharmaceutical Industry*. For more market information of China's medical industry, you are welcome to visit API China& INTERPHEX CHINA Exhibition.

The 63<sup>rd</sup> API China& INTERPHEX CHINA will be held from November 11-13, 2009 in Beijing Jiuhua International Conference & Exhibition Center. For more details, please check our website of API China& INTERPHEX CHINA: <http://en.apichina.com.cn/>