



Strong Growth in Medicine Use in Developing Countries With Growth at Steady Rates in the Developed Economies

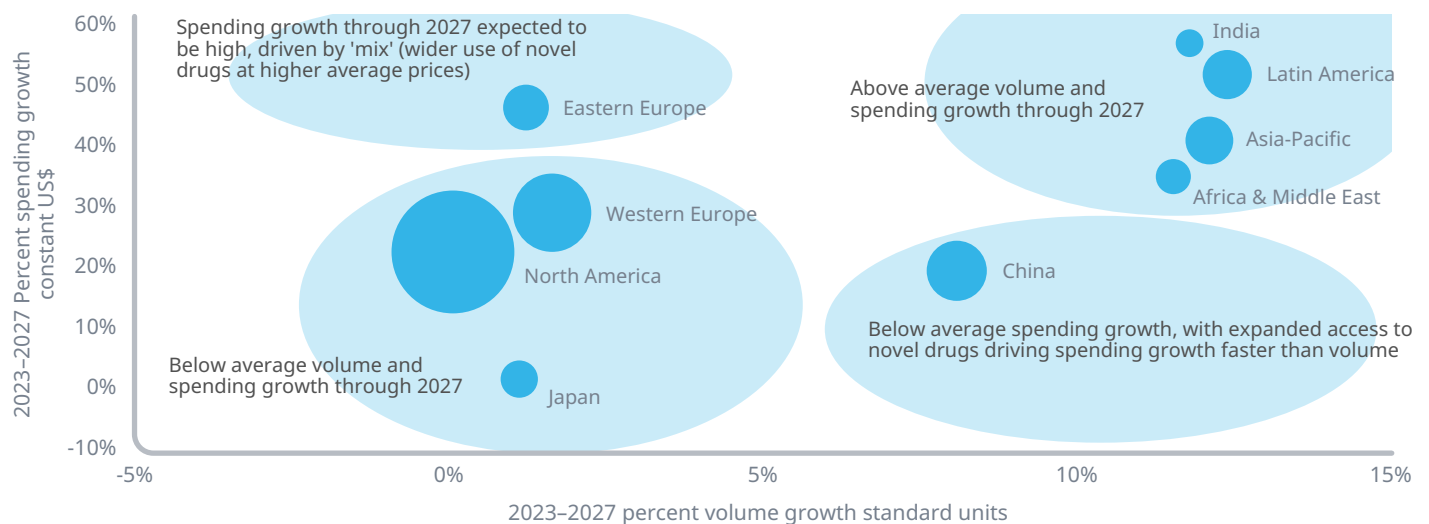
Growth in medicine use and spending is expected to continue at relatively steady rates in the developed economies as new products are offset by patent expiries, while countries in Latin America, Eastern Europe and parts of Asia are expected to grow strongly from volume and adoption of novel medicines, according to a new report, *Global Use of Medicines 2023 — Outlook through 2027*.

The full report may be [accessed here](#).

While the global medicine market — using invoice price levels — is expected to grow at 3-6% CAGR through 2027, reaching about \$1.9Tn in total market size, spending and volume growth will follow diverging trends by region with larger established markets growing more slowly, and growth markets in Eastern Europe, Asia and Latin

America growing strongly in both volume and spending. Regions around the world are growing following diverging trends, with some more volume driven while others have a greater contribution from adoption of innovation. (See Exhibit 15).

Exhibit 15: Spending and volume growth by region



Source: IQVIA Market Prognosis, Sep 2022; IQVIA Institute, Nov 2022.

“There are different dynamics at play across the regions in their use and spending on medicines,” says Murray Aitken, senior vice president, executive director of the IQVIA Institute for Human Data Science. “Overall volume growth is driven by Asia Pacific, India, Latin American, Africa and the Middle East, and China, all which are expected to exceed global volume growth. Higher income countries in Western Europe and North America as well as Japan and Eastern Europe are expected to grow more slowly at 0.1 to 0.4% through 2027, partly due to these countries already having a higher per capita use.”

INCREASE IN GROWTH IN DEVELOPING COUNTRIES

Countries in Latin America, Asia-Pacific, and Africa and the Middle East are expected to grow more than 10% by volume over the five years to 2027, while spending growth will increase by over 30%, indicating both population-driven volume growth and a shift in the mix of products to more expensive products.

China as the world’s second largest country by pharmaceutical spending, will increase volume by 8% in aggregate over five years, while spending will increase 19%, a more modest rate than in the prior years and still embedding a focus on expanding access to novel drugs via the National Reimbursement Drug List (NRDL). (See Exhibit 29)

Eastern Europe spending is expected to increase 45% over the next five years while volume will increase only 1%, hampered by the regional disruptions from the Ukraine conflict, and at the same time reflecting the expected adoption of novel drugs, albeit later than in Western Europe and other developed markets.

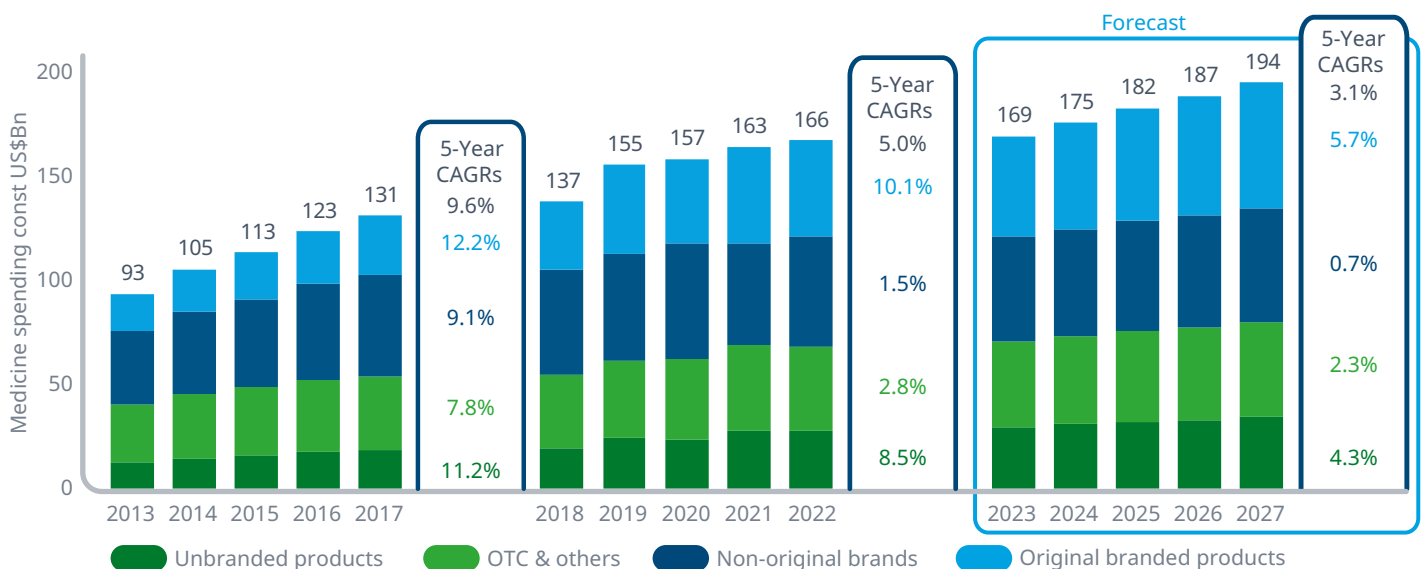
DEVELOPED MARKETS

North America and Western Europe are expected to show flat to very low overall volume growth over five years, while spending will increase more than 20%, excluding the impact of off-invoice discounts and rebates.

The U.S. market, on a net price basis, is forecast to grow -1 to 2% CAGR over the next five years, down from 4% CAGR for the past five years including projected effects of the Inflation reduction Act. (See Exhibit 17). Prior editions estimated 0-3% CAGR on a net basis. The new forecast, including projected effects if the Inflation Reduction Act, reflects an outlook that has a 1% lower range. Provisions of the new legislation are expected to drive incremental volume by reducing cost exposure for patients and by driving lower prices through inflation penalties and price negotiations.

In addition to discounts and rebates, ongoing market dynamics around the use of medicines, the adoption

Exhibit 29: China medicine spending by product type 2013–2027



Source: IQVIA Market Prognosis, Sep 2022; IQVIA Institute, Nov 2022.

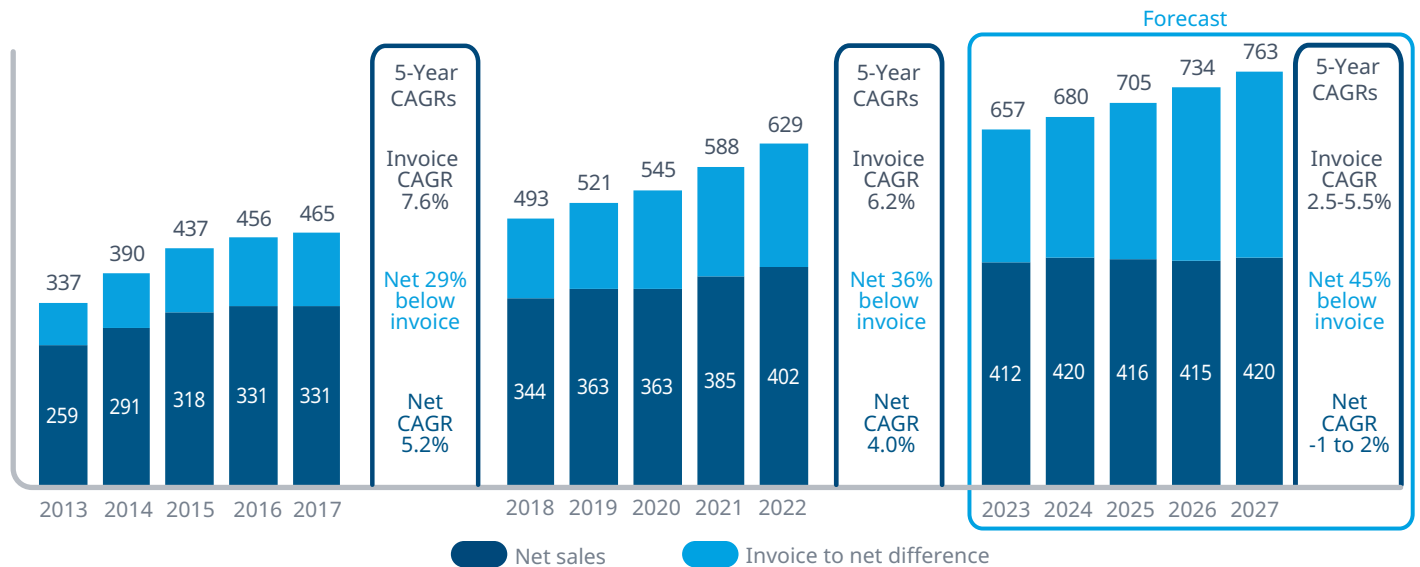
of newer treatments, the impact of patent expiries, and new generic or biosimilar competition will all contribute to historically slow market growth in the U.S. for the next five years.

Spending in Europe is expected to increase by \$59Bn through 2027, with a focus on generics and biosimilars, and escalating pressures on the value and negotiated prices of novel medicines. New brands were the largest driver of growth from 2017 to 2022 and are expected to continue in the next five years but be hampered by lingering effects of the pandemic on marketing operations early in the period and reimbursement

decisions later as budget pressures increase. Innovation is expected to be significantly strong in the next five years despite expected greater scrutiny of the value of new medicines in the form of health technology assessments.

In Japan medicine spending growth is projected at -1 to 2% through 2027 as robust brand growth is offset by a shift in annual price cuts and ongoing shifts to generics. Japan spending growth is expected to be flat over the forecast as price controls evolve to encourage innovation while offsetting with savings on older and off-patent medicines.

Exhibit 17: U.S. medicine spending and growth at invoice-level and estimated net 2013–2027



Source: IQVIA Institute, Nov 2022.

CONTACT US

If you have questions about this report, please contact us at info@IQVIAInstitute.org