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Pharmerging Markets and the New Geography of Pharmaceutical Industry

Growth, localization and supply chain resilience in emerging pharmaceutical regions

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Abstract

Emerging pharmaceutical markets are no longer peripheral demand pools for products developed, manufactured and priced elsewhere. They are becoming strategic regions where demographic pressure, wider access to care, industrial policy, local manufacturing and geopolitical risk increasingly converge. This working paper examines the changing role of pharmerging markets across Asia, Africa, Latin America, the Gulf region, Central-Eastern Europe and Turkey. It argues that the relevant issue is the function these markets are beginning to perform within the global pharmaceutical value chain: end markets, manufacturing platforms, regional hubs, fill-finish locations, technology-transfer environments or combinations of these roles. For European and Italian life science companies, the opportunity is significant but selective. The most defensible strategies are likely to be based on partnership, regulatory competence, quality manufacturing, local presence, technology transfer and a careful reading of access systems, rather than on export alone.

Executive summary

- The pharmerging category remains useful only when it is treated as a differentiated map rather than as a single homogeneous market.
- China and India continue to shape the industrial centre of gravity in Asia, while Southeast Asia offers growing demand and partnership spaces.
- Africa combines deep dependency on imports with increasingly explicit health-sovereignty strategies.
- Latin America rewards operators that enter health systems rather than simply sell into them.
- The Gulf countries are using public investment and localization policies to reduce dependence on imports, although industrial depth remains limited.
- Central-Eastern Europe and Turkey represent a different form of emerging opportunity: less spectacular in growth rates, but strategically relevant for European nearshoring and regulated manufacturing.
- Across regions, market access, industrial presence and supply-chain resilience are becoming inseparable.

Key takeaways

Strategic shift	Implication for companies
Growth is moving beyond mature markets	Emerging regions must be assessed by their role in the value chain, not only by sales potential.
Localization is becoming a policy tool	Market entry increasingly requires local partnerships, technology transfer or industrial contribution.
Supply chains are regionalizing	Resilience and proximity are becoming part of competitive advantage.
Regulation is uneven but evolving	Reliance, convergence and regional agencies may reshape market access over time.
The Italian opportunity is selective	Italian strengths in GMP manufacturing, CDMO, process technology, packaging and regulatory know-how can be valuable where quality matters more than price alone.

1. Introduction

For many years, emerging pharmaceutical markets were described through a narrow lens: important for volumes, less decisive for value, and often associated with generics, low prices and uneven access to care. That view no longer captures what is happening. In many of these regions, pharmaceutical demand is expanding while governments seek greater control over manufacturing, procurement, regulatory capacity and strategic health security. A new geography of pharmaceutical industry is taking shape, with markets once seen mainly as export destinations becoming active nodes in the global value chain.

The shift is uneven. Some countries are building credible industrial platforms; others still depend almost entirely on imports. In many settings, local production is concentrated in formulation, packaging or fill-finish, while active pharmaceutical ingredients, intermediates, critical inputs and advanced technologies continue to come from abroad. Even so, the direction is clear: health policy and industrial policy increasingly overlap.

The term 'pharmerging markets' is used here as an analytical category derived from pharmaceutical market analysis, particularly IQVIA's classification of high-growth pharmaceutical markets. In this working paper, the term is treated with caution. It serves as a working map for differentiated regional trajectories, rather than as a homogeneous label.

For European companies, and especially for Italian life science companies, the consequences are practical. The issue is no longer simply where to sell. It is where to build a selective presence, how to partner, which capabilities to transfer, which regulatory environments are becoming more reliable, and where quality manufacturing can create a defensible position.

2. From emerging markets to strategic pharmaceutical regions

The global medicine market is entering a phase in which medicine use and spending are shaped at once by innovation, demography, wider access, public finance constraints and industrial security. IQVIA's 2026 outlook projects continued growth in medicine use through 2030, with global consumption approaching four trillion defined daily doses and China remaining one of the main drivers of volume expansion.

Mature markets still concentrate a large share of value, particularly in oncology, immunology, diabetes, obesity and other high-cost innovative therapies. Emerging markets usually follow a more layered trajectory. More patients enter formal care pathways; consumption rises for essential medicines and chronic disease therapies; insurance and public coverage expand; and demand gradually moves towards more complex products.

Macroeconomic and demographic factors reinforce this shift. The World Bank's income classifications show the scale of lower-middle and upper-middle income countries within the global population. The UN World Population Prospects point to the continuing demographic weight of regions where health systems are still expanding. The relevance of pharmerging markets therefore rests on more than growth rates. It reflects the concentration of future health needs: vaccines, anti-infectives, cardiovascular medicines, antidiabetics, oncology products, biosimilars and, increasingly, advanced biologics and specialty therapies.

The supply side is changing as well. The pandemic, geopolitical tensions, trade frictions and repeated logistics shocks have made access to medicines visible as an issue of industrial security. Recent work by the World Economic Forum on value chains describes a move from purely linear globalized models towards more resilient, diversified and regionalized configurations. For pharmaceutical companies, this is more than a logistics question. In several emerging regions, it is also becoming an access question, because governments increasingly expect suppliers to contribute to local capacity, knowledge transfer and supply reliability.

3. Asia and the industrial centre of gravity

Asia remains the main centre of gravity in the pharmerging landscape. China and India occupy different positions, yet together they shape a large part of the global discussion on pharmaceutical industry and supply chains.

China is no longer simply a large destination market. It combines domestic demand, industrial capacity, biotechnology growth, digital infrastructure and policy-driven localization. The country has to be read at the same time as a market, a competitor, a manufacturing base and an innovation system. Its role in global medicine use, clinical development and industrial scale makes it impossible to treat as a conventional emerging market.

India follows a different, equally strategic path. Its domestic market is large and expanding, while its global relevance is rooted above all in generics, vaccines, APIs and large-scale manufacturing. Indian producers influence affordability and supply continuity across many therapeutic areas. This role also creates vulnerability: a high concentration of global dependence on Indian manufacturing can become a resilience issue when export controls, shortages or geopolitical tensions arise.

Southeast Asia deserves growing attention. Indonesia, Vietnam, Thailand and the Philippines combine economic growth, urbanization, a rising burden of chronic disease and expanding health systems. Industrial depth remains uneven, but the region offers space for commercial partnerships, local manufacturing, packaging, fill-finish and distribution platforms. For European operators, the most useful approach is rarely a generic 'Asia strategy'. It is a selective reading that separates China as a systemic competitor and innovation pole, India as a supply-chain and manufacturing powerhouse, and Southeast Asia as a set of differentiated access and partnership environments.

4. Africa between dependency and industrial construction

Africa shows the tension between dependency and industrial ambition more sharply than any other region. The continent still relies heavily on imported finished pharmaceutical products, vaccines, APIs and medical technologies. This dependence affects negotiating power, continuity of supply, emergency preparedness and the ability of health systems to respond to outbreaks. During the COVID-19 pandemic, delayed vaccine access exposed its strategic cost.

In recent years, African institutions and international partners have moved the issue from health access into industrial policy. The African Union, Africa CDC, WHO AFRO, UNIDO and other organizations have promoted regulatory harmonization, regional procurement, local manufacturing roadmaps and vaccine production initiatives. WHO AFRO's 10-year roadmap on affordable, quality medicines places local manufacturing, pooled procurement and shock-resistant supply chains at the centre of the agenda. The aim is to build capacity, quality systems, skills and regional markets, not simply to replace imports.

The key analytical point is that Africa is not one pharmaceutical market. Egypt, Morocco and South Africa have more mature industrial and regulatory environments. Nigeria, Kenya and Ghana are strengthening capabilities while facing infrastructure, financing and regulatory constraints. Rwanda and Senegal are pursuing more selective technology-oriented pathways, including vaccine and mRNA-related initiatives. Many other countries still depend mainly on import and distribution. This stratification matters for companies: industrial partnerships can be credible in some hubs, premature in others and mostly commercial in fragile markets.

The deepest bottleneck is value-chain depth. Local formulation without APIs, upstream inputs, equipment, skilled maintenance, quality systems and predictable procurement does not create full autonomy. It can even move dependency further upstream. For Italian companies, the most realistic contribution is likely to be in quality manufacturing, fill-finish, sterile production, process technology, packaging, training, GMP systems and

carefully scoped technology transfer. Africa is a strategic window, but it requires extreme selectivity and a long-term institutional reading.

5. Latin America and the logic of market access

Latin America remains one of the most relevant pharmerging regions because it combines demand, industrial history, public health systems and private markets. It is demanding to enter. Inflation, political cycles, procurement volatility, public pricing pressure and localization expectations all affect company strategy. At the same time, these factors reward companies that understand health systems and build durable presence.

Brazil and Mexico are the principal poles. Brazil combines scale, local manufacturing, a powerful public health system and strong regulatory capacity through ANVISA. Access is shaped by public procurement, price controls, reimbursement decisions and, in some cases, expectations around local production. Brazil is therefore attractive and complex: scale is available, while the route to market is institutional as much as commercial.

Mexico benefits from proximity to North America, manufacturing integration and the logic of nearshoring. Regulatory modernization and industrial policy can create opportunities for partnerships in generics, biosimilars, vaccines, APIs and advanced therapies.

Other countries require a differentiated view. Argentina has a strong pharmaceutical tradition and chronic macroeconomic instability. Colombia is moving on biosimilars and local production incentives. Chile offers stronger institutional stability and can function as a selective test market for higher-value products. Peru and other Andean markets offer smaller volumes with potential growth as health systems expand.

Across the region, the public-private dualism is decisive. Public channels offer volumes and pricing pressure; private channels may reward innovation and service, provided that registration, distribution and payer strategy are effective.

PAHO's 2025 regional policy on access to high-cost and high-complexity health technologies shows that the region treats access to advanced medicines as a shared public policy challenge. For companies, this reinforces the central thesis: Latin America is a system-entry geography. Success requires regulatory competence, credible local partners, pricing discipline, manufacturing or technology-transfer options where required, and a clear understanding of which products belong in public procurement, private reimbursement or specialty channels.

6. Gulf countries and the race for productive autonomy

The Gulf Cooperation Council countries represent a different kind of pharmerging opportunity: high spending capacity, strong public investment, rapidly developing health systems and explicit industrial diversification strategies. Saudi Arabia and the United Arab Emirates concentrate most of the regional weight, while Qatar, Kuwait and Oman offer more targeted opportunities. The strategic driver is demand growth combined with the attempt to reduce import dependence and create domestic or regional capacity in line with broader economic transformation plans.

Saudi Arabia is the region's largest pharmaceutical market and is strongly shaped by the state. Vision 2030 provides the industrial and health-policy framework. Procurement is centralized, public buyers are influential, and local presence can affect access conditions. The ambition to increase local pharmaceutical production creates openings for manufacturing partnerships, localization projects and technology transfer. Dependence on imported APIs and high-value inputs remains significant, and local production is still concentrated mostly in downstream phases.

The United Arab Emirates plays a different role. It is smaller in demand but more open as a logistics, regulatory and investment hub. Free zones, healthcare infrastructure, private insurance dynamics and regulatory

modernization support a model based on regional access, fill-finish, sterile manufacturing and specialized operations. The country is not yet a complete pharmaceutical industrial system, but it can function as an operational platform for selected activities.

For Italian companies, the Gulf opportunity is linked to regulated manufacturing, CDMO services, sterile production, process technologies, packaging, quality systems and participation in public tenders or local partnerships. The risk is to underestimate how strongly access is shaped by procurement, state strategy and local presence. In the Gulf, product quality matters, but it has to become a value proposition that supports national industrial objectives.

7. Central-Eastern Europe, Turkey and European nearshoring

Central-Eastern Europe and Turkey are often less visible in discussions on pharmerging markets because their growth rates may be less spectacular than those of Asia or parts of Africa. For European companies, however, they may be among the most strategically relevant areas. Their importance lies in proximity, regulatory convergence, manufacturing capabilities, skilled labour, EU or EU-adjacent access and the broader nearshoring logic triggered by global supply-chain fragility.

Central-Eastern Europe is not a uniform region. Poland stands out for scale, industrial capacity, logistics and a growing life science ecosystem. Reports from investment agencies and industry organizations describe an environment where manufacturing, medical devices, exports and biotech-related capabilities are developing alongside EU regulatory integration.

Romania, Hungary, Czechia, Slovakia and other countries offer different combinations of cost advantage, regulatory reliability, manufacturing tradition and market access. EFPIA's 2026 work on healthcare investment and outcomes in Central and Eastern Europe also underlines persistent gaps with Western Europe, particularly in health investment and access to innovation. These gaps are weaknesses, but they also signal a convergence path that can create industrial and access opportunities.

Turkey requires a separate reading. It has a large domestic market, a deeper local pharmaceutical base and a more explicit localization policy. Its ambition is to move from downstream production towards higher-value activities, including biosimilars, specialties and strategic products. For foreign companies, Turkey is attractive when the offer aligns with national priorities: manufacturing, technology transfer, local partnerships and regulatory adaptation.

This region is particularly relevant for Italian companies because it fits many national strengths: GMP manufacturing, CDMO, fill-finish, sterile packaging, engineering, process technology and operational flexibility. Unlike more distant pharmerging markets, Central-Eastern Europe and Turkey allow industrial proximity and supply-chain integration with European operations. They may not offer the fastest growth curve, but they can offer more defensible positions when quality, reliability and regulatory alignment matter.

8. Structural drivers across pharmerging markets

Three structural drivers cut across regional differences.

The first is epidemiological. In many emerging economies, infectious diseases do not disappear as chronic diseases rise. Health systems face a double burden: vaccines, antibiotics and essential medicines remain critical, while diabetes, cardiovascular disease, cancer, obesity and rare diseases generate rising demand for more complex therapies. The result is a layered market where high-volume essential products coexist with growth in specialty and biologic medicines.

The second driver is industrial policy. Governments increasingly view pharmaceutical manufacturing as a source of qualified employment, technology transfer, export potential and strategic autonomy. Localization policies do not always succeed. Many fail because they lack scale, quality systems, financing or predictable demand. Even when imperfect, they affect company strategy because procurement rules, reimbursement, tender preferences and regulatory pathways may reward local contribution.

The third driver is geopolitical. Supply-chain shocks have changed the way policymakers and companies think about pharmaceutical risk. Producing closer to final markets, diversifying suppliers, holding strategic inventories, using regional hubs and building redundant capacity are becoming part of ordinary industrial planning. In this context, pharmerging markets can be fragile when they depend on imports and strategic when they provide credible regional capacity.

9. Fragilities and limits of the pharmerging narrative

The pharmerging narrative becomes misleading when it is presented as a linear growth story. Several fragilities remain.

Regulation is uneven, even where convergence and reliance mechanisms are expanding. National authorities differ in resources, inspection capacity, pharmacovigilance, clinical-trial oversight and speed. In some regions, regional agencies and harmonization initiatives may improve the situation, although implementation will take time.

Industrial depth is another constraint. Many countries can produce finished dosage forms or package imported products, yet still depend on APIs, excipients, intermediates, equipment, spare parts, sterile components, cold-chain systems and quality infrastructure. Without these layers, local production may improve access without creating full resilience.

The economic barrier is equally important. Pharmaceutical manufacturing requires capital, skills, reliable procurement, energy, logistics, quality culture and managerial execution. A political commitment to local production does not automatically create competitive industry. Projects can remain marginal if they are not linked to realistic demand, export potential or sustainable financing.

The term 'emerging' itself can obscure more than it clarifies. China is emerging in some narratives and already systemic in others. Central-Eastern Europe is emerging for certain industrial functions while integrated into the EU regulatory environment. The Gulf is industrially emerging and mature in purchasing power. Africa contains fragile import-dependent markets and advanced hubs. The category should therefore be used as a working map, not as a strategic shortcut.

10. Implications for Italian life science companies

For Italian life science companies, the new geography of pharmerging markets creates real but selective opportunities. Italy's strengths do not lie primarily in low-cost scale production. They lie in quality manufacturing, GMP culture, CDMO capabilities, process engineering, sterile production, packaging, regulatory know-how, flexibility and the ability to operate in complex industrial niches. These strengths can be valuable in markets seeking reliable partners rather than cheap suppliers alone.

The first opportunity is targeted technology transfer. This is relevant where public policy supports local production and where credible local partners exist. The objective should be to identify therapeutic areas, dosage forms or production phases where Italian expertise improves quality and resilience.

The second opportunity is participation in regional ecosystems. In Africa, this may mean training, quality systems, fill-finish or support to manufacturing hubs. In Latin America, it may mean partnerships that improve

access to public procurement and specialty markets. In the Gulf, it may mean local industrial contribution aligned with national strategies. In Central-Eastern Europe and Turkey, it may mean nearshoring, CDMO integration and supply-chain shortening.

The third opportunity is strategic differentiation. Italian companies should avoid treating pharmerging markets as a single expansion plan. A defensible strategy requires country selection, partner due diligence, regulatory assessment, access-route mapping, risk segmentation and a clear definition of the value the company brings beyond product supply. In many settings, the winning proposition will combine quality, compliance, training, technology and continuity of supply.

The risk is clear: an export-only logic may increasingly be insufficient. Where governments use pharmaceutical policy as industrial policy, distant suppliers can become vulnerable to tender preferences, price pressure, local-content rules or more embedded competitors. The strategic issue is therefore how much presence is needed to be credible without overextending investment.

11. Conclusions

Pharmerging markets are becoming central to the future of the pharmaceutical industry because their function is changing. They concentrate unmet health needs, demographic demand, industrial ambition and geopolitical exposure. They are markets, manufacturing projects, policy laboratories, resilience tests and arenas of strategic autonomy.

Mature markets will continue to concentrate a large share of pharmaceutical value, especially in the most advanced therapies. Emerging regions, however, will increasingly shape incremental growth, volume expansion, regional manufacturing and the political conditions under which medicines are produced, accessed and supplied.

For companies, the implication is practical. The next phase of pharmerging strategy will not be won through generic presence everywhere. It will depend on selective depth: choosing the right regions, reading access systems, building credible partnerships, contributing to local capacity where it matters and protecting quality as a strategic asset. For Italy, this is a challenging but coherent opportunity. The country's industrial strengths can matter precisely where the world is asking for more reliable, more resilient and more regionally embedded pharmaceutical value chains.

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