

# Vietnam

Strong will to improve the business environment for innovative medicines is boosting the appeal for foreign drugmaker investment

## Risk and reward index

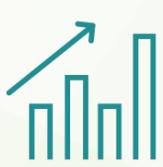
**66.8** Industry Rewards | **43.6** Industry Risk | **9** Regional Rank | **42** Global Rank

Note: Scores out of 100; higher score = lower risk. Source: Fitch Solutions' Innovative Pharmaceuticals Risk/Reward Index

## Key foreign players

- 1 DHG Pharmaceutical
- 2 GlaxoSmithKline
- 3 Sanofi
- 4 Thaphaco

## Strengths



**Significant growth potential** given a large increasingly **urbanized** and **growing population**



**Healthcare sector a priority** for the government



Sizeable **local generic drugs sector encouraged** by the government



**Ongoing regulatory reform**



**Withdrawal of the 49% cap on foreign ownership** boosts appeal of Vietnamese pharmaceutical equities to foreign investors

## Challenges



**Low per capita spending on drugs**



**Counterfeit drugs** account for a significant amount of market consumption



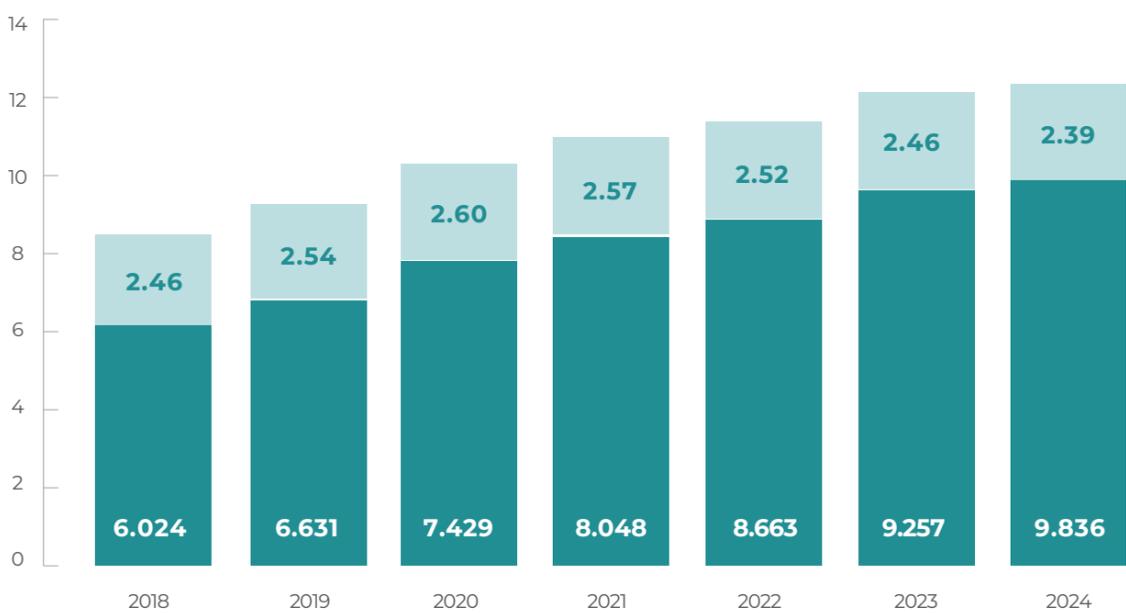
**Lack of universal health coverage**



**Import-reliant** especially in terms of high-tech products and active pharmaceutical ingredients

## Forecast

■ Pharmaceutical sales, USDbn ■ Pharmaceutical sales, % of GDP



Source: Vietnam, Pharmaceuticals & Healthcare Report Q2 2020, Fitch Solutions

## Regulations

In Vietnam, the chief regulatory authority is the **Ministry of Health (MOH)** and the **Drug Administration of Vietnam (DAV)**. In 2013, the MOH authorized The Provincial Department of Health to grant certificates for foreign-owned enterprises' drug **manufacturing**, drug **maintenance**, drug **testing** and **import** of drugs.

Vietnam's **regulatory environment** can often be **unclear and inconsistent**. Regulations are frequently implemented on a **case-by-case** basis, with little overall coordination. Most of the product application can be completed in **English**. The documents required with the drug application package include: **Free Sale Certificate** from the country of origin, **GMP certification**, **product information**, a detailed description of the **manufacturing process**, **quality specifications**, **finished product samples**, **packaging** information including a **Vietnamese language** insert leaflet etc. Upon the application review and approval, the **timeline** for the **approval license** (locally known as a visa) process takes roughly **about six months**, however, drug approval times vary, and **delays can be expected**.

To control **rising drug prices**, the Vietnamese government requires that pharmaceutical **import licenses disclose** the price of the product. **Local expertise** is beneficial in avoiding or limiting government **price restrictions**.