Growth of Manufacturing and R&D in the MENA region

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Summary

The Middle East and North Africa (MENA) region is undergoing a significant transformation in its pharmaceutical and healthcare industries, positioning itself as an emerging hub for manufacturing, research, and innovation. Once heavily reliant on imports, the region is now advancing rapidly toward self-reliance and strategic integration into global supply chains. Driven by strong demographic growth, urbanization, and the rising prevalence of non-communicable diseases (NCDs), MENA governments are prioritizing healthcare spending, universal coverage, and localized pharmaceutical production as part of broader economic diversification agendas.

For example, Saudi Arabia has expanded its pharmaceutical factories to 56 as of 2024, with the goal of meeting 40% of domestic demand through local production by 2030 under Vision 2030. Similarly, the UAE has built 23 pharmaceutical facilities and is expanding its focus on precision medicine, biologics, and orphan drugs. Egypt, with its established base of approximately 190 factories, already manufactures 94% of its domestic pharmaceutical needs and is growing into a leading regional exporter. In parallel to these manufacturing advances, R&D is evolving from a generics-driven base toward biologics, biosimilars, and digital innovation. National genome programs, expanded clinical trial frameworks, and partnerships with multinational corporations are accelerating this shift while digital health infrastructure enables real-world data collection to support research and innovation.

The investment landscape is equally dynamic. Sovereign wealth funds such as Mubadala and ADQ are deploying capital into biopharma, genomics, and digital health signaling long-term commitment. Forecasts suggest MENA's pharmaceutical market will exceed $60 billion by 2025, outpacing global growth rates. With robust policy support, advancing infrastructure, and a growing role in R&D, MENA is not merely a consumer of global pharmaceuticals but it is emerging as a competitive hub for manufacturing and health innovation offering compelling opportunities for multinational pharmaceutical firms and investors alike.

02

Macro Trends and Healthcare Overview

MENA's pharmaceutical potential is underpinned by the region's macroeconomic and health landscape. The region boasts a young and growing population of over 400 million, rapid urbanization, and improving incomes, which together are driving higher demand for medicines and health services.[1] Life expectancy has risen, and lifestyle changes have led to a surge in non-communicable diseases (NCDs) such as diabetes, cardiovascular disease, and cancer. These epidemiological shifts are straining health systems and generating strong demand for pharmaceuticals, particularly chronic disease therapies. At the same time, many MENA countries are pursuing economic diversification away from oil dependence, channelling investments into healthcare infrastructure and local industries as part of their national development visions.

Healthcare spending in MENA has steadily increased, with average health expenditure now around 6% of GDP, up from previous years as governments prioritize universal health coverage and pandemic resilience.[2] For example, Saudi Arabia's healthcare sector is receiving over $65 billion in investment under Vision 2030 reforms, and the UAE and Gulf states have seen double-digit annual increases in health budgets and insurance coverage expansion.[3] The private sector's role is also expanding in the Gulf, the number of people covered by private health insurance quadrupled from 3 million in 2011 to 12 million by 2023, reshaping pharmaceutical market access dynamics.[4] Rising incomes and insurance coverage are boosting per capita pharmaceutical consumption across the region.

Despite these positive drivers, MENA's share of the global pharma market remains modest – roughly 3–4%. The Middle East and Africa combined account for only about $31 billion of the $1.1 trillion global pharmaceutical market.[5] However, growth rates outpace more mature markets: the Middle East's pharma market saw ~4.1% CAGR from 2018–2023 and is forecast at ~6.8% CAGR through 2028.[6] Trade Arabia projects the overall MENA market value will reach $60 billion by 2025.[6] Within MENA, market sizes vary widely. For example, Bahrain's market is only ~$465 million, whereas Saudi Arabia's is over $11 billion.[1] Saudi Arabia alone comprises about one-third of the region's value reflecting its large population (35 million) and high drug spending (per capita ~$175).[5,7] Egypt, with over 100 million people, is the largest by volume and second by value, albeit its pharmaceutical spending in USD terms has fluctuated due to currency devaluation.[8]

1. Pavri S. A Healthier MENA: The Balancing Act in Growing the Pharmaceutical Industry. Sept. 2024. APCO, 2. Balkhi et. al (2021): Impact of Healthcare Expenditures on Healthcare Outcomes in the Middle East and North Africa (MENA) Region: A Cross-Country Comparison, 1995–2015. Front. Public Health, 3. Saudi Arabia Country Commercial Guide: Healthcare. International Trade Administration, 4. Saudi Arabia announces $13.3bn of investment deals at Global Health Exhibition. Oct. 2024. Arab News, 5. Saudi Arabia's Pharma, Medical Device Factories Surge to 206 With $2.6Bn Investments. Aug. 2024. Sahmik, 6. The Pharmaceutical Market Access Landscape in the Middle East and North Africa: The Next Ten Years. Syenza, 7. Abdulaziz Alsaddique (2017): Future of the pharmaceutical industry in the GCC countries. Integr Mol Med., 8. Healthcare & Life Sciences Review: Egypt. Jan. 2023. Pharmaboardroom.

CAGR: Compound Annual Growth Rate; GDP: Gross Domestic Product; MENA: Middle East and North Africa; UAE: United Arab Emirates

The UAE (~10 million population) represents the third-largest market at $4+ billion with high per capita expenditure driven by affluent demographics and medical tourism.[1]

Crucially, healthcare needs are rising faster than in many regions. The World Bank notes MENA countries face a growing burden of NCDs alongside remaining infectious disease challenges, creating complex demand for both advanced biologics and basic medicines.[1] Governments recognize that improving health outcomes is not only a social priority but also economically vital. Studies in North Africa found that a 1% increase in health spending can boost GDP by ~0.1–0.2% in the long term.[2] This has spurred ambitious health sector reforms. For example, Gulf states are working toward national health insurance and enhanced primary care while Egypt has begun a Universal Health Insurance (UHI) rollout. Such reforms combined with population growth will likely push MENA's pharmaceutical consumption upward significantly over the next decade. Indeed, regional pharma spending is expected to roughly double by the early 2030s (e.g. the Middle East market alone is forecast to grow from ~$36 billion in 2024 to ~$58 billion by 2033).

1. Pavri S. A Healthier MENA: The Balancing Act in Growing the Pharmaceutical Industry. Sept. 2024. APCO, 2. Azizi Youssef et. al (2025): Health Spending and Economic Growth in the MENA Region: The Case of Morocco, Egypt, Tunisia, Lebanon and Algeria

GDP: Gross Domestic Product; MENA: Middle East and North Africa; NCD: Non-communicable Disease; UAE: United Arab Emirates

03

Manufacturing & Supply Chain: From Import Reliance to Self-Reliance

For decades, MENA countries imported the bulk of their medicines, but this paradigm is shifting as local manufacturing capacity rapidly expands. Historically, over 80–90% of pharmaceuticals consumed in the region were imported from international manufacturers.[1,2] Local production was limited to a few generic drug plants, most of which still depended on imported active pharmaceutical ingredients (API) and technology. This import reliance left countries vulnerable to external supply disruptions and contributed to high drug bills. Now, driven by lessons from the COVID-19 pandemic and national security considerations, MENA governments have made pharmaceutical manufacturing self-reliance a strategic priority.[3,4] The result is a boom in new factories, localization deals, and supply chain initiatives across the region.

Saudi Arabia exemplifies this trend. The Kingdom has leveraged policy tools and investment to grow its pharmaceutical manufacturing base dramatically in recent years. The number of pharmaceutical production facilities in Saudi Arabia reached 56 factories in 2024, up from 27 a decade prior, with over SAR 7 billion (≈$1.9 billion) invested in the pharma sector.[4] Including medical device plants, Saudi now has 206 life science factories nationally combining pharma and medtech reflecting robust industrial growth.[3] Local companies like Saudi Pharmaceutical Industries & Medical Appliances Corp (SPIMACO), Tabuk Pharmaceuticals, Jamjoom Pharma, and others have expanded their manufacturing footprints. By value, locally produced drugs supplied only ~20% of Saudi demand in 2019, this share rose to about 30% by 2018 and 36% by 2021.[2,5]

As a result of these efforts, Saudi Arabia cut its dependence on imported pharmaceuticals from 80% of consumption in 2019 to roughly 70% in 2023.5 The government's goal is to increase local production to at least 40% of total demand by 2030.[3,5] Concrete measures underpinning this shift include localization requirements in public tenders with the National Unified Procurement Company (NUPCO) giving preference to local manufacturers, tariff and tax advantages for local plants, and rules mandating foreign pharmaceutical firms to partner with domestic companies for local packaging or production in order to access the Saudi market.[6]

1. Abdulaziz Alsaddique (2017): Future of the pharmaceutical industry in the GCC countries. Integr Mol Med., 2. Saudi Pharma market crucial to country's Vision 2030. May 2023. LabInsights, 3. Pavri S. A Healthier MENA: The Balancing Act in Growing the Pharmaceutical Industry. Sept. 2024. APCO, 4. Saudi Arabia's Pharma, Medical Device Factories Surge to 206 With $2.6Bn Investments. Aug. 2024. Sahmik, 5. Al-Jubran J, Elaiwat I (2025): KSA Pharma Industry Increased focus on localization of pharma manufacturing to be the key growth impetus alongside favorable demographics and rising chronic diseases. Aljazira Capital, 6. Localization of Pharmaceutical Manufacturing in Middle East and North Africa Region: An Evolving Landscape of the Healthcare Ecosystem. May 2022. IQVIA.

MENA: Middle East and North Africa

Indeed, many multinationals have entered tech-transfer partnerships. For example, Pfizer and AstraZeneca have long packaged products locally via Saudi partners and in 2024 Novo Nordisk and Sanofi signed a SAR 4 billion agreement with NUPCO to establish local manufacturing for insulin and other drugs.[1] These collaborations not only improve drug security but also build local expertise. Saudi Arabia is also localizing strategic segments where vaccines and insulin being a high priority with the government aiming to locally produce 80–90% of its public sector needs for these critical products.[2] In June 2022, over SAR 11 billion ($2.9 billion) in new investments were announced to set up vaccine and biopharmaceutical production facilities in the Kingdom aligning with the push for health security. One example is the construction of a vaccine manufacturing plant (Razi Vaccine Co.) in Al-Madinah, which officials hailed as a regional first.[2,3] Saudi manufacturers have also adopted advanced supply chain practices. Notably, the SFDA implemented a track-and-trace system using barcodes (Drug Track & Trace "Rasd" system) to combat counterfeits and improve distribution oversight making KSA one of the first in MENA with end-to-end pharmaceutical serialization.[4]

Regional supply chain integration and resilience efforts accompany the manufacturing growth. The pandemic stress-tested MENA's supply chain, and countries responded by bolstering local production of essentials. For example, Saudi Arabia rapidly expanded mask and sanitizer production by increasing the daily mask output from 450,000 to 3 million during COVID-19).[2] There is greater investment in cold chain and logistics infrastructure now where the UAE's HOPE Consortium created a global vaccine distribution hub in Abu Dhabi leveraging the emirate's air cargo and free-zone capabilities which can be repurposed for broader pharma distribution.[5]

Saudi Arabia and others have built strategic stockpiles of key medicines and encouraged local packaging of imported bulk drugs as interim steps toward full manufacturing. Additionally, GCC-wide initiatives aim to mitigate fragmentation in the supply chain. For instance, the Gulf states share a central drug registration system which, in theory, allows a product made in one GCC country to be more easily supplied to all, thereby encouraging economies of scale for local plants.

Nonetheless, challenges remain on the journey from import reliance to self-reliance. Most MENA manufacturers still depend on imported raw materials (APIs largely from India, China, and Europe).[6] Local API (Active Pharmaceutical Ingredient) manufacturing is nascent (except some antibiotic APIs in the Gulf and Morocco). Additionally, quality and regulatory compliance are critical. Early generic manufacturing in the Gulf Cooperation Council (GCC) faced quality gaps compared to imported brands, but regulators are now enforcing Good Manufacturing Practice (GMP) standards more vigorously to ensure local products meet international requirements. As capacity grows, overlap and competition among regional manufacturers is emerging, with multiple firms producing the same generics. This could drive down prices but also create the need for export markets to absorb excess output. In this context, regional cooperation could be beneficial, and experts have suggested that GCC manufacturers integrate efforts and specialize rather than all pursuing the same portfolio.[7]

1. Saudi Arabia announces $13.3bn of investment deals at Global Health Exhibition. Oct. 2024. Arab News, 2. Saudi Arabia's Pharma, Medical Device Factories Surge to 206 With $2.6Bn Investments. Aug. 2024. Sahmik, 3. Localization of Pharmaceutical Manufacturing in Middle East and North Africa Region: An Evolving Landscape of the Healthcare Ecosystem. May 2022. IQVIA, 4. Saudi Pharma market crucial to country's Vision 2030. May 2023. LabInsights, 5. Pavri S, A Healthier MENA: The Balancing Act in Growing the Pharmaceutical Industry. Sept. 2024. APCO, 6. Al-Jubran J, Elaiwat I (2025): KSA Pharma Industry Increased focus on localization of pharma manufacturing to be the key growth impetus alongside favorable demographics and rising chronic diseases. Aljazira Capital, 7. Abdulaziz Alsaddique (2017): Future of the pharmaceutical industry in the GCC countries. Integr Mol Med.

MENA: Middle East and North Africa; NUPCO: National Unified Procurement Company; SFDA: Saudi Food and Drug Authority; UAE: United Arab Emirates

In summary, MENA's pharmaceutical manufacturing landscape is rapidly moving towards greater self-reliance and supply chain resilience. The region has seen a surge of local production from generic pills to complex biologics and vaccines with governments providing the push via incentives and policy, and private sector and multinationals providing the technology and capital. Import dependence is gradually receding (e.g. Saudi imports now 70% of needs, improved from 80+%; GCC overall maybe 85-90% imports vs 90+% historically). As local manufacturing grows, the next step will be ensuring sustainability through high quality, diverse product lines (including more innovative drugs), and integration into global supply chains where goals that overlap with the region's R&D and innovation ambitions are discussed next.[1,2]

1. Saudi Arabia's Pharma, Medical Device Factories Surge to 206 With $2.6Bn Investments. Aug. 2024. Sahmik, 2. Abdulaziz Alsaddique (2017): Future of the pharmaceutical industry in the GCC countries. Integr Mol Med.

GCC: Gulf Cooperation Council; MENA: Middle East and North Africa; R&D: Research And Development

04

R&D & Innovation: From Generics to Biologics, Data & Digital

MENA's pharmaceutical industry has traditionally been focused on generic drugs and basic formulations but a shift towards higher-value R&D and innovative therapeutics is underway. From generics to biologics encapsulates the trajectory by having established a foothold in generic manufacturing with several countries now investing in capabilities for biologic medicines such as insulin, vaccines, and monoclonal antibodies and even novel drug discovery. Alongside this, the region is embracing data and digital technologies from AI-driven research to digital health platforms to leapfrog into modern pharmaceutical innovation.

Historically, local R&D in MENA was limited. Pharmaceutical companies in the region spent a very small fraction of their revenues on research (often <1–2%) and new product development largely meant reverse-engineering off-patent medicines.[1] Most innovation came via importation of foreign new drugs. However, government visions and increased market competition have spurred R&D initiatives in recent years. Countries are recognizing that a thriving pharma sector requires not just manufacturing generics but also developing the know-how to create or adapt new therapies for local health needs.

A key component of the innovation leap is building a clinical research ecosystem. Historically, clinical trials in MENA were limited as global pharma did not often include the region in large Phase III trials partly due to regulatory and infrastructure hurdles. However, this is now changing where countries are simplifying trial approval processes and improving research ethics oversight. For example, Saudi Arabia's SFDA established a clinical trials registry and guidelines in line with International Council for Harmonisation (ICH) standards, and Egypt's 2020 Clinical Trial Law provides a framework for international sponsors to conduct trials in Egypt.[2] The result is a rising number of trials in oncology, diabetes, and infectious diseases being conducted in places like KSA, UAE, and Egypt which not only gives patients early access to innovations but also builds research capacity and data for the region. Indeed, Egypt is increasingly seen as a favorable location for trials due to its large treatment-naïve patient populations and capable investigators.

1. Al-Jubran J, Elaiwat I (2025): KSA Pharma Industry Increased focus on localization of pharma manufacturing to be the key growth impetus alongside favorable demographics and rising chronic diseases. Aljazira Capital, 2. Localization of Pharmaceutical Manufacturing in Middle East and North Africa Region: An Evolving Landscape of the Healthcare Ecosystem. May 2022. IQVIA

KSA: Kingdom of Saudi Arabia; MENA: Middle East and North Africa; R&D: Research And Development; SFDA: Saudi Food and Drug Authority; UAE: United Arab Emirates

Beyond biologics and trials, digital innovation and data utilization are becoming integral to MENA's pharma R&D progress. The high penetration of digital technology in Gulf countries with internet and smartphone use among the highest globally provides a strong foundation for digital health solutions, real-world data generation, and artificial intelligence (AI) applications. Additionally, governments are actively encouraging digital health. For instance, authorities have mandated the provision of telemedicine services and are integrating electronic health records nationwide in the UAE.[1]

These digital health records and databases generate valuable data that supports research on treatment outcomes and pharmacogenomics specific to Middle Eastern populations. AI-driven drug discovery is being explored in the GCC, with Abu Dhabi's AI healthcare initiatives and Qatar's Genome Program serving as examples that could advance drug discovery and personalized medicine in the region. In market access, advanced analytics and pharmacoeconomic modeling which was once rare in MENA are gaining traction, aided by better data systems.[2]

Furthermore, public-private research collaborations are being nurtured. For example, certain hospitals in Saudi Arabia have partnered with international pharma on translational research in genetics and cell therapy, and Mohammed Bin Rashid Medical Research Institute in UAE which was founded in 2020 focuses on infectious disease and pandemic research showing a commitment to generating original research. However, the region's R&D journey faces challenges. R&D spending remains relatively low where the total R&D investment in life sciences since 2021 was about $3.9 billion in Saudi Arabia which is a fraction of what developed countries spend.[3]

Intellectual property protection, while improved, still has gaps. Past instances of weak patent enforcement, such as Saudi Arabia being placed on the USTR Special 301 Watch List in 2018 have made some innovators cautious. In addition, building a culture of innovation takes time. Historically, many MENA companies focused on quick wins, such as producing biosimilars rather than novel biologics, because biosimilars yield faster returns than original R&D. Overcoming this requires not just funding but also training talent in drug discovery, attracting expatriate scientists back home and building strong international research networks.[4,5]

Encouragingly, strategic partnerships are addressing some of these gaps. Governments are coaxing multinational pharma companies to set up R&D centers or innovation hubs locally. For instance, Pfizer and Novartis have regional innovation hubs in Dubai focusing on real-world evidence and digital pilots. The DoH Abu Dhabi-Sanofi alliance signed in 2023 includes collaboration on AI and real-time data analytics for vaccine R&D.[6,7] Such collaborations transfer knowledge and signal that MENA can be a contributor to global pharma innovation and not just a consumer.

In summary, the MENA region is in the early stages of a significant evolution from being primarily a generics maker to becoming a player in biotech and digital pharma innovation. By scaling local production and biotech innovation, MENA countries are evolving from regional medicine consumers into global healthcare innovators.

1. The Future of the Pharmaceutical Industry in the UAE. May 2025. Pharma Solutions, 2. The Pharmaceutical Market Access Landscape in the Middle East and North Africa: The Next Ten Years, Syenza, 3. Shah-Neville W. Saudi Arabia: is the country set to become a global biotech hub? Jan 2025. Labiotech, 4. Abdulaziz Alsaddique (2017); Future of the pharmaceutical industry in the GCC countries. Integr Mol Med., 5. Localization of Pharmaceutical Manufacturing in Middle East and North Africa Region: An Evolving Landscape of the Healthcare Ecosystem. May 2022. IQVIA, 6. DoH – Abu Dhabi and Sanofi link for vaccine development. Jun 2025. Pharmaceutical Technology, 7. Pradeep B. DoH Abu Dhabi and Sanofi partner to boost global vaccine development. Jun 2025. World Pharmaceutical Frontiers.

GCC: Gulf Cooperation Council; MENA: Middle East and North Africa; R&D: Research And Development; UAE: United Arab Emirates

05

Country Spotlights: MENA Pharmaceutical Hubs in Focus

While the overall MENA region is on an upward trajectory, several countries stand out for their rapid advancements in pharmaceutical manufacturing and R&D. The UAE, Saudi Arabia, and Egypt in particular illustrate the region's potential through their recent developments, initiatives, and growth metrics.

1. *United Arab Emirates As A Life Sciences Hub*

The UAE has rapidly emerged as a regional pharmaceutical hub despite its small population. By 2025, the UAE's pharma market revenue is expected to reach around $4.7 billion, doubling to over $8 billion by 2033 which is a growth trajectory fueled by increased healthcare investment, a high burden of chronic diseases, and demand for innovative therapies.[1]

The UAE today hosts a thriving pharmaceutical industry with 23 manufacturing centers producing more than 2,500 locally made medicines.[1] Leading local manufacturers include Julphar (Gulf Pharmaceutical Industries) which is one of the Middle East's largest generic producers known for its insulin products, as well as Neopharma in Abu Dhabi and Pharmax in Dubai.[1] These firms have expanded capacity and export to dozens of countries. Major multinationals maintain a strong presence via local offices and increasingly through production or packaging partnerships; for example, Pfizer, Novartis, and Sanofi have local joint ventures or contract manufacturing deals, often facilitated by technology transfer agreements.

In 2023, Sharjah announced three new pharmaceutical factories focusing on specialized products (respiratory, ophthalmic, antibiotics, etc.), all employing advanced manufacturing tech and AI for efficiency underscoring the UAE's embrace of cutting-edge methods. The UAE's federal and emirate-level governments actively support the pharma sector. Regulatory bodies like MOHAP and the Dubai Health Authority ensure expedited drug approvals and high quality standards.[1]

1. The Future of the Pharmaceutical Industry in the UAE. May 2025. Pharma Solutions

MENA: Middle East and North Africa; MOHAP: Ministry of Health and Prevention; UAE: United Arab Emirates

A robust regulatory framework helped the UAE achieve Stringent Regulatory Authority status for certain vaccine approvals, boosting confidence in local outputs. Vision 2031 and the “Operation 300bn” industrial strategy provide clear targets for pharmaceutical self-sufficiency, and initiatives such as free zones with tax benefits (e.g. Dubai Science Park, Abu Dhabi Industrial City) attract foreign investors. Public-private collaborations are a hallmark of the sector. For example, the Department of Health - Abu Dhabi (DoH) has signed agreements with Sanofi to strengthen vaccine R&D and with Abbott to support local manufacturing.[1,2] Abu Dhabi’s focus on life sciences is manifest in the recently launched HELM (Health, Endurance, Longevity, Medicine) cluster, integrating academia, industry, and healthcare providers to foster innovation.[2] Meanwhile, Dubai’s leadership in logistics and medical tourism complements pharma growth where the UAE leverages its world-class transport infrastructure to serve as a distribution nexus (e.g. the HOPE Consortium for global vaccine logistics during COVID-19).[3]

The UAE is also concentrating on rare diseases and orphan drugs – a strategic niche where it can lead regionally. The UAE’s rare disease treatment market was $615 million in 2024 and is projected to more than double by 2030.[4] Government support for orphan drug research via grants and fast-track approvals has attracted companies focusing on genetic and rare disorders. Additionally, the UAE is promoting biotech through initiatives such as the Dubai Future Accelerators program, which includes health tech and invites biotech entrepreneurs to address local challenges.

In Abu Dhabi, the government-owned ADQ and Mubadala funds have made healthcare and pharma a pillar of investment acquiring stakes in pharmaceutical companies abroad and funding local startups. A prominent example of innovation is Hayat Biotech, an Abu Dhabi venture which not only produced COVID-19 vaccines locally but is moving into genomic medicine and advanced biologics in partnership with DoH.[1,2,5]

The UAE’s pharma sector while smaller in absolute terms than Saudi or Egypt is highly dynamic. With strong state backing, a pro-business environment and a focus on technology, the UAE is on track to become a regional center for pharmaceutical manufacturing, re-export, and innovation. The country aims to increase its medicine production to cover 50% of its needs by 2030 (from the current ~20-30%) and to host more international R&D labs. Risks may include heavy reliance on imported raw materials and the need to build more local scientific talent but ongoing initiatives in education and partnerships are mitigating these.[1,2,5] Overall, the UAE presents a model of how a small market can punch above its weight through strategic vision and openness to innovation.

1. DoH – Abu Dhabi and Sanofi link for vaccine development. Jun 2025. Pharmaceutical Technology, 2. The Department of Health - Abu Dhabi. The Department of Health - Abu Dhabi and Abbot Unite to Manufacture Pharmaceuticals Locally in Abu Dhabi. Jun 2025. PR Newswire, 3. Pavri S. A Healthier MENA: The Balancing Act in Growing the Pharmaceutical Industry. Sept. 2024. APCO, 4. The Future of the Pharmaceutical Industry in the UAE. Pharma Solutions 2025, 5. Bairaboina P. DoH Abu Dhabi and Sanofi partner to boost global vaccine development. Jun 2025. World Pharmaceutical Frontiers.

R&D: Research And Development; UAE: United Arab Emirates

2. Saudi Arabia With Localisation And Expansion Under Vision 2030

Saudi Arabia is the largest pharmaceutical market in the MENA region, and undergoing a transformation in line with Vision 2030's goals of economic diversification and healthcare security. As of 2023, the Saudi pharma market is valued at roughly $10 billion, representing about 32% of the entire MENA pharmaceutical market.[1] This market grew about 25% from 2019 (when it was ~$8 billion) to 2023, reflecting a strong push towards growth and localization.[1]

The Saudi government's strategic objective is to double domestic pharmaceutical production by raising the local share of medicines from the current 30 percent of consumption to 40 percent or more by 2030.[2] This means reducing heavy import reliance from about 80% of supply in 2019 to 30% or less by 2030.[1,2] Additionally, achieving this goal requires major investment. Under Vision 2030, Saudi Arabia has allocated USD 65 billion to upgrade its healthcare system and promote domestic drug manufacturing and R&D.[2] These funds support building new production facilities, expanding existing pharma plants, and incentivizing technology partnerships.

It is also noted that the number of pharmaceutical factories in the Kingdom has climbed. As of 2024, there were 56 SFDA-licensed pharma manufacturing facilities (out of 206 total pharma and medical device factories) with over SR7 billion invested in the pharma sector's infrastructure.[1] Local companies such as SPIMACO, Tabuk Pharmaceuticals, and Jamjoom Pharma are scaling up production. Jamjoom, one of the fastest-growing local firms driven by successful generics, has also attracted increasing partnerships with international players.[3] To achieve these goals, the government is pursuing a multi-faceted approach that includes policy support through streamlined regulations and faster drug approvals, financial incentives such as low-interest loans and land grants for factories and procurement reforms.

A notable policy move is the use of NUPCO, the national procurement authority to prioritize locally produced medicines in government tenders. This has been formalized through agreements to replace imports with Saudi-made drugs.[2] Furthermore, Saudi Arabia launched a National Biotechnology Strategy aiming to make the Kingdom the leading biotech hub in MENA by 2030, with initiatives spanning vaccine production, biosimilars, and gene therapies.[1,4] There is a strong emphasis on vaccine self-reliance where the government announced plans to localize 80–90% of its needs for critical vaccines and insulin through domestic manufacturing, a goal backed by the establishment of vaccine production lines and biotech centers.[1]

Global pharma companies are responding to Saudi's openness where it is seen that Pfizer, GlaxoSmithKline (GSK) and others have either set up or are in process of setting up manufacturing facilities in Saudi Arabia to produce drugs locally and even export regionally.[2] These investments often come with training components, helping build local expertise. Additionally, Saudi Arabia's regulator (SFDA) is increasing international cooperation and adopting global best practices, which eases the pathway for multinationals to operate in the Kingdom.

1. Saudi Arabia's pharma, medical device factories surge to 206 with $2.6bn investments. Aug 2024. Arab News, 2. Harshan A. Saudi Vision 2030: Ushering in a new era for biotech & pharmaceutical industries. Aug 2024. Global Business Outlook, 3. IQVIA. Middle East & Africa Pharmaceutical Market Insights. 32nd Edition. Jun 2024, 4. Al-Dosari A. 5 Trends Transforming Healthcare and the Pharma Industry in Saudi Arabia. Aug 2025. TASC Outsourcing.

MENA: Middle East and North Africa; R&D: Research And Development; NUPCO: National Unified Procurement Company; SFDA: Saudi Food and Drug Authority

Taken together, Saudi Arabia's strategic positioning of being a sizable domestic market, generous state support, and commitment to international quality standards is fast making it a cornerstone of pharmaceutical production in the Middle East. By driving local innovation (e.g. research on diabetes and genetic diseases prevalent in the local population) and expanding manufacturing capacity, Saudi Arabia is on its way to achieve its vision of becoming a regional life sciences leader in the post-oil era.[1]

3. *Egypt Emerging As A Regional Manufacturing Giant*

With the largest population in the Arab world and a long-established pharmaceutical industry, Egypt is leveraging its strengths to become a regional hub for pharma manufacturing and innovation. As of 2023, Egypt is already one of MENA's top pharmaceutical producers and consumers. It has been reported that Egypt's pharmaceutical market ranked first in MENA in 2023 with a value cited as $56.6 billion, although this figure may reflect the cumulative value of medicines produced and consumed.[2]

More concrete indicators of industry growth can be seen in Egyptian pharma sales which reached $3.88 billion in 2023, up 15% from 2022. An estimated 94% of medicines dispensed in Egypt by volume are now manufactured locally showing an extraordinary level of self-reliance in the region. This high local production share is the result of concerted efforts to localize drug manufacturing and reduce import bills. Over the past few years, Egypt's government and private sector have expanded manufacturing of both finished pharmaceutical products and some raw materials, with an eye on achieving self-sufficiency and even price reductions for consumers through economies of scale.[3]

As of today, approximately 190 pharmaceutical factories operate in Egypt and more are under construction producing a wide range of generic medicines and some biologics.[3] Many Egyptian firms such as Pharco, Eva Pharma, EIPICO, and Hikma's local operations are significant players not just domestically but also export to regional markets. In fact, Egypt's medicine exports crossed $1 billion in 2023 for the first time marking the country's rise as an exporter after historically being a net importer. The government has set an ambitious target to raise exports of pharmaceuticals and medical supplies to $5 billion by 2030, and is even encouraging development of "Made in Egypt" innovative drugs originating from Egyptian R&D efforts.[3]

A flagship initiative propelling Egypt's pharma sector is the creation of GYPTO Pharma, "Medicine City", a massive pharmaceutical industrial city inaugurated in 2021. Located in the north of Cairo, Gypto Pharma is a state-of-the-art manufacturing zone designed to host both domestic and international manufacturers.[2] It serves as a centralized hub with modern infrastructure for producing a broad spectrum of medicines (including advanced therapies and vaccines) and it plays a key role in Egypt's strategy to become a regional export hub for Africa, the Middle East, and beyond. Gypto Pharma was collaborating with seven leading global pharma companies and aimed to introduce 95 new pharmaceutical products by the end of 2024.[2]

1. Harshan A. Saudi Vision 2030: Ushering in a new era for biotech & pharmaceutical industries. Aug 2024. Global Business Outlook, 2. GYPTO Pharma partners with Abbott to produce 155 mln drug packages over 5 years. Jun 2024. Ahram Online. 3. Nasr M. Treating Egypt to a bright future: How a push to localise drug production has paid off. Feb 2024. Al Majalla.

MENA: Middle East and North Africa

Recent high-profile partnerships include a contract with Abbott to locally produce 155 million packages of antibiotics and palliative drugs over 5 years and a venture with Japan's Otsuka to produce and export medical products from Egypt. Government officials describe Gypto Pharma as a national security asset that will bolster Egypt's medicine self-sufficiency and build confidence among foreign investors to co-invest in new production lines.[1]

Beyond Medicine City, Egypt's policy environment has become more supportive by establishing the Egyptian Drug Authority (EDA) in recent years to streamline drug registration and accelerate approval of locally made generics. There are also financial incentives including subsidized utility costs for pharmaceutical factories and easier access to foreign currency for importing raw materials which is especially important during periods of currency fluctuation. The push to localize has already shown results with Egypt's pharma imports dropping by about $500 million in 2023 compared to the previous year easing pressure on foreign reserves.[2] However, challenges such as periodic hard currency shortages and global supply chain disruptions, including shortages of key ingredients continue to pose hurdles.

Despite these challenges Egypt's fundamentals include a large pool of pharmacists and chemists, relatively low production costs and a strategic geographic position that give it a solid foundation. As the country continues its reforms and partnerships it is poised to remain one of MENA's most significant pharmaceutical manufacturing bases serving its 100 million citizens while also exporting to African and Arab neighbors. Egypt's vision is clear and it aims to move from being a local generic powerhouse to a regional pharmaceutical innovation hub by 2030 by capitalizing on its market scale and improving its investment climate.

4. *Other Regional Developments*

Beyond the UAE, Saudi Arabia, and Egypt, numerous other MENA countries are also ramping up their pharmaceutical and biotech capabilities:

- Morocco has embarked on major projects to bolster local vaccine and drug production. In 2022, Morocco inaugurated the construction of a COVID-19 vaccine manufacturing plant in partnership with international firm Recipharm, aiming to produce the active ingredients of more than 20 vaccines and biotherapeutic products by 2025.[3] This initiative is part of Morocco's plan to become a key supplier of vaccines in Africa to enhance health security. Moroccan pharma companies like Pharma 5 and Sothema are among the fastest-growing in North Africa and the country's industry is noted for exporting generic medicines to francophone Africa.[4]

- Algeria has also focused on localization, with dozens of domestic drug manufacturers now covering a significant share of local consumption, estimated at over 50%. The country has attracted partnerships for local vaccine production, signing agreements for COVID-19 manufacturing with firms from China and Russia, and it maintains a strong generics industry supported by policies that favor local producers.[5]

1. GYPTO Pharma partners with Abbott to produce 155 mln drug packages over 5 years. Jun 2024. Ahram Online, 2. Nasr M. Treating Egypt to a bright future: How a push to localise drug production has paid off. Feb 2024. Al Majalla, 3. Morocco starts construction of COVID vaccine plant. Jan 2022. Aljazeera, 4. IQVIA. Middle East & Africa Pharmaceutical Market Insights. 32nd Edition. Jun 2024, 5. Saied AA et. al (2022): Strengthening vaccines and medicines manufacturing capabilities in Africa: challenges and perspectives. EMBO Mol Med.

MENA: Middle East and North Africa; UAE: United Arab Emirates

- Jordan is home to one of MENA's most successful pharmaceutical companies, Hikma Pharmaceuticals, which started in Amman and grew into a global generic and specialty drug manufacturer. Jordan's pharmaceutical exports (including to the U.S. and Europe) underscore the talent and quality that can emerge from the region. The country's ecosystem, with a high number of pharmacists per capita and a strong reputation for contract manufacturing and formulation R&D, continues to contribute to MENA's pharma growth story.[1-3]

- Smaller Gulf States such as Qatar, Oman and Bahrain are also investing in healthcare manufacturing. Qatar has established the Qatar Science & Technology Park, which hosts life science startups and biotech research, and the government is encouraging foreign pharma companies to set up local ventures for critical drugs.[4,5] Oman and Bahrain have launched industrial zones focused on healthcare products and have begun local production of certain medicines.[6] Oman's first pharmaceutical plant opened in 2020 producing intravenous solutions. These states leverage high quality infrastructure and strategic logistics locations to attract niche pharmaceutical manufacturing often in partnership with larger regional players.

- Despite the economic challenges in Lebanon, a skilled base of scientists exists and a few firms export medicines particularly to Arab markets.[7] Iraq, emerging from conflict, has signalled interest in reviving its pharmaceutical industry with new public-private initiatives to supply its large population.[8]

1. Hikma Pharmaceuticals Underscores Role in U.S. Supply Chain, Exports 46% of Amoxicillin Market. Jordan News Agency 2025, 2. King inaugurates Hikma's new MENA headquarters. The Jordan Times 2022, 3. Hikma Jordan Factsheet 2025, 4. Qatar Science & Technology Park, 5. Qatar Science & Technology park and 500 Startups to hold landmark 'Investors Day'. Magnitt 2017, 6. Pharmaceutical manufacturing Zone. The Daily Tribune 2025, 7. Invest in Lebanon - Pharmaceutical Industry, 8. Current Trend in the Iraq Pharmaceutical Sector. Actiza 2025.

MENA: Middle East and North Africa, R&D: Research And Development

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The Investment Landscape

The transformation of the MENA healthcare sector is attracting significant capital, driven by strategic long-term goals and a desire to capitalize on high-growth verticals. The investment landscape is characterized by the powerful influence of sovereign wealth funds and a maturing private capital market.

Investment activity in the GCC's healthcare sector has been overwhelmingly concentrated in KSA and the UAE, which together accounted for nearly 92% of the almost 400 transactions recorded between 2021 and April 2025.[1] This high level of activity underscores the region's growing appeal to investors. The largest investors are often sovereign wealth funds, such as Mubadala and ADQ, which are leading strategic acquisitions and large-scale projects, including a partnership with G42 to set up a biopharmaceutical manufacturing campus in Abu Dhabi.[2] The commitment of sovereign capital signifies a long-term, de-risked approach to sector development, providing a strong signal of stability and growth potential for private investors. The IPO landscape is also maturing, with 27 healthcare IPOs between 2021 and April 2025, a key highlight being the $450 million IPO by Saudi Arabia's Almoosa Health in 2025.[1]

Currently, smart healthcare and health IT are the most rapidly growing segments in the region. The smart healthcare market is projected to reach $15.43 billion by 2033 with a 13.4% CAGR, while the healthcare IT market is expected to reach $214.92 billion by 2033 with an even higher CAGR of 16.5%.[3] Investment opportunities are abundant in areas like telemedicine platforms, AI-driven diagnostics, and data analytics tools.[4] The ongoing modernization of hospital infrastructure, driven by massive project pipelines, is creating a strong demand for medical devices and technology.[5] The hardware segment of healthcare IT, for example, held the largest revenue share of 60.55% in 2024 due to investments in modernizing hospital infrastructure.[6]

Biologics and biosimilars offer strong investment potential in manufacturing and R&D. The Emirati Genome Program facilitates collaborations in genetic surgery and gene therapy. investment landscape in MENA particularly for private capital Mature MENA investment, particularly private capital, can align with sovereign wealth funds for clear, long-term, high-growth opportunities supporting national economic goals.

1. Narayanan N. Saudi Arabia, UAE dominate healthcare deals in GCC, JLL says. Sep 2025. Arab News, 2. Saudi Arabia and UAE Dominate GCC Healthcare Investments, Driving Sector's $170B Growth by 2030. Sep 2025. GCC Business Watch, 3. Middle East & Africa Pharmaceutical Market Size & Outlook. Grand View Horizon, 4. Middle East Smart Healthcare Market (2025 - 2033), Grand View Research, 5. Strong Growth Seen In MENA Healthcare Market. Mar 2023. HSBC Insights, 6. Renedo I. The UAE's Healthcare Transformation: From Regional Player to Global Power. Aug 2025. The Business Year.

CAGR: Compound Annual Growth Rate; GCC: Gulf Cooperation Council; KSA: Kingdom of Saudi Arabia, MENA: Middle East and North Africa, R&D: Research And Development; UAE: United Arab Emirates

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Conclusion

The MENA pharmaceutical sector is at a turning point with governments, local companies, and global players working together to move the region from reliance on imports toward greater self-sufficiency and resilience. Strong population growth, ongoing health reforms, and the rising burden of chronic diseases are driving steady demand for medicines. At the same time, major initiatives such as Saudi Arabia's Vision 2030, the UAE's Vision 2031, and Egypt's Medicine City are creating the foundations for a modern, competitive pharmaceutical industry.

This advancement presents both opportunities and responsibilities for pharmaceutical companies and investors. Success will depend on adapting to localization policies, investing in high-growth areas such as biologics and digital health, and building partnerships with sovereign funds and local industry leaders. Challenges remain including regulatory complexity and intellectual property concerns, but the overall direction is clear: MENA is becoming an important center for health innovation and medicine production. Companies that act early and align with the region's long-term goals will be best placed to benefit from the growth ahead.

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