BioSpectrum
the business of Bio & Health Sciences

Denmark's pharma market to decline to $3 billion by 2020

18 January 2015 | News | By BioSpectrum Bureau

Denmark's pharma market to decline to $3 billion by 2020

Price-cap agreements between the Danish Ministry of Health and the Danish Association of Pharmaceutical Industry have existed since 2008 and continue to limit pharmaceutical market growth as the government aims to keep drug prices down.

This is further exacerbated by the 25% value added tax on pharmaceutical products, which is high compared to other EU countries, restricted sales of over-the-counter medicines and a costly labor force.

However, Mr Joshua Owide, GlobalData's director of healthcare industry dynamics, says that there are a number of favorable conditions for the future Danish pharmaceutical market, which will be sustained by increasing demand for medicine and higher healthcare expenditure, as well as government healthcare reforms.

Mr Owide explains: "Denmark's corporate taxes are to be gradually reduced to 22% by 2016 and the country does not levy capital duty, share transfer duty or wealth taxes. This benign tax environment could encourage pharmaceutical companies to set up business in Denmark.

"Furthermore, the registration of a pharmaceutical product under the national procedure in Denmark takes an average of six to 12 months. This is less than the average time taken by regulatory authorities in the US and EU, which is currently 322 days and 366 days, respectively."

He further adds that pharmaceuticals are one of Denmark's largest export goods.

In 2013, the country exported $12.1 billion worth of pharmaceutical products, accounting for almost 11.4% of Danish exports.