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CPHI Middle East is proud to present

IQVIA Market Prognosis 2025–2029

Saudi Arabia

IQVIA

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Introduction

IQVIA and CPHI Middle East are pleased to bring you our special Market Prognosis report sharing our view of the future of the Saudi pharma market. Both CPHI Middle East and IQVIA consider that such information is key for the growth and development of the pharma industry and believe that this report will provide valuable insight as you look to develop your business in Saudi Arabia.

The report provides an evidence-based outlook for Saudi Arabia based on the knowledge of our country experts who carry out extensive research into key business and healthcare events.

We are excited to share this valuable country information with you and look forward to welcoming you to CPHI Middle East.

CPHI Middle East and the IQVIA team

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Market overview and forecasts: Saudi Arabia

Market synopsis

The Saudi Arabian pharmaceutical market is forecast to grow at a CAGR of 10.8% (±2.8%) between 2024 and 2029, reaching SAR83.3 billion by 2029.

At the time of publication, there remained significant uncertainty regarding the implications of the trade tariffs imposed by the US and potential counter-tariffs by other countries, as well as the US Executive Order 14297. In particular, it was unclear if the US announcement of 25 September 2025, potentially imposing a 100% tariff on imported branded or patented medicines, would override any previous agreements. These developments pose downside risks to the prognosis.

Business environment

Saudi Arabia's GDP growth is projected to be bolstered by a 5.6% increase in crude oil production in 2025, contributing to a real GDP growth rate of 4.4% for the year. A growing non-oil economy that currently constitutes a small portion of GDP will also support growth. Strategic development projects will boost fixed investment, a key GDP component. The real GDP will show an average annual growth of 3.5% during 2025 –2029, driven by low inflation, and consistently growing private consumption. Inflation in Saudi Arabia will remain subdued in 2025–2029, contained by subsidies on commodities such as fuel and electricity. A renewed strengthening of the dollar from 2026 will further dampen the inflation rate, retaining it at an average annual growth of 2.3% for 2026–2029. While riyal's peg to the US dollar (SAR3.75:US$1) will remain stable, a weaker dollar value, will increase the reliance upon the renminbi to boost value of oil exports in local currency.

The ruling family Al-Saud would continue to retain strong control of the economic and political regime of the kingdom through the forecast period. The crown prince, Mohammed bin Salman al Saud, will progressively continue the modernization and diversification of economy. While scope for internal threat to political stability is unlikely. As a head of the Council for Economic and Development Affairs, the prince will continue implementation of Vision 2030 initiatives. However, fiscal consolidation is expected to be the main challenge, considering the enormous spending commitments for implementation of Vision 2030.

Healthcare provision

The Ministry of Health (MoH) is advancing health sector reforms under the Health Sector Transformation Program (HSTP) aligned with Saudi Vision 2030. The first phase of the program, that involved the formation of 20 health clusters, ended in 2023. The ongoing second phase of the program began in 2024 and is targeting the transfer of health clusters from the MoH to the authority of the Health Holding Company (HHC).

By the end of 2024, three clusters - Riyadh Second, Eastern, and Qassim - were transferred to the HHC. Health service improvements and preventive measures by the MoH have increased life expectancy to 78.8 years in 2024, up from 74 years in 2016, according to the MoH. The government is currently pursuing several programs (in collaboration with other agencies) to deliver preventative services, including around 24 vaccination initiatives. In June 2025, the MoH launched its 'A Nation Without Obesity' initiative to raise awareness about obesity. Meanwhile, as a part of the early disease detection program, 1 million diabetes, more than 240,000 colorectal cancers and 223,000 breast cancer screenings have been performed, as of 2024.

To address increased care demand amidst population growth and rising prevalence of chronic diseases, the government allocated over 20.0% of its total 2025 budget (or SAR260 billion) to healthcare. The budget will be utilized to meet targets set out in the HSTP and Vision 2030 initiatives. The MoH also plans to privatize approximately 300 hospitals and 2,300 primary care centers by the end of the decade, which will increase the overall private sector contribution to GDP by 2030.

Under the HSTP plan, the government seeks to expand primary health center (PHC) coverage and improve access by increasing primary care visits per person. However, PHC availability has declined from 0.79 per 10,000 patients in 2018 to 0.63 in 2023. The decline is attributed to population growth and rising demand, highlighting the need for more PHCs, especially in rural areas. While the number of hospitals has increased, bed availability remains below global standards, with the government targeting the addition of 26,000–43,000 hospital beds by 2030 under the HSTP.

Through its Saudization program, 'Nitaqat Mutawar,' the government mandates a specific proportion of Saudi nationals to be included in the healthcare workforce to offer employment opportunities for Saudi nationals. In April 2025, Saudization thresholds were raised to 65% for radiology, 80% for clinical nutrition and physiotherapy, and 60% for medical laboratories. By July 2025, pharmacy professions were included, with quotas set at 35% for community pharmacies and those working in medical complexes, 65% for hospital pharmacy activities, and 55% for general pharmacy activities.

As announced by the Council of Health Insurance (CHI) in January 2025, 13.0 million individuals in the kingdom held some form of health insurance. In July 2025, the CHI launched its '2025–2027 Strategy' to develop a beneficiary-focused ecosystem with the aim of enabling access to high-quality health services. The strategy includes the development of 47 initiatives across nine strategic programs to implement innovative value-based care models, enhance employer health coverage, develop basic benefits package for diverse beneficiaries, and bolster the use of data and digital health.

Ongoing infrastructure initiatives focus on aligning care service quality with international standards, evidenced by the rise in hospitals meeting national safety standards, from 9.6% in 2016 to 70.7% in 2024 as per the HSTP annual report. Over 2,170 health facilities were accredited in 2024, marking a 350% increase from 2023. To address growing care demands, the government is enhancing the health workforce by expanding educational opportunities through partnerships with international universities and institutions.

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The government's e-health initiatives aim to enhance health sector efficiency, expedite service delivery, and improve care coordination. Digital health programs such as Seha, Sehhaty, and the National Platform for Health and Insurance Exchange Services (NPHIES) are advancing patient access and convenience. By 2024, Sehhaty enabled 51 million virtual appointments and consultations, while NPHIES linked health records for over 31 million beneficiaries.

Prescribing and dispensing

Co-payment policies set out by the CHI for private plans in 2022 mandate higher copayments for off-patent brands, in addition to imposing regulations on physicians to prescribe international non-proprietary name (INN) instead of brand names. This has reduced branded drug consumption and increased generic utilization. The government's Wasfaty e-prescription system enhances patient satisfaction and medication adherence by linking pharmacies with care centers, facilitating easier drug access. In February 2025, the MoH launched a national platform to efficiently track and monitor the electronic prescribing and dispensing of narcotic and psychotropic drugs.

NUPCO also offers Yusur services, consisting of prescription delivery system built connecting private hospitals and delivery companies. The service is developed for beneficiaries and patients with disabilities and chronic ailments who can place prescription orders on the platform and receive home delivery through private companies. As of 2024, more than 78 thousand beneficiaries across all regions have benefited from the initiative, as per 2024 HSTP annual report.

Pricing and reimbursement

Mandatory submission of Economic Evaluation Studies (EES) for drug registration implemented in 2025 is likely to negatively impact drug prices for both innovative and generic launches, potentially compelling multinational companies to deprioritize launches in the kingdom. However, initiatives like the Breakthrough Medicines Program (BMP) and proposals to approve certain drug prices without negotiations may provide pricing advantages for selected products.

The Saudi Food & Drug Authority (SFDA) aims to integrate Health Technology Assessments (HTA) in drug evaluation and registration process with mandatory EES submission. While this aims to support value-based healthcare, the fragmented reimbursement landscape and reliance on international HTA benchmarks may complicate access to specialty and high-cost drugs. Although SFDA requires local epidemiological data, concerns remain about the adaptability of global HTA models to Saudispecific demographics and treatment protocols. Additionally, stringent price-cutting regulations and limited premium allowances are likely to influence the launch strategies for high-priced therapies.

The Local Content and Government Procurement Authority (LCGPA) expanded its list of locally manufactured products eligible for a 30% price preference, adding 17 pharmaceuticals in February 2025, followed by the inclusion of 105 additional products in June 2025 that also included pharmaceuticals. Preferential pricing for local products and the Economic Participation Policy (EPP) are impacting multinational companies' margins. In response they are adapting by limiting operational costs through outsourcing agreements and local partnerships.

The Breakthrough Medicines Program (BMP) program is expected to open avenues for fast-track registration, easing the market entry of drugs targeting unmet clinical needs.

Regulatory environment

The SFDA continues to expedite the evaluation of several novel therapies under the Breakthrough Medicines Program (BMP). The program is expected to open avenues for fast-track registration, easing the market entry of drugs targeting unmet clinical needs. In June 2025, the SFDA issued a guideline on biosimilar quality considerations, detailing requirements for process development and comparability assessments to support biosimilar localization.

The SFDA's EES guidance issued in July 2024 requires submission of cost-effectiveness studies for novel therapies as part of the marketing authorization approval process. The SFDA guidance mandates the evaluation of a new medicine's clinical and economic benefits against current care standards, as well as the submission of HTAs from international agencies including those in the UK, France, Canada, and Australia. The EES submission, mandated from July 2025, applies to innovative drugs and all human drugs undergoing pricing procedures, including registration, renewal, and re-pricing. It does not apply to generics unless they are part of a pricing-related submission.

In January 2025, the SFDA was elected to the Management Committee of the International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use (ICH). Amendments to Patent and Industrial Design Law, approved in October 2023, ensure intellectual property (IP) protection for multinational companies by extending the exclusivity period for design patents to 15 years. The Saudi Authority for Intellectual Property (SAIP) continues to partner with other international agencies to speed up patent processing timelines.

Pharmaceutical business environment

Saudi Arabian imports to the US have been subjected to a 10.0% base tariff with effect from April 2025. However, since bulk of exports from Saudi to the US consist of petroleum products, which are currently exempt from tariffs, no direct impact from the US tariffs is expected on the overall market. As per the 2024 United Nations Comtrade data, pharmaceuticals worth US$579.6 million were exported by Saudi Arabia in 2024, out of which US$1.1 million of exports were directed to the US.

In line with Vision 2030, initiatives such as the National Industrial Strategy and the National Biotechnology Strategy focus on localizing pharmaceutical infrastructure and manufacturing. The government targets increasing local manufacturing through incentives gradually expanding to more complex products including insulins, vaccines and plasma products through strategic alliances and technology transfers with large organizations.

The Regional Headquarters (RHQ) program, which mandates foreign corporations to set up their regional headquarters in the kingdom if they intend to do business with government entities, came into effect in January 2024. As of June 2025, the kingdom had enrolled more than 600 corporations in the program, ahead of its 2030 target of 500 companies.

Preferential drug pricing, CHI cost-containment policies, and INN prescription mandates have bolstered generics use. However, despite localization efforts, the kingdom remains reliant on imported generics to a significant extent. Biosimilar adoption has reduced originator market share and prices, leaving multinationals to collaborate with local firms for biosimilar development.

Regulatory demands are placing downward pressure on distributor margins. To counter this, distributors are balancing branded and generic portfolios, while targeting high-margin specialty medicines. The National Unified Procurement Company (NUPCO) launched Mawsool service, that manages drug inventories, distribution, order deliveries to hospitals.

The service was implemented at Madinah Health Cluster in July 2025, with plans for expansion across three clusters and 24 hospitals.

The retail pharmacy sector is growing due to population expansion and initiatives such as the *Wasfaty* e-prescription scheme. Major pharmacy chains are expanding via vertical integration, entering drug distribution and care delivery to boost profits and improve patient engagement. Over the Counter (OTC) product sales growth will be driven by higher disposable incomes, e-commerce expansion, and increased footfall from reimbursable prescriptions under the *Wasfaty* scheme.

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Total market forecasts 2025–2029

Summary of the prognosis

All values shown are in local currency. Sales are reported at the ex-manufacturer price level based on invoice pricing that does not capture rebates and discounts.

Figure 1: Key drivers and constraints of market growth

Market drivers

Demographic factors, driven by an aging and growing population, will boost demand for services and pharmaceutical consumption.

Recent and future product launches, facilitated by breakthrough and orphan drug designation approvals, will enhance the availability of high-priced treatments for chronic ailments.

Government tenders, managed centrally on a biennial basis, will drive drug consumption in the hospital sector in tender years, and the LPO sector in non-tender years.

Market constraints

Periodic price revisions, multiple pricing check-points and mandatory Economic Evaluation Studies submissions, will hinder price growth.

Updated CHI basic insurance policy will increase patients' preference for low-cost generic alternatives, negatively impacting branded drug consumption in the retail sector.

Tender participation restrictions for multinational companies, unless they invest domestically, will discourage manufacturers from pursuing government contracts.

Source: IQVIA.

About IQVIA Market Prognosis:

Market Prognosis is a strategic market forecasting publication that provides unparalleled insights into the key issues affecting the local pharmaceutical and healthcare industries, and available in 49 countries.

Now also available via IQVIA's AI platform, revolutionizes the way you access market developments and trends by harnessing the power of artificial intelligence. Based on Healthcare-grade AI®, this cutting-edge solution delivers lightning-fast analytics across 49 detailed country reports and therapy data, empowering you to make informed strategic and investment decisions with unparalleled speed, accuracy, and confidence.

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