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PHARMACEUTICAL MARKET OF UKRAINE: STATUS AND DEVELOPMENT TRENDS

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Abstract

This study analyses the state and development trends of the Ukrainian pharmaceutical market for the period 2020-2025, based on a synthesis of data from open-access scientific sources. Significant market growth in monetary terms was identified, contrasting with stable physical sales volumes, indicating the influence of price factors and inflation. Despite the substantial negative impact of the full-scale invasion, the market demonstrated resilience and recovered its value indicators. Key structural characteristics were analyzed (including the balance between domestic and foreign manufacturers, growth in the share of Rx drugs, dietary supplements, and e-commerce), along with concentration levels and main trends, such as increased consumer price sensitivity and digitalization. Particular attention was paid to the large-scale regulatory changes introduced in 2025 aimed at price control. Conclusions were drawn regarding the market's adaptability and its predicted further growth in value under the new regulatory environment.

Keywords: Ukrainian pharmaceutical market, market size, market growth, pharmaceutical sales, market trends, market data, 2020-2024, pharmaceutical market regulation, martial law.

Introduction

The pharmaceutical market of Ukraine is an integral and strategically important component of the national economy, whilst simultaneously fulfilling a primary social function within the healthcare system – ensuring the population has access to necessary medicinal products. The adequate functioning and sustainable development of this market directly influence public health indicators and the economic stability of the state. In the context of modern challenges and transformations, an understanding of the underlying processes occurring within the pharmaceutical market, its structure, dynamics, and influencing factors, acquires particular relevance for a wide range of stakeholders: business representatives, public authorities, and the medical and scientific communities.

The main objective of the research is to form a comprehensive and objective understanding of the Ukrainian pharmaceutical market by addressing the following tasks: determining market size and sales volumes in monetary (value) and physical (volume) terms; analyzing the market structure by key segments; identifying major players (manufacturers, distributors, pharmacy chains) and their market shares; identifying and characterizing dominant development trends; assessing the impact of significant external factors (including macroeconomic conditions, regulatory changes, socio-political events); as well as studying available forecasts regarding the future market and analyzing innovation processes within the industry.

Overview

The pharmaceutical market of Ukraine demonstrated complex dynamics during the period 2020-2025. A key feature of recent years (2023-2024) has been significant market growth in monetary terms. Specifically, in 2024, pharmacy sales volume reached UAH 194.7 billion (+19% compared to 2023) [1], and the total consumption of medicinal products amounted to UAH 171 billion (+17%). Positive dynamics were also observed in the US dollar equivalent (total consumption ~USD 4.3 billion, +6%; pharmacy sales ~USD 4.8 billion, +8% in 2024). However, this growth is largely driven by inflation and the devaluation of the hryvnia, as physical sales volumes (in units) remain relatively stable or even show a slight decrease (e.g., -0.9% for medicinal products in retail in 2024, although total consumption in units grew by 1%).

Russia's full-scale invasion in 2022 had a substantial negative impact, causing a market decline (-6.1% in 2022), logistical disruptions, problems with raw material supply, and population migration. Nevertheless, from the end of 2022, the market began to demonstrate resilience and a capacity for recovery, particularly in monetary terms (+23% in UAH in 2023 compared to 2022), albeit with a decrease in physical terms (-6.4% over the same period).

The structure of the Ukrainian pharmaceutical market exhibits distinct characteristics: by origin, foreign manufacturers dominate in monetary terms (63% of retail medicinal product sales in 2024), whereas domestic manufacturers prevail in physical volume (62%), indicating their focus on a more accessible price segment. By drug type, the share of prescription (Rx) drugs continues to grow, reaching 64% by value and 46% by volume in 2024. In terms of innovation, generic drugs dominate, although a recovery in the market entry rate for new originator drugs is observed. Regarding categories, the dietary supplements segment is growing extremely rapidly (+28% in monetary terms, +13% in units in 2024), already accounting for around 11-12% of the market by value. The e-commerce segment is also showing explosive growth, reaching 19-20% of the market in 2024. The market player landscape is heterogeneous: among manufacturers, the market is relatively fragmented (Top 5 companies ~20% market share in Q4 2024), with Ukrainian companies Farmak, Darnytsia, and Kyiv Vitamin Plant as leaders [3]. In distribution, by contrast, the market is highly consolidated, dominated by Optima-Pharm and BaDM (Top 5 distributors account for ~95% of supplies). Active consolidation is also observed in pharmacy retail (Top 5 chains accounted for ~63% of turnover in December 2024), and its further strengthening is predicted.

Key trends include increased consumer price sensitivity and growing demand for cheaper generic and over-the-counter (OTC) drugs; the rapid development of online sales; the industry's adaptation to wartime conditions; and the significant impact of state programs. Particularly important are the large-scale regulatory changes introduced in 2025: reference pricing and the creation of the National Price Catalogue, margin caps, a temporary ban on marketing services provided to pharmacies, the introduction of parallel imports for state procurement, and harmonization of standards (EU GMP). These measures are aimed at reducing prices and increasing market transparency [4].

Forecasts for 2025 are largely positive regarding further market growth in monetary terms (+16.1% under the baseline scenario However, the Cabinet of Ministers of Ukraine Resolution No. 168 of 14.02.2025 “On Amendments to Certain Cabinet of Ministers Resolutions on Stabilizing Prices for Medicines” reduces the market’s potential for growth [5]. Thus, the resolution defines several categories of drugs and possible mark-ups for them:

– prescription drugs that are not included in the National List. The size of the marginal trade (retail) mark-up depends on the cost of the drug package. If this cost does not exceed 1000 UAH (24.4 USD), then it is 25%; if the drug costs more, then the maximum mark-up is 10%;

– non-prescription drugs that are not included in the National List, for which marginal trade (retail) mark-ups are established, which cannot exceed 35%;

– medicines whose retail price per package, including taxes, does not exceed 50 UAH (1.2 USD) and which are purchased at the patient's expense. Such medicines are not subject to the surcharge restrictions provided for by the Cabinet of Ministers of Ukraine Resolution No. 955 of 17.10.2008.

Another important factor for the future development of the studied market is the introduction of innovations and new technologies in production, quality control (QC) and R&D, in which leading Ukrainian companies invest.

Conclusion

Over the period 2020-2025, the Ukrainian pharmaceutical market demonstrated significant growth in monetary terms, which, however, was largely offset by inflation and devaluation, as physical sales volumes remained relatively stable. Despite the unprecedented shock from the full-scale invasion, the market showed notable resilience and the capacity to recover value indicators. Key structural features include the dominance of domestic manufacturers by volume and foreign manufacturers by value, growth in the share of prescription drugs, and the rapid development of the dietary supplements and e-commerce segments. The market is characterized by low concentration among manufacturers and high concentration in the distribution and pharmacy sectors. Determining factors for development are growing consumer price sensitivity, digitalization, and the large-scale regulatory changes of 2025 aimed at price control. Further market growth by value is predicted; however, its future trajectory will depend on adaptation to new regulations and macroeconomic stability.

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