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EUROMONEY AWARDS FOR EXCELLENCE 2025 UZBEKISTAN BEST INVESTMENT BANK

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Uzbekistan Pharmaceutical Industry: Investment Outlook and Market Dynamics

Key takeaways

- Uzbekistan's pharmaceutical market remains highly dependent on imports, with around 80% of medicines supplied from abroad, creating a significant gap between domestic production and demand and offering strong import substitution and local manufacturing opportunities for investors.
- Despite rapid nominal growth in domestic production, the sector remains relatively underdeveloped, with limited integration into upstream value chains and heavy reliance on imported finished dosage-form medicines.
- The government is aggressively prioritizing sector development, deploying industrial policy tools, large-scale investment programs and the creation of specialized clusters such as Tashkent Pharma Park.
- Uzbekistan has introduced substantial incentives to attract foreign investors, including tax exemptions (land, profit and property taxes for three years), customs duty exemptions, and access to concessional financing, particularly for localization projects.
- The government has set an ambitious strategic goal to significantly increase localization, reduce import dependence and develop domestic capacity, supported by planned projects worth billions of dollars.
- The pharmaceutical sector is characterized by a retail-driven distribution model, with around 98% of sales occurring through pharmacies and a highly dense pharmacy network, while healthcare spending remains largely out-of-pocket, indicating further room for market expansion.

Executive Summary

Uzbekistan's pharmaceutical sector presents a structurally attractive investment opportunity, driven by high import dependence, low domestic production capacity and strong demand growth. With around 80% of medicines supplied from abroad, the market exhibits a significant supply-demand imbalance, creating favorable conditions for import substitution and local manufacturing.

Domestic production has expanded in nominal terms; however, real output growth remains more moderate, reflecting limited productivity gains and a concentration in lower value-added segments. This indicates substantial scope for capacity expansion and value chain upgrading.

Government policy plays a central role in shaping the sector's trajectory, with over USD 1.8 billion invested since 2017 and the development of dedicated pharmaceutical clusters such as Tashkent Pharma Park. Recent policy measures, including tax incentives, customs benefits and concessional financing, further strengthen the investment environment and support the expansion of domestic manufacturing capacity.

The sector remains at an early stage of development but is structurally positioned for long-term expansion.

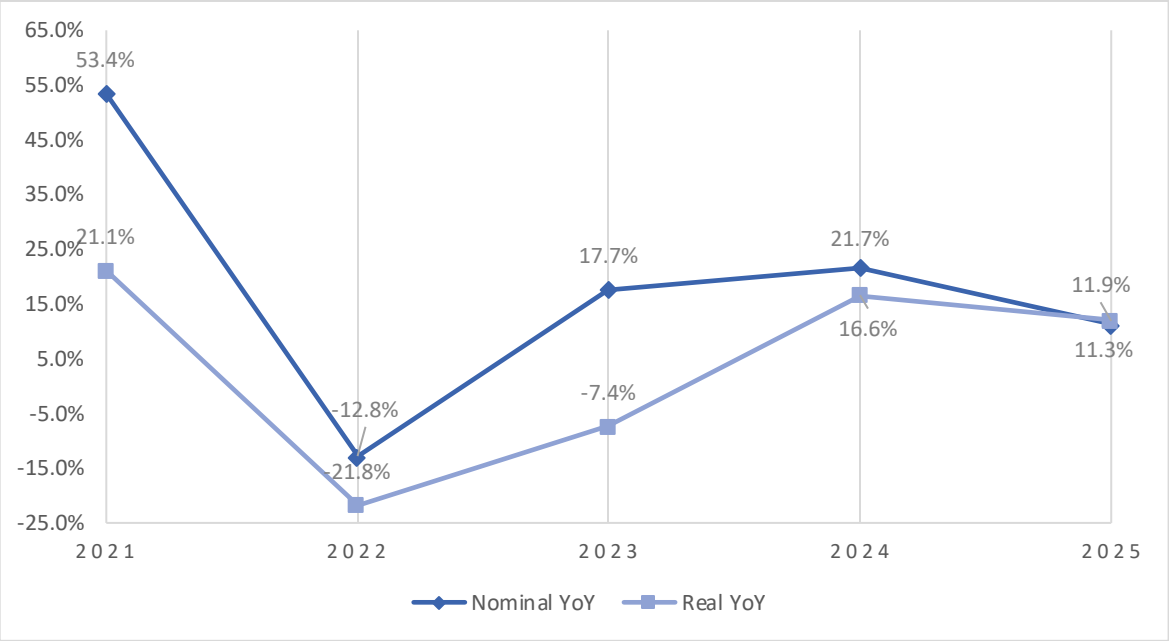
Production and Market Dynamics

According to the State Statistics Committee of Uzbekistan, as of year-end 2025, pharmaceutical production in Uzbekistan reached UZS 5.4tn (preliminary data), reflecting an 11.3% year-on-year increase. Over the 2020–2025 period, the sector demonstrated a strong nominal CAGR of 16.4%, more than doubling in size compared to 2020. This expansion highlights the rapid scaling of domestic production capacity and the growing importance of the pharmaceutical sector within the broader industrial landscape.

However, part of this expansion was price-driven. Adjusted for producer price dynamics, the sector's real CAGR over the same period is estimated at approximately 7–8%, indicating that underlying physical output growth was more moderate than nominal figures suggest. While 2021 recorded substantial expansion in both nominal and real terms, 2022 and 2023 experienced real contraction amid elevated producer price inflation, which distorted nominal performance and temporarily weakened actual output dynamics.

The market returned to positive real growth in 2024 and 2025, with real expansion estimated at approximately 16.6% and 11.9%, respectively. This recovery signals renewed physical output growth and suggests that the industry has moved beyond the inflation-driven volatility observed in prior years.

Nominal vs Real Growth (YoY), 2021–2025



Source: Agency of Statistics under the President of the Republic of Uzbekistan.

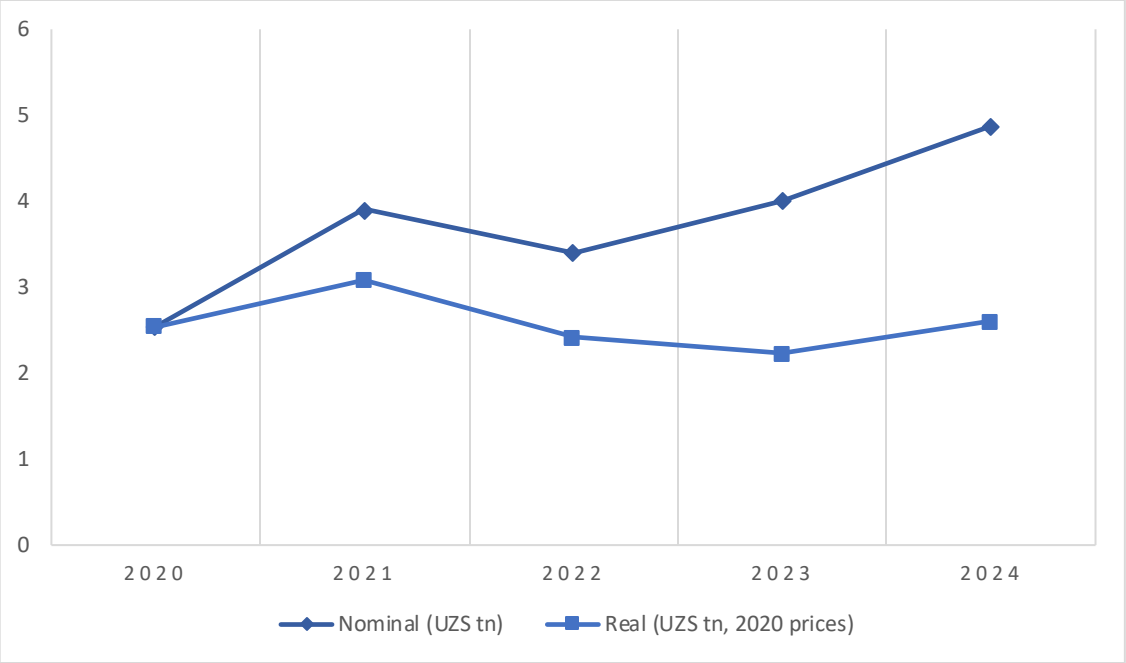
Between 2020 and 2024, nominal pharmaceutical output increased from UZS 2.5tn to UZS 4.8tn. However, inflation-adjusted production grew at only ~0.6% CAGR over the same period, indicating that most of the nominal expansion was price-driven.

Employment in pharmaceutical manufacturing increased from 9,435 employees in 2020 to 11,895 in 2024 (CAGR ≈ 5.9%). Given near-zero real output growth, real labor productivity declined, suggesting that expansion was primarily workforce-driven rather than efficiency-led.

A detailed product-level breakdown reveals significant structural reallocation in 2024. Production of certain non-retail penicillin-based medicines increased from 81.5 tons in 2023 to 250,321.6 tons in 2024, representing an increase of more than 3,000 times in physical volume. However, the value of this segment rose from UZS 28.8 bn to UZS 279.8 bn (≈10x), implying a substantial decline in average unit value.

Average unit value fell from approximately UZS 353 million per ton in 2023 to around UZS 1.1 million per ton in 2024. The scale of this divergence between volume and value growth suggests a significant change in product composition or statistical coverage, potentially reflecting the launch of large-scale bulk production, the commissioning of new manufacturing capacity, or a shift toward intermediate pharmaceutical substances rather than finished dosage forms.

Nominal vs Real Pharmaceutical Output (2020–2024)

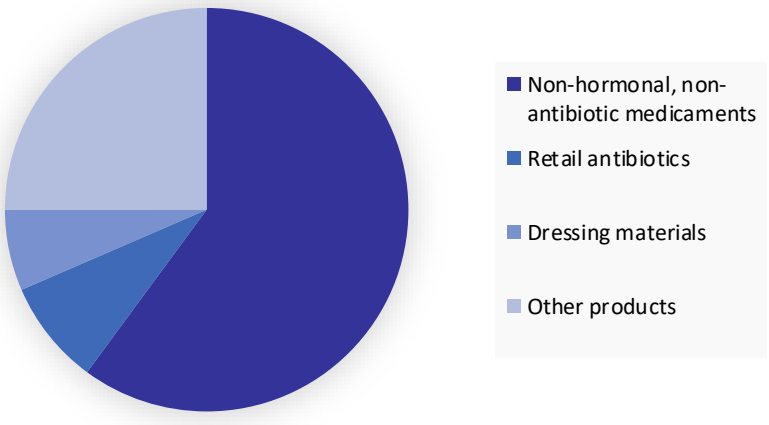


Source: Agency of Statistics under the President of the Republic of Uzbekistan.

Industry value remains highly concentrated. In 2024, medicaments not containing hormones or antibiotics generated approximately UZS 2.93 trillion, accounting for roughly 60% of total pharmaceutical production value. Retail-packaged antibiotics contributed around UZS 410 bn (~8–9% of total output), while dressing materials (cotton, gauze and related products) reached UZS 319 bn (~6–7%). Together, these three groups represent nearly three quarters of total industry value.

Between 2020 and 2024, the core non-hormonal/non-antibiotic segment more than doubled in nominal terms (from UZS 1.36 tn to UZS 2.93 tn), reinforcing its dominant role in value generation. At the same time, volatility in vaccine output (notably the 2021 spike) and fluctuations in antibiotic segments contributed to cyclical swings in aggregate performance.

Medicinal Production Value Structure by Product Category (2024)



Source: Agency of Statistics under the President of the Republic of Uzbekistan.

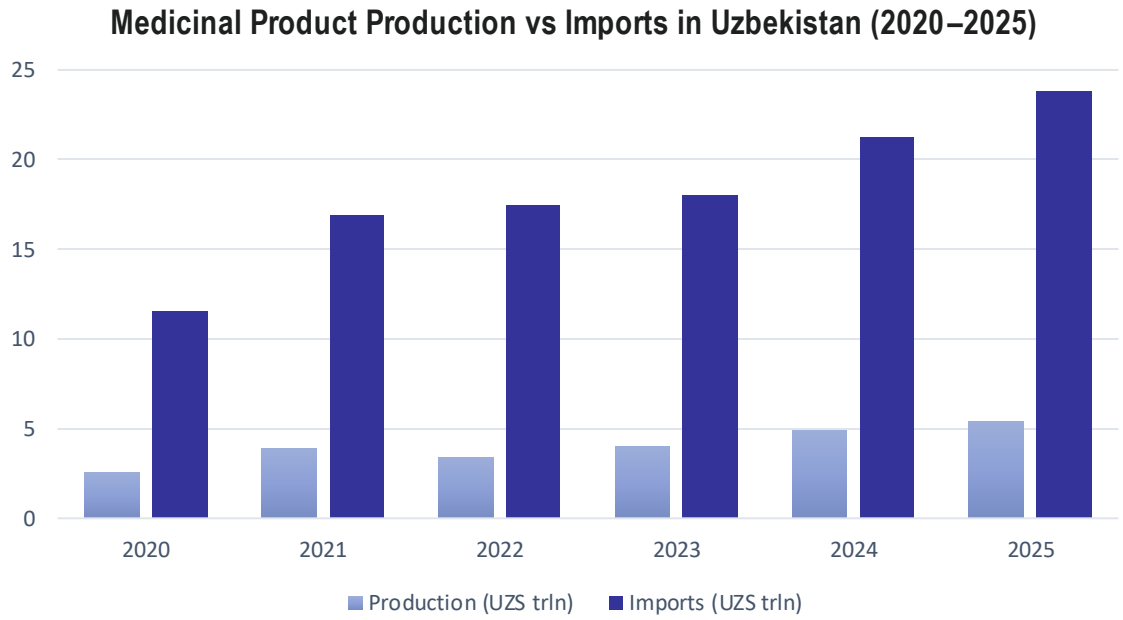
Overall, the 2020–2024 period reflects workforce expansion, high value concentration in a limited number of categories, and a 2024 structural shift toward large-scale bulk production in selected segments. Sustained improvements in real productivity remain limited, while value growth increasingly depends on the performance of a few dominant product groups.

Trade Structure and Import Dependence

Uzbekistan's pharmaceutical sector remains structurally import-dependent despite steady nominal growth in domestic production. Imports of medicinal products increased from UZS 11.5tn in 2020 to UZS 23.7tn in 2025. Despite total pharmaceutical exports reaching approximately UZS 2.77 trillion (about USD 220 million), medicinal products accounted for only around UZS 176 billion (approximately USD 14 million), indicating that most exports consist of lower value-added pharmaceutical goods and related products rather than finished medicines.

As a result, the sector continues to operate with a persistent trade deficit. In 2025, the apparent pharmaceutical market size reached approximately UZS 31.4 trillion, of which an estimated 82% was supplied by imports, confirming that the domestic market remains heavily reliant on foreign pharmaceutical products.

With a pharmaceutical market of approximately UZS 31.4 trillion (around USD 2.5 billion) and a population of about 37 million, pharmaceutical spending in Uzbekistan amounts to roughly UZS 840–850 thousand per capita annually (approximately USD 65–70 per person). This level remains significantly below pharmaceutical spending observed in most emerging markets, indicating substantial long-term growth potential as household incomes rise and healthcare expenditure increases.



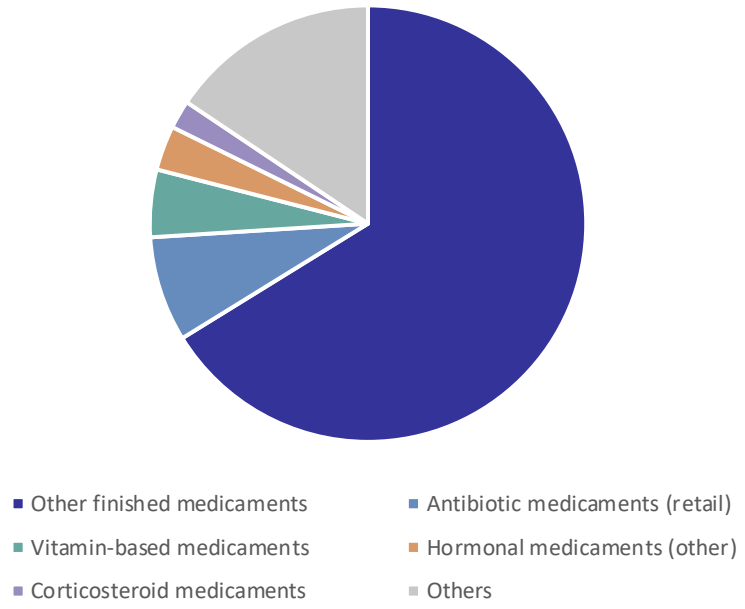
Source: Agency of Statistics under the President of the Republic of Uzbekistan.

Although pharmaceutical trade is conducted with nearly 100 partner countries, effective supply dependence remains economically concentrated. Over the period 2020–2025, the top three supplier countries accounted for between roughly 35% and 46% of total import value, while the top ten consistently represented around two thirds of total imports. India has remained the leading supplier throughout the entire period. In 2025, imports of medicinal products from India amounted to approximately USD 342 million, accounting for 18.1% of total medicinal product imports, underscoring its structural importance within Uzbekistan's import basket.

Import concentration is even more pronounced at the product level. In 2025, the single largest tariff line, other medicaments in measured doses for retail sale, accounted for approximately 66.2% of total pharmaceutical import value. More broadly, finished medicaments represented around 89.6% of total imports, indicating that most pharmaceutical inflows consist of retail-ready, dosage-form medicines. By contrast, bulk medicaments accounted for only around 0.14% of total import value, reflecting minimal reliance on intermediate, non-dosage pharmaceutical products. The remaining share was primarily composed of immunological products and vaccines.

The dominance of finished medicaments for retail sale highlights Uzbekistan's strong reliance on imported dosage-form medicines. It also indicates a relatively narrow import structure concentrated in a limited range of therapeutic preparations. Together with the very small share of bulk pharmaceutical substances, this pattern suggests that the country has limited integration into the upstream stages of pharmaceutical manufacturing value chains.

Structure of Medicinal Product Imports by Category (2025)



Source: Agency of Statistics under the President of the Republic of Uzbekistan.

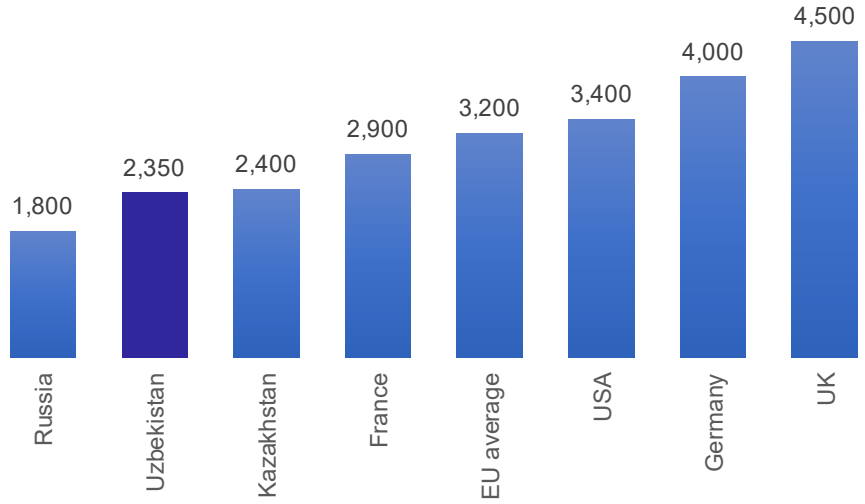
Pharmaceutical Distribution and Retail Market Structure

The pharmaceutical market in Uzbekistan is highly retail-oriented. Approximately 98% of pharmaceutical sales occur through retail pharmacies, with prescription medicines accounting for around 60–70% of total sales. The distribution chain typically involves foreign manufacturers or domestic producers supplying medicines to wholesale distributors, which then deliver products to pharmacies.

The country has an unusually dense pharmacy network, with approximately 15,000–16,000 pharmacies nationwide, equivalent to roughly one pharmacy per 2,300–2,400 inhabitants. By comparison, pharmacy density in many developed markets is significantly lower, exceeding 3,000–4,000 people per pharmacy in countries such as the United States, Germany and the United Kingdom. The sector historically consisted of numerous small independent pharmacies, although consolidation has been gradually increasing, with chain pharmacies accounting for more than 40% of the market in recent years.

Pharmaceutical consumption in Uzbekistan is largely financed through out-of-pocket spending by households. The country does not yet operate a comprehensive nationwide health insurance system, and government reimbursement programs remain limited. As a result, pharmacies play a central role not only as retail outlets but also as primary points of access to medicines for much of the population.

Pharmacy Density Comparison Across Selected Countries



Source: Company websites, public information, Avesta Investment Group estimates.

Investment Activity and Policy Initiatives

The expansion of Uzbekistan's pharmaceutical sector has been supported by increased investment activity and ongoing institutional reforms aimed at strengthening domestic production capacity. According to the Pharmaceutical Industry Development Agency of the Republic of Uzbekistan, in 2025 a total of 48 new pharmaceutical projects with a combined value of approximately USD 136 million were commissioned, creating more than 2,400 jobs. Overall investment absorbed by the sector reached approximately USD 392 million, with foreign capital accounting for the majority of total investment.

Recent policy initiatives further strengthen government support for the development of Uzbekistan's pharmaceutical sector. Beginning from April 2026, pharmaceutical production projects, as well as projects related to the cultivation and processing of medicinal plants, will be exempt from land tax for three years regardless of their location. In addition, newly launched pharmaceutical projects will benefit from a three-year exemption from profit tax and property tax.

Additional incentives have been introduced to support localization and investment in pharmaceutical manufacturing. Producers of dietary supplements and cosmetics will also benefit from customs duty exceptions on imported raw materials, equipment and spare parts. In addition, pharmaceutical companies will be permitted to manufacture dietary supplements using existing production lines.

The government also plans to publish an annual list of medicines and medical products recommended for localization. Companies implementing projects in these areas will be eligible for concessional financing, including foreign currency loans at approximately 7% per annum and long-term loans from the Industrial Cooperation Fund at preferential rates.

These measures form part of a broader government strategy aimed at accelerating domestic pharmaceutical production. Authorities have announced plans to launch new pharmaceutical projects worth approximately USD 1 billion, while regional administrations have already proposed investment initiatives totaling USD 2.5 billion, potentially enabling the production of import-substituting medicines valued at up to USD 1 billion annually.

Industrial development is increasingly concentrated within specialized pharmaceutical clusters, particularly the Tashkent Pharma Park, where projects with a total value approaching USD 1 billion are currently at various stages of implementation. These initiatives are expected to facilitate technology transfer, attract foreign pharmaceutical companies and expand domestic manufacturing capabilities.

Efforts to reduce import dependence have also progressed through localization initiatives. During 2025, 46 domestic companies began producing 639 new types of medicines under the localization program, bringing the total number of locally manufactured pharmaceutical products to approximately 6,400.

Parallel regulatory reforms have been introduced to facilitate market development and strengthen quality control mechanisms. 19 regulatory documents were adopted during the year, while accelerated registration procedures contributed to the registration of 3,513 medicines and 1,309 medical devices.

Key Market Participants and Corporate Activity

Corporate activity in Uzbekistan's pharmaceutical sector remains relatively limited in terms of traditional mergers and acquisitions, with market expansion driven primarily by foreign direct investment, localization initiatives and strategic partnerships with international pharmaceutical companies. One of the few notable regional transactions affecting the competitive landscape was the acquisition of a portfolio of consumer healthcare and prescription medicines in CIS markets by STADA Arzneimittel from Takeda Pharmaceutical Company for approximately USD 660 million in 2019. While the transaction did not involve the acquisition of local Uzbek assets, it strengthened STADA's regional presence and expanded its portfolio of marketed pharmaceutical brands across CIS markets, including Uzbekistan.

More broadly, foreign pharmaceutical manufacturers remain highly active in the Uzbek market through product registration, distribution expansion and localization projects. Major international companies such as KRKA, Bayer and Grindeks maintain a significant commercial presence, while several Russian pharmaceutical groups have explored opportunities to localize production in cooperation with domestic partners. Investment activity is increasingly concentrated in specialized pharmaceutical clusters such as Tashkent Pharma Park, which serves as a platform for joint ventures, technology transfer and greenfield pharmaceutical manufacturing projects.

The domestic pharmaceutical manufacturing base remains relatively fragmented, consisting of more than 300 pharmaceutical enterprises, including approximately 58 companies engaged in the production of medicines. Despite the relatively large number of firms, the sector is dominated by a limited group of medium-scale manufacturers primarily focused on generic medicines and basic dosage forms. Among domestic producers, Nika Pharm has emerged as one of the most dynamic local players, accounting for roughly 2.5% of the national pharmaceutical market and becoming the only domestic manufacturer ranked among the top ten pharmaceutical companies by sales in Uzbekistan. In order to expand production capacity and improve operational efficiency, the company secured financing of up to USD 20 million from the European Bank for Reconstruction and Development to modernize equipment and upgrade production facilities in line with WHO GMP standards.

Other notable domestic manufacturers include Jurabek Laboratories, a major producer of antibiotics and generic medicines operating GMP-compliant facilities, as well as Dentafill Plyus, Mediofarm and Nova Pharm. The sector also includes foreign-invested production facilities such as Nobel Pharmsanoat, a subsidiary of the Turkish pharmaceutical group Nobel Pharmaceuticals.

Alongside manufacturing investment, the pharmaceutical distribution segment is gradually consolidating around large pharmacy networks and vertically integrated distributors. The largest distribution network in the country is Dori-Darmon, which operates more than 1,600 pharmacies and 17 warehouses across the country through a system of regional subsidiaries. According to data from the Tashkent Stock Exchange, the company's market capitalization is approximately USD 10.5 million, illustrating the relatively modest scale of domestic pharmaceutical distributors compared with the overall Uzbek pharmaceutical market, which is estimated at roughly USD 2.5 billion.

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