IEIS
PHARMACEUTICAL MANUFACTURERS
ASSOCIATION OF TÜRKİYE

2024 TURKISH PHARMACEUTICAL INDUSTRY

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Introduction

The pharmaceutical industry is one of the most dynamic and technologically advanced sectors in the world, governed by strict regulations and high standards. Its direct connection to human health and quality of life is the most important factor fueling the industry's dynamism and continuous need for cutting-edge technology, while also elevating its strategic importance.

The Turkish pharmaceutical industry has faced significant challenges in recent years, enduring numerous crises from global to local scales. The industry has managed to overcome all these crises thanks to its deeply rooted experience spanning over a century and its robust infrastructure, fulfilling its duty and responsibility by meeting the medicinal needs of the public without interruption.

Our industry continues its production activities with 109 pharmaceutical and radiopharmaceutical production facilities, 4 facilities producing foods for special medical purposes, 13 raw material production facilities, and over 49,800 qualified personnel. With around 820 operating companies, the Turkish pharmaceutical industry brings approximately 14,300 health products to market and contributes significantly to the national economy by exporting to 186 countries.

Having emerged from recent challenges successfully and with added experience, the Turkish pharmaceutical industry continues its efforts with determination to reduce the foreign trade deficit in pharmaceuticals and establish a value-added pharmaceutical ecosystem in the country. This is being achieved through the support of biotechnological production processes, expansion of R&D capacity, increase in qualified employment, and the creation of new investments and facilities. Turning our country into a regional and global hub for pharmaceutical production and exports is only possible with predictable, sustainable, and effective public policies.

To achieve these goals, the leading civil society organization of the pharmaceutical industry, the Pharmaceutical Manufacturers Association of Türkiye (İEİS), has been continuing its activities with its 53 members for over 60 years. We also steadfastly continue our efforts through the Turkish Biopharmaceuticals and Vaccines Platform and the Türkiye Pharmaceutical Exporters Platform, which we established to implement reforms that will advance and strengthen the Turkish pharmaceutical industry.

In this context, we present the Türkiye Pharmaceutical Industry Report, which analyzes the period from 2015 to 2024, including the year 2024. In this report, we examined the pharmaceutical and medical health products market under three main categories: the pharmaceutical market, the market for foods for special medical purposes, and the health products market.

We analyzed the Turkish pharmaceutical market in terms of both market structure and pricing, across various categories such as originator/generic drugs, imported/Local drugs, and biotechnological drugs. We also examined the market for foods for special medical purposes and the health products market, which includes traditional herbal medicinal products approved by the Ministry of Health, certain pharmaceutical-form medical devices, as well as vitamins, dietary

supplements, and infant formulas approved by the Ministry of Agriculture and Forestry.

Our report also covers topics such as licensing processes, R&D activities, pharmaceutical production, employment, foreign trade, pricing policies, and reimbursement practices related to the pharmaceutical sector.

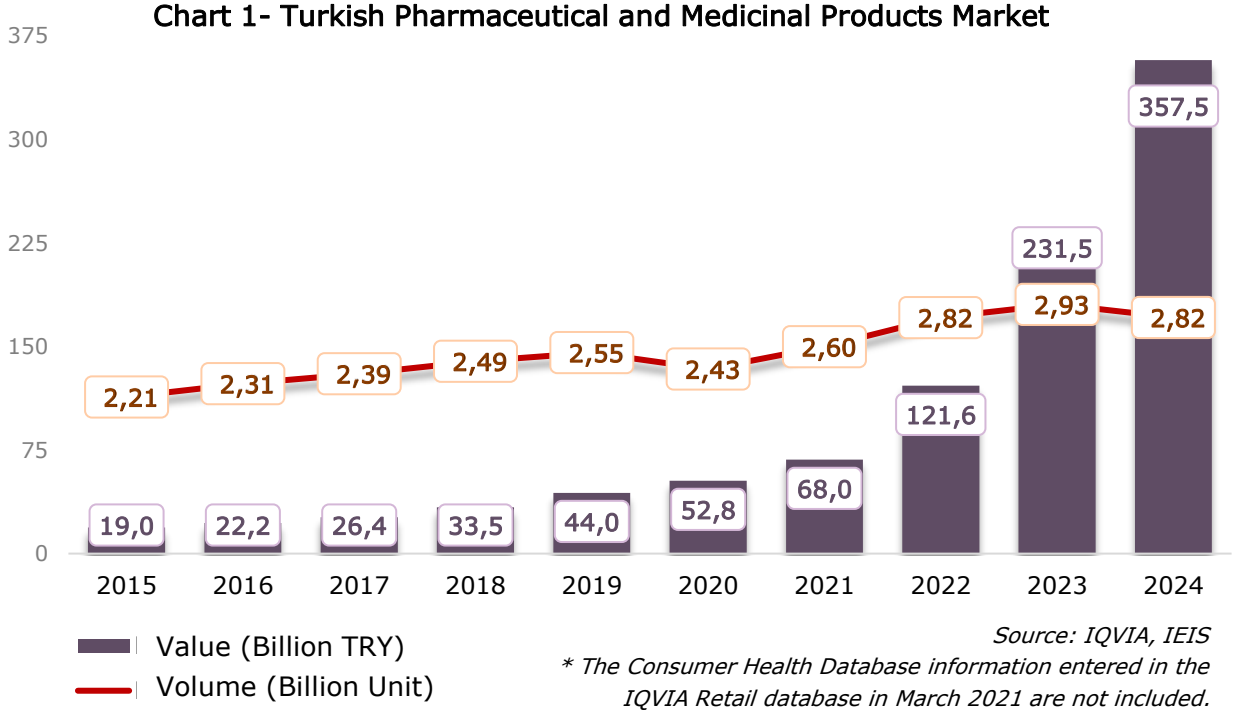
Collecting and transforming market and macroeconomic data on the pharmaceutical industry into comprehensive analyses to inform both our members and the public remains one of our top priorities.

Within this scope, we are pleased to present our 2024 Türkiye Pharmaceutical Industry Report to our stakeholders in the public sector, academia, and private industry. We hope it will be examined with interest and lead to concrete steps that will support the development of our industry and increase its contribution to our country.

1. Turkish Pharmaceutical and Medical Products Market

In 2024, the Turkish pharmaceutical and medical health products market reached 357.5 billion TRY in value through hospital and pharmacy channels, marking a 54.4% increase compared to the previous year. However, in terms of volume, the market declined by 3.5%, dropping to 2.82 billion boxes. In 2023, the market for health products — which includes products approved by the Ministry of Health such as medicines, foods for special medical purposes, traditional herbal medicinal products, and those approved by the Ministry of Agriculture and Forestry such as infant formulas, vitamins, and food supplements — grew by 3.6% in volume and 90.4% in value.

Chart 1- Turkish Pharmaceutical and Medicinal Products Market



Source: IQVIA, IEIS
** The Consumer Health Database information entered in the IQVIA Retail database in March 2021 are not included.*

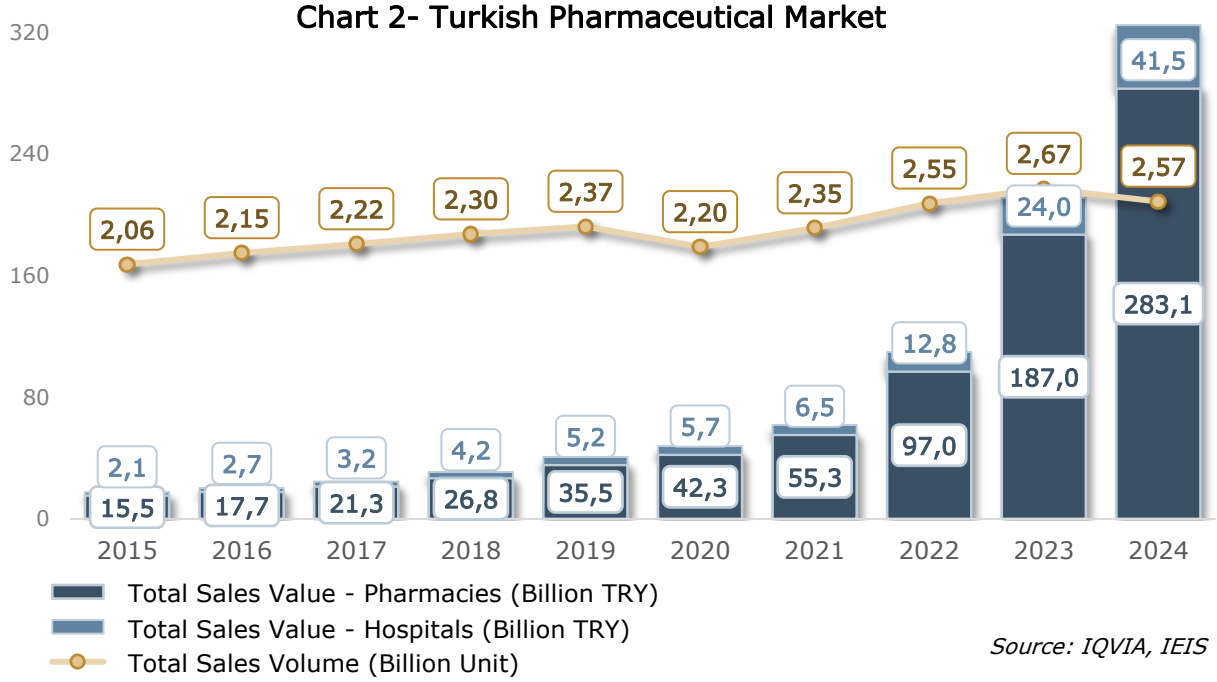
Over the 10-year period from 2015 to 2024, the pharmaceutical and medical health products market expanded from 19 billion TRY to 357.5 billion TRY, representing a total increase of 1,782%. While this translates to a compound annual growth rate (CAGR) of 38.6%, when adjusted for producer price inflation during the same period, the real growth was only 25.2%.

From a volume perspective, the market grew from 2.21 billion boxes in 2015 to 2.82 billion boxes in 2024, an increase of 27.8% over the decade, corresponding to a CAGR of 2.8%. Key factors behind this increase include improved access to public healthcare services and physicians, population-driven demand growth, and the expansion of available product options — particularly non-drug natural supplements and vitamins.

1.1 Turkish Pharmaceutical Market

In 2024, the Turkish pharmaceutical market reached 324.6 billion TRY in value through hospital and pharmacy channels, reflecting a 53.8% increase. In terms of volume, however, it declined by 3.9%, falling to 2.57 billion boxes. The hospital channel accounted for 12.8% of the market by value and 8.5% by volume in 2024.

Chart 2- Turkish Pharmaceutical Market



Source: IQVIA, IEIS

When analyzed across the period from 2015 to 2024, the pharmaceutical market rose from 17.6 billion TRY to 324.6 billion TRY, representing a 1,749% increase. This corresponds to a CAGR of 38.3%, but when adjusted for producer price inflation of 1,403%, the real growth was only 23.1%. In terms of volume, the pharmaceutical market grew from 2.06 billion boxes in 2015 to 2.57 billion boxes in 2024, an increase of 24.8%, or a CAGR of 2.5%.

In 2024, following rising costs in the sector, calls for adjustment of the reference euro-to-lira conversion rate (known as the "pharmaceutical exchange rate") were answered only at the end of October, resulting in a 23.5% increase, updating the rate to 21.6721 TRY. The growing gap between this pharmaceutical exchange rate and the actual market rate over the past five years has severely weakened the industry's competitiveness. For the first time, industrial production indicators showed a decline. Despite a 24.8% increase in volume over the past decade, real value growth remained limited to 23.1%.

When the pharmaceutical market is analyzed in terms of concentration, it is observed that 251 distributor companies are active in drug sales. Among these,

44 companies operate exclusively with imported medicines, while 127 companies only sell Local drugs. 73 companies, which account for 63% of all medicines on the market, offer both imported and domestically produced products and represent 70% of the market by value and 72% by volume. In 2024, the top 50 companies in terms of market value held 86% of the market by value and 82% by volume.

The market value of reimbursable medicines in 2024 was 303.4 billion TRY, meaning 93.5% of all medicines sold (by value) are listed on the reimbursement list. A noteworthy point is the fivefold price difference between reimbursed prescription drugs and non-reimbursed prescription drugs.

Table 1- Breakdown of the Pharmaceutical Market (2024)

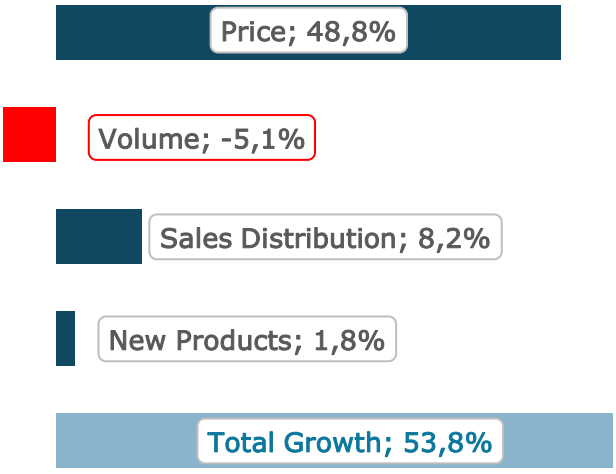
	Volume (Billion Unit)	Value (Billion TRY)	Average Price (TRY)
Turkish Pharmaceutical Market	**2,57**	**324,58**	**126,30**
Presciption	**2,54**	**321,73**	**126,89**
Reimbursed	2,50	301,90	120,61
Non- Reimbursed	0,03	19,83	609,76
Non- Presciption	**0,03**	**2,85**	**83,05**
Reimbursed	0,02	1,49	63,82
Non- Reimbursed	0,01	1,36	123,99

Source: IQVIA, IEIS

1.1.1 Market Growth and Its Sources

When the value-based growth in 2024 is analyzed in terms of four main drivers — volume of existing portfolios, price increases, changes in sales distribution, and new product entries — price increases emerge as the leading factor.

Chart 3- Resources of Growth



Source: IQVIA, IEIS

The reference Euro exchange rate used to set drug prices for 2024 was increased by 25%, becoming effective on December 25, 2023. Despite significant cost pressures, no additional adjustments were made during the year. On October 25, 2024, when the pharmaceutical exchange rate had fallen to 47% of the actual Euro exchange rate, a 23% adjustment was made, raising the rate from 17.5483 TRY to 21.6721 TRY. As a result of these adjustments, 48.8 percentage points (equal to 103 billion TRY) of the 53.8% total growth in 2024 came from price increases due to currency rate adjustments.

The decline in box volume in 2024 negatively impacted value growth, causing a drop of 5.1 percentage points (equivalent to 10.7 billion TRY).

Changes in the sales distribution of existing products were the second largest factor contributing to growth. The shift in sales from low-priced to high-priced products contributed 8.2 percentage points (or 17.4 billion TRY) to the overall market growth.

In 2024, a total of 381 new drugs entered the market — 358 conventional and 23 biotechnological — contributing 1.8 percentage points (3.7 billion TRY) to growth.

When newly introduced drugs are analyzed by number and ATC1 classification, the largest therapeutic group was digestive system and metabolism drugs, with 56 new products (14.7%). This was followed by:
•Nervous system drugs: 52 products (13.6%)
•Antineoplastics and immunomodulating agents: 46 products (12.1%)
•Systemic anti-infectives: 44 products (11.5%)
•Respiratory system drugs: 31 products (8.1%)
These top five therapeutic groups represented 60.1% of all new market entries.

Table 2- Unit Distribution of the New Products in the Market (2024)

	2024
Drug	**381**
Reference	**98**
# **Generic exists**	10
Import	10
# **Generic non-exists**	88
Import	81
Generic	**283**
# **Import**	14
# **Local**	269

Source:TITCK, IQVIA, IEIS

In 2024, 98 new originator drugs entered the market — 76 conventional, 4 biological, and 18 biotechnological. Of these, 91 were imported, and 10 had generic equivalents.

Among the 283 generic drugs, 278 were conventional and 5 were biosimilars. Of the conventional generics, 11 were imported, and 3 of the biosimilars were also imported. As a result, domestically produced generic drugs made up the largest share of newly entered medicines, accounting for 70.6% by unit count.

1.1.2. Market Structure

A. Originator and Generic Drugs

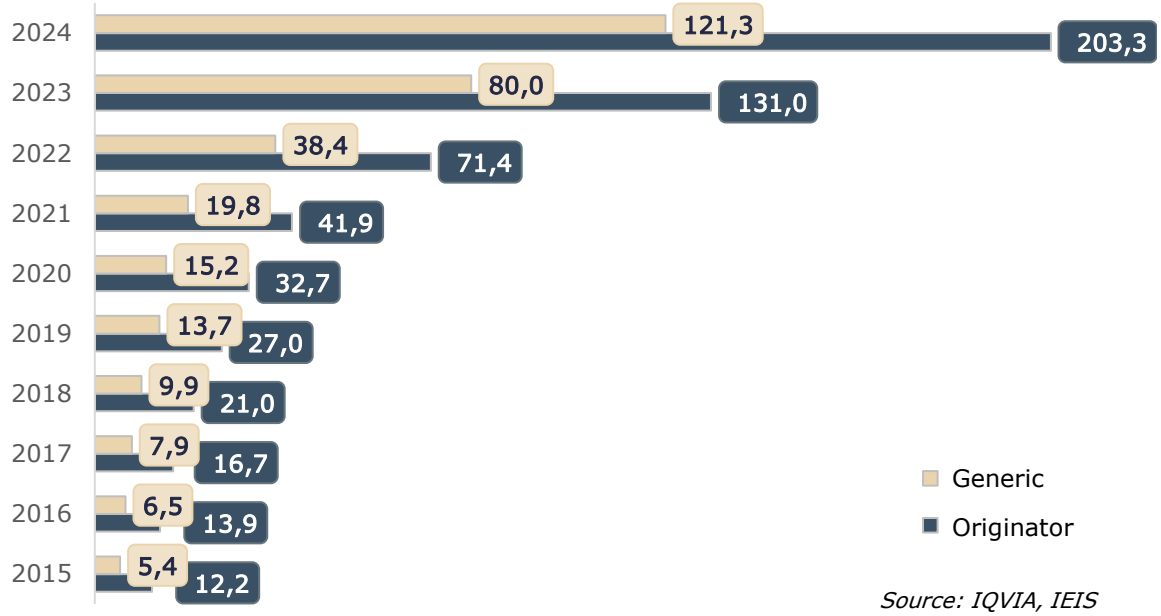
The originator drug market grew by 55.2% in 2024, rising from 131 billion TRY to 203.3 billion TRY. However, in terms of volume, it declined by 4.5%, decreasing from 0.97 billion boxes to 0.93 billion boxes.

The generic drug market grew by 51.6% in 2024, reaching 121.3 billion TRY, up from 80 billion TRY. In terms of volume, generic drugs declined by 3.5%, dropping to 1.64 billion boxes.

Between 2015 and 2024, originator drugs grew by 1,569.9% in value. This corresponds to a compound annual growth rate (CAGR) of 36.7%, but when adjusted for inflation, the real growth stands at only 11.1%. In terms of volume, originator drugs saw a total growth of just 3.6% during the same period.

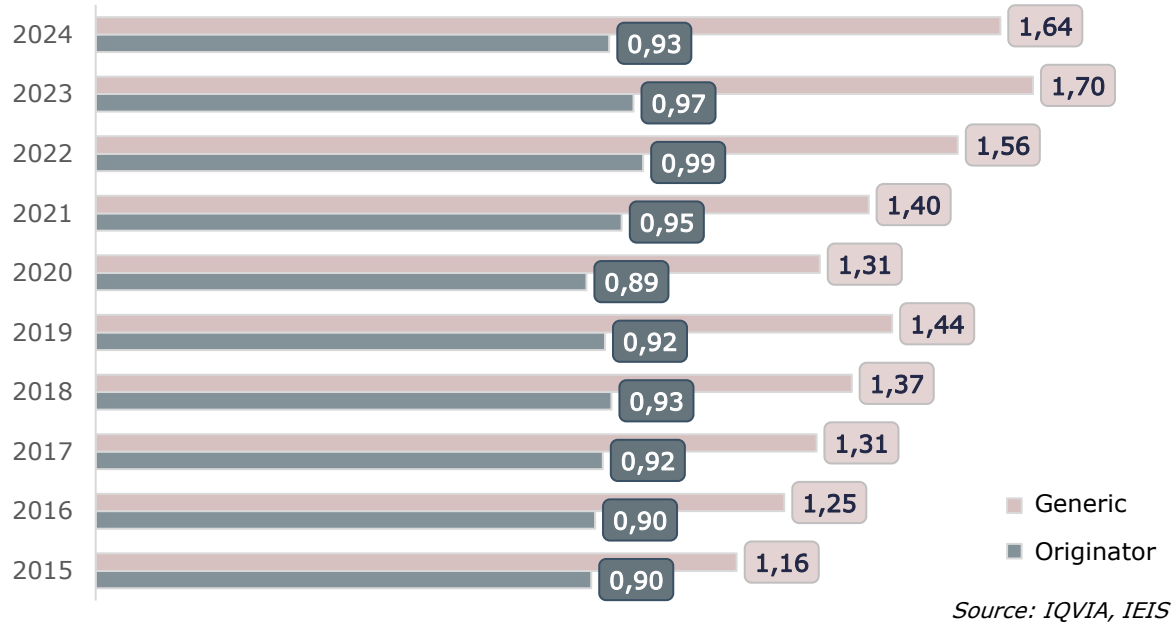
Generic drugs, on the other hand, showed a 2,155.1% total growth in value between 2015 and 2024. The CAGR for this period was 41.4%, but real growth, after adjusting for inflation, was 50.1%. In terms of volume, generic drugs experienced a 41.1% increase during this 10-year period.

Chart 4- Generic – Originator Drugs (Value - Billion TRY)



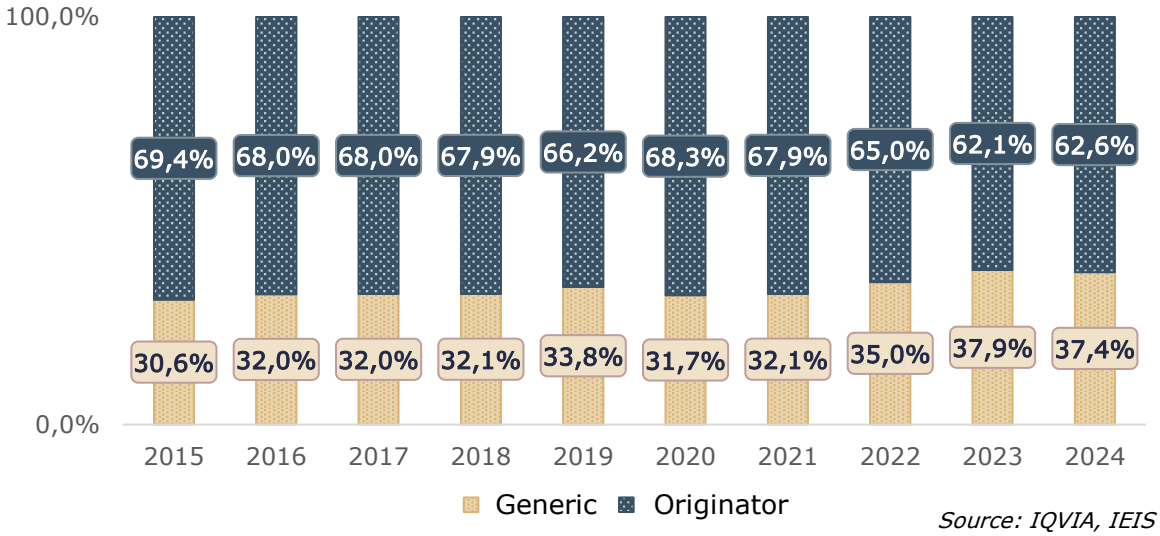
Source: IQVIA, IEIS

Chart 5- Generic – Originator Drugs (Volume - Billion Unit)



Source: IQVIA, IEIS

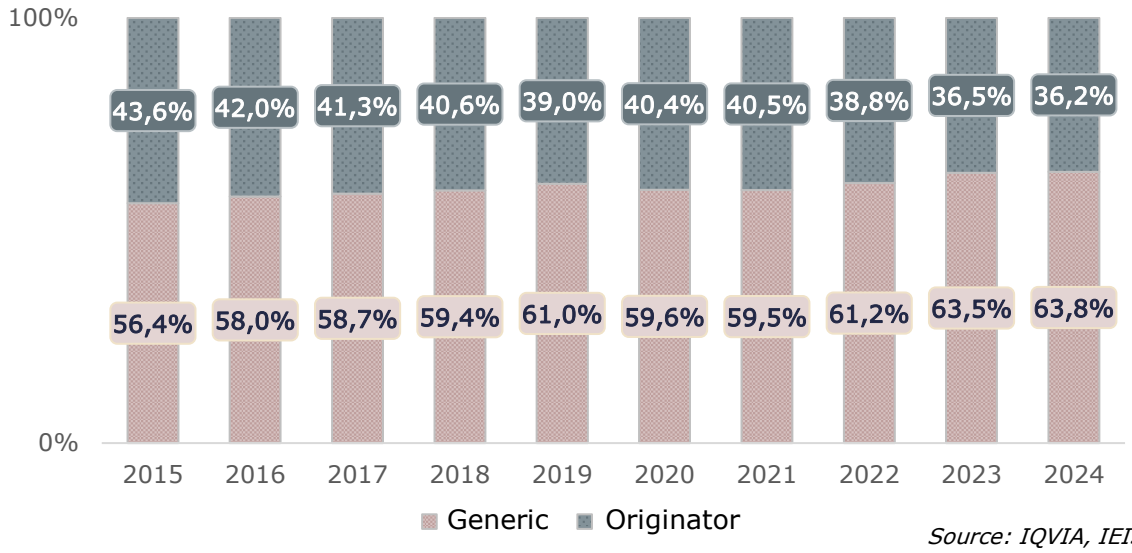
Chart 6- Generic – Originator Drugs Market Share (Value)



Source: IQVIA, IEIS

In terms of market share, generic drugs increased their value share from 30.6% in 2015 to 37.4% in 2024, and their volume share from 56.4% to 63.8%. Conversely, originator drugs saw their value share decrease from 69.4% to 62.6%, and their volume share drop from 43.6% to 36.2%.

Chart 7- Generic – Originator Drugs Market Share (Volume)



Source: IQVIA, IEIS

When broken down by imported vs. domestic production, in 2024, 67.2% of originator drugs (by value) were imported, while only 3.2% of generic drugs were imported.

Table 3- Generic – Originator Products Breakdown on Value

Value										
Generic	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Local (Billion TRY)	5,04	6,17	7,47	9,49	13,27	14,60	18,97	36,92	77,22	117,43
Import (Billion TRY)	0,34	0,35	0,39	0,43	0,48	0,59	0,83	1,47	2,79	3,87
Generic Local Rate	*93,7%*	*94,6%*	*95,0%*	*95,7%*	*96,5%*	*96,1%*	*95,8%*	*96,2%*	*96,5%*	*96,8%*
Generic Import Rate	*6,3%*	*5,4%*	*5,0%*	*4,3%*	*3,5%*	*3,9%*	*4,2%*	*3,8%*	*3,5%*	*3,2%*
Originator	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Local (Billion TRY)	2,44	2,90	3,75	5,42	7,93	9,71	13,39	23,09	44,91	66,77
Import (Billion TRY)	9,74	11,00	12,94	15,60	19,05	23,03	28,55	48,32	86,09	136,51
Originator Local Rate	*20,0%*	*20,9%*	*22,5%*	*25,8%*	*29,4%*	*29,7%*	*31,9%*	*32,3%*	*34,3%*	*32,8%*
Originator Import Rate	*80,0%*	*79,1%*	*77,5%*	*74,2%*	*70,6%*	*70,3%*	*68,1%*	*67,7%*	*65,7%*	*67,2%*

Source: IQVIA, IEIS

In terms of volume, the share of imported originator drugs fell to 21.3%, while 99.2% of generic drugs were domestically produced. Notably, between 2015 and 2024, domestic production of originator drugs increased significantly. In 2015, only 56.6% of originator drugs were produced in Türkiye; by 2024, this figure had reached 78.7%. This significant rise highlights the rapid growth of value-added pharmaceutical manufacturing within the country.

Table 4- Generic – Originator Products Breakdown on Volume

Volume										
Generic	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Local (Billion Unit)	1,12	1,21	1,27	1,34	1,42	1,29	1,38	1,54	1,68	1,63
Import (Billion Unit)	0,04	0,04	0,04	0,03	0,02	0,02	0,02	0,02	0,02	0,01
Generic Local Rate	*96,6%*	*97,0%*	*97,2%*	*97,8%*	*98,5%*	*98,5%*	*98,4%*	*98,6%*	*98,7%*	*99,2%*
Generic Import Rate	*3,4%*	*3,0%*	*2,8%*	*2,2%*	*1,5%*	*1,5%*	*1,6%*	*1,4%*	*1,3%*	*0,8%*
Originator	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Local (Billion Unit)	0,51	0,51	0,52	0,59	0,65	0,64	0,71	0,77	0,77	0,73
Import (Billion Unit)	0,39	0,40	0,39	0,35	0,27	0,25	0,25	0,22	0,21	0,20
Originator Local Rate	*56,6%*	*56,1%*	*57,0%*	*62,7%*	*70,7%*	*72,4%*	*74,2%*	*77,5%*	*78,8%*	*78,7%*
Originator Import Rate	*43,4%*	*43,9%*	*43,0%*	*37,3%*	*29,3%*	*27,6%*	*25,8%*	*22,5%*	*21,2%*	*21,3%*

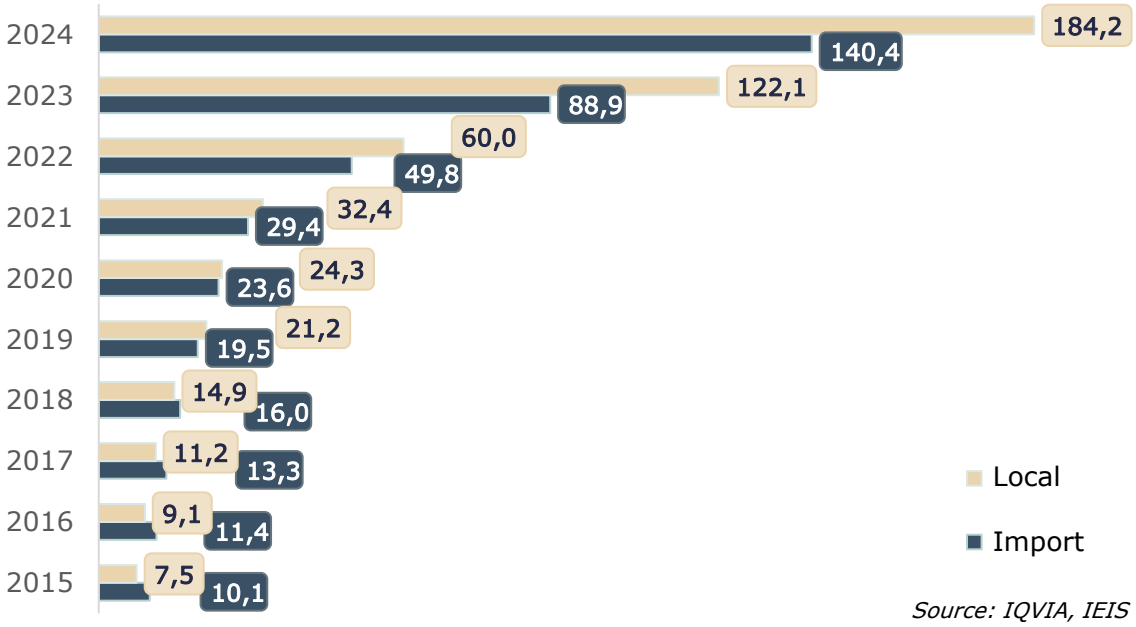
Source: IQVIA, IEIS

B. Imported - Local Products

In 2024, the market size of imported drugs increased by 57.9%, rising from 88.9 billion TRY to 140.4 billion TRY. Over the 2015–2024 period, imported products grew by 1,293.3% in value. This corresponds to a compound annual growth rate (CAGR) of 34%, but when adjusted for inflation, this actually reflects a real decrease of 7.3% over the same period.

Local drugs grew by 50.8% in 2024, reaching 184.2 billion TRY, up from 122.1 billion TRY, which is below the average market growth. Between 2015 and 2024, local drugs saw a 2,363.6% increase in value, with a CAGR of 42.8%. When adjusted for inflation, this corresponds to a real growth of 63.9%.

Chart 8- Local – Import Drugs (Value - Billion TRY)

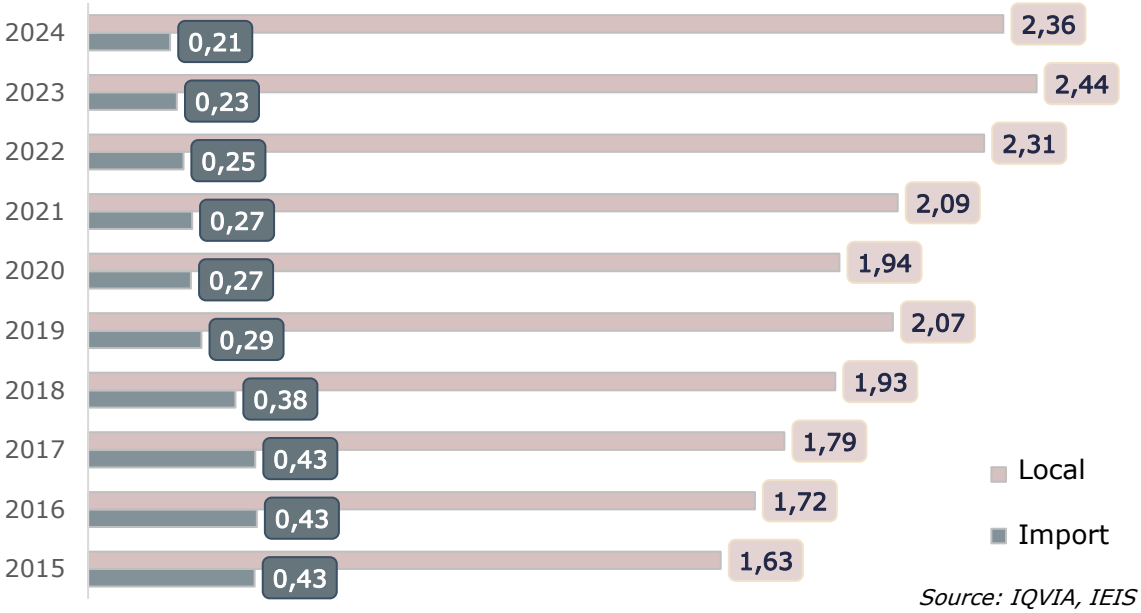


Source: IQVIA, IEIS

In volume terms for 2024, imported drugs declined by 7.6%, reaching 0.21 billion boxes sold. Over the 2015–2024 period, imported drug sales by volume decreased by 50.7%.

For local drugs, there was a 3.5% decline in 2024, resulting in 2.36 billion boxes sold. However, between 2015 and 2024, domestic drugs grew by 44.7% in volume.

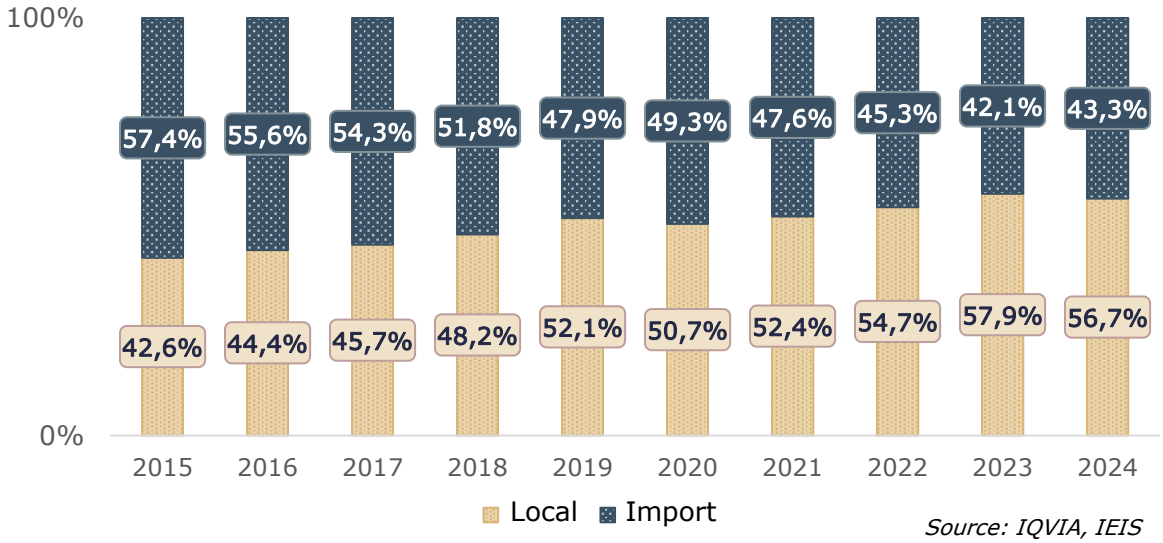
Chart 9- Local – Import Drugs (Volume - Billion Unit)



Source: IQVIA, IEIS

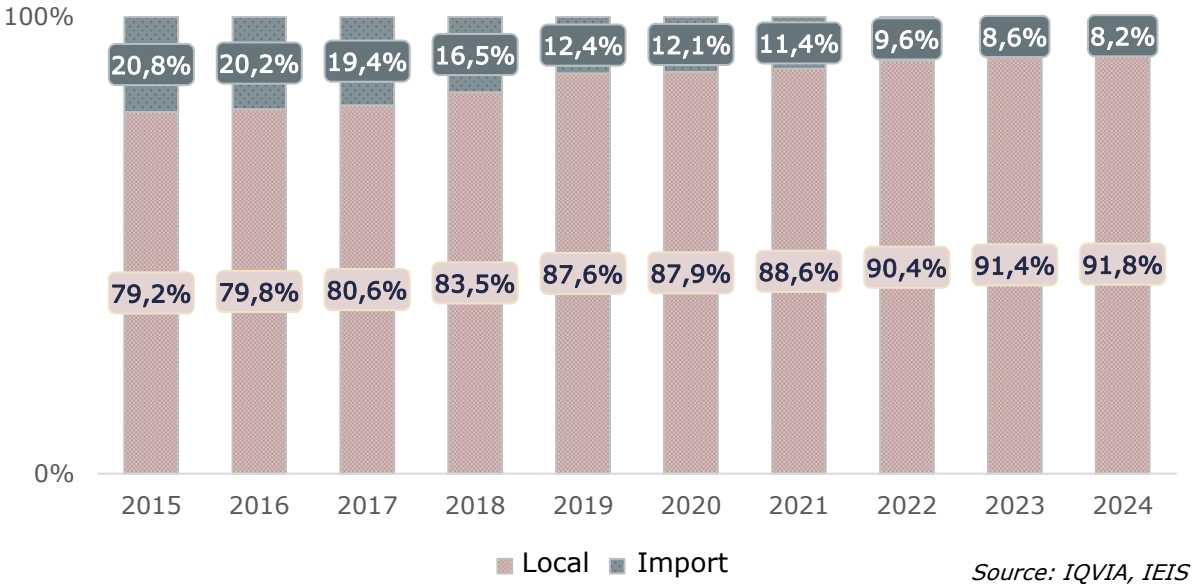
The localization policy introduced in 2016 helped the share of local drugs exceed 50% by 2019. However, as this process was halted before full implementation, the growth rate slowed, and the share reached 56.7% in 2024. In volume terms, local drugs accounted for 91.8% of the market in 2024, up from 79.2% in 2015.

Chart 10- Local – Import Drugs Market Share (Value)



Source: IQVIA, IEIS

Chart 11- Local – Import Drugs Market Share (Volume)



Source: IQVIA, IEIS

In value terms for 2024:

•97.2% of imported products were originator drugs,

•While only 36.2% of local products were originator drugs.

Generic drugs made up:

•2.8% of imported drug value,

•And 63.8% of domestic drug value.

Table 5- Local – Import Products Breakdown on Value

Value										
Local	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Generic (Billion TRY)	5,04	6,17	7,47	9,49	13,27	14,60	18,97	36,92	77,22	117,43
Originator (Billion TRY)	2,44	2,90	3,75	5,42	7,93	9,71	13,39	23,09	44,91	66,77
Local Generic Rate	*67,4%*	*68,0%*	*66,6%*	*63,7%*	*62,6%*	*60,1%*	*58,6%*	*61,5%*	*63,2%*	*63,8%*
Local Originator Rate	*32,6%*	*32,0%*	*33,4%*	*36,3%*	*37,4%*	*39,9%*	*41,4%*	*38,5%*	*36,8%*	*36,2%*
Import	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Generic (Billion TRY)	0,34	0,35	0,39	0,43	0,48	0,59	0,83	1,47	2,79	3,87
Originator (Billion TRY)	9,74	11,00	12,94	15,60	19,05	23,03	28,55	48,32	86,09	136,51
Import Generic Rate	*3,4%*	*3,1%*	*2,9%*	*2,7%*	*2,4%*	*2,5%*	*2,8%*	*3,0%*	*3,1%*	*2,8%*
Import Originator Rate	*96,6%*	*96,9%*	*97,1%*	*97,3%*	*97,6%*	*97,5%*	*97,2%*	*97,0%*	*96,9%*	*97,2%*

Source: IQVIA, IEIS

In volume terms for 2024:

- Originator drugs accounted for 93.9% of imported drugs,
- But only 31% of local drugs.

Overall, 69% of drugs produced in Türkiye in 2024 were generic drugs, while only 6.1% of imported drugs fell into the generic category.

Table 6- Local – Import Products Breakdown on Volume

Volume										
Local	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Generic (Billion Unit)	**1,12**	**1,21**	**1,27**	**1,34**	**1,42**	**1,29**	**1,38**	**1,54**	**1,68**	**1,63**
Originator (Billion Unit)	**0,51**	**0,51**	**0,52**	**0,59**	**0,65**	**0,64**	**0,71**	**0,77**	**0,77**	**0,73**
Local Generic Rate	*68,8%*	*70,5%*	*70,8%*	*69,6%*	*68,5%*	*66,7%*	*66,1%*	*66,7%*	*68,6%*	*69,0%*
Local Originator Rate	*31,2%*	*29,5%*	*29,2%*	*30,4%*	*31,5%*	*33,3%*	*33,9%*	*33,3%*	*31,4%*	*31,0%*
Import	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Generic (Billion Unit)	**0,04**	**0,04**	**0,04**	**0,03**	**0,02**	**0,02**	**0,02**	**0,02**	**0,02**	**0,01**
Originator (Billion Unit)	**0,39**	**0,40**	**0,39**	**0,35**	**0,27**	**0,25**	**0,25**	**0,22**	**0,21**	**0,20**
Import Generic Rate	*9,2%*	*8,6%*	*8,4%*	*8,1%*	*7,5%*	*7,5%*	*8,3%*	*9,2%*	*9,8%*	*6,1%*
Import Originator Rate	*90,8%*	*91,4%*	*91,6%*	*91,9%*	*92,5%*	*92,5%*	*91,7%*	*90,8%*	*90,2%*	*93,9%*

Source: IQVIA, IEIS

C. Biotechnological Products

Biotechnological drugs are shaping both the present and future of the global pharmaceutical industry. Many diseases that conventional drugs cannot cure are now treatable thanks to these products. As a result, their share in the pharmaceutical market is increasing both globally and in Türkiye. As of 2024, biotechnological drugs account for over 40% of the global pharmaceutical market by value, while in Türkiye, their share is 18.8%.

Since the raw materials of biotechnological products are derived not from chemicals but from living organisms, both their development and production require significant innovation, advanced technology, and large-scale investment. The Turkish pharmaceutical industry has made substantial investments in biotechnology, leading to the establishment of 13 biotechnology production facilities. The inclusion of biotechnological drugs among the strategic sectors in the HIT-30 Project is expected to further support existing and future investments in this field.

In Türkiye, biotechnological drugs gained momentum during the pandemic, but have not sustained that growth in recent years and have entered a plateau phase. As of 2024, biotechnological drugs hold a 1.2% share in volume with 31.2 million boxes, and 18.8% in value, totaling 60.9 billion TRY of the pharmaceutical market.

Despite the overall stagnation, biosimilar drugs performed strongly between 2015 and 2024, growing at a compound annual growth rate (CAGR) of 18.9%, far surpassing the overall pharmaceutical market's CAGR of 2.5% and the biotechnological drug market's CAGR of 2.7%.

As of the end of December 2024, Türkiye has:

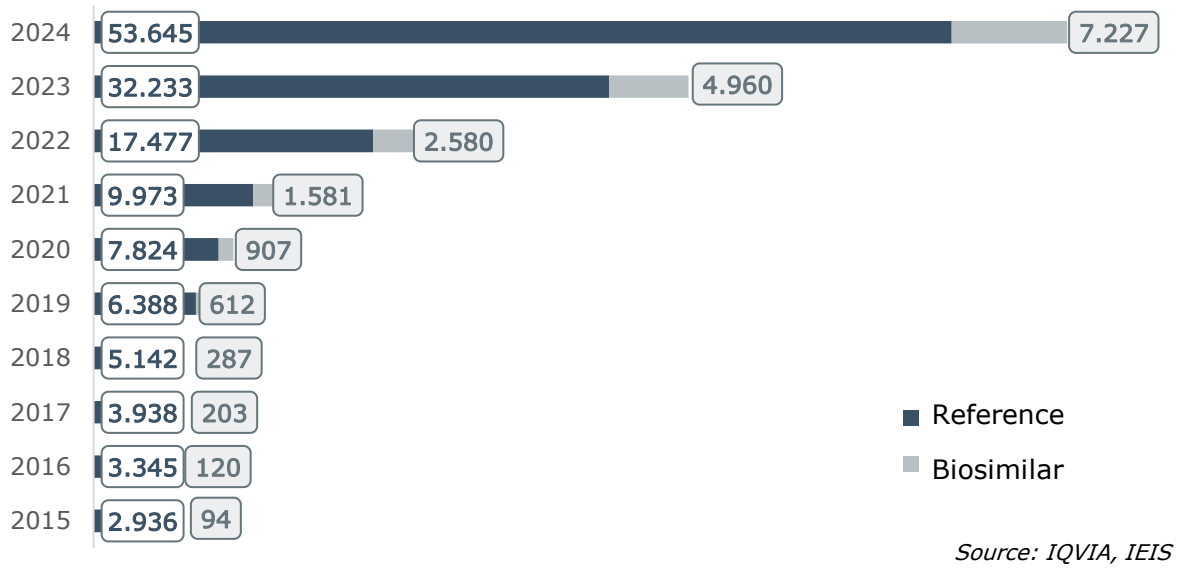
- 144 reference biotechnological drug brands licensed in 287 forms
- 41 biosimilar drug brands in 123 forms

The total biotechnological drug market consists of 185 brands and 410 product forms. 40 biosimilar products from 10 brands are currently being manufactured in Türkiye.

Producing these products locally—not just importing them—would not only improve patient access but also relieve pressure on public finances from expensive imports and help reduce the trade deficit, making a significant contribution to the national economy.

In value terms, the reference biotechnological drug market grew by 66.4% in 2024, reaching 53.65 billion TRY. The biosimilar drug market also grew significantly, by 45.7%, reaching 7.23 billion TRY.

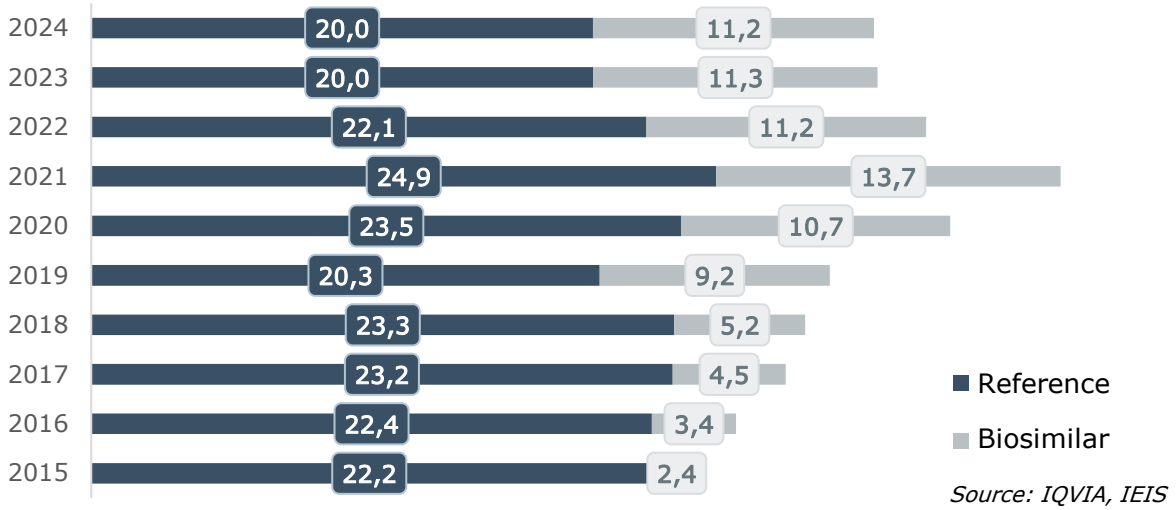
Chart 12- Biotechnological Drugs (Value - Million TRY)



Source: IQVIA, IEIS

In volume terms, biotechnological drug sales declined slightly by 0.5%, falling to 31.2 million boxes. The reference segment remained stable, while biosimilar drug sales dropped by 1.2%, down to 11.2 million boxes.

Chart 13- Biotechnological Drugs (Volume - Million Unit)

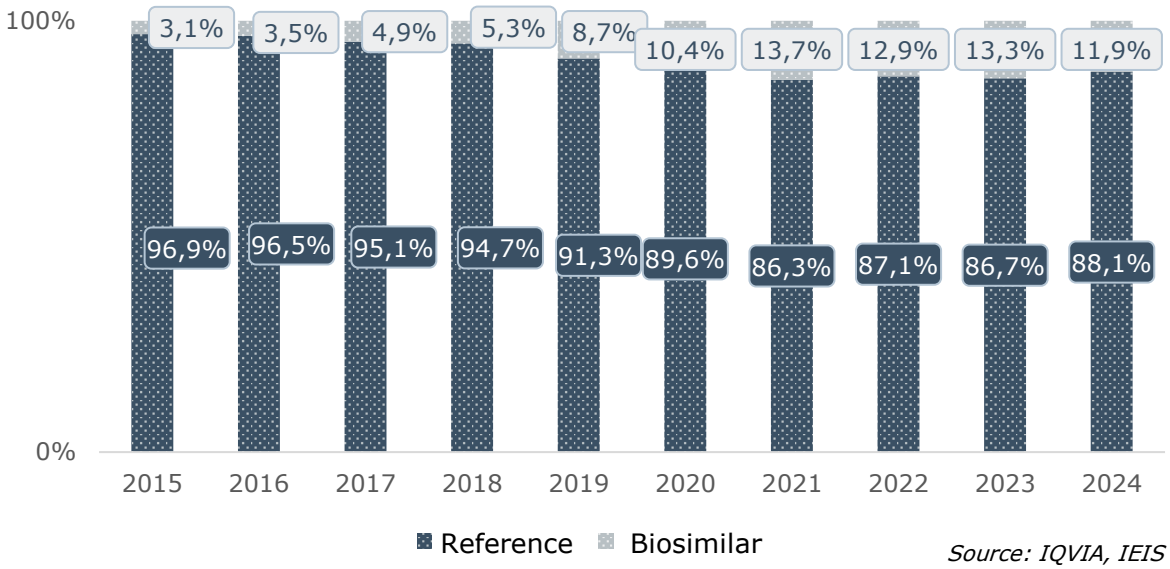


Source: IQVIA, IEIS

In Türkiye, biosimilar versions of the following active ingredients have been licensed: Abciximab, adalimumab, bevacizumab, enoxaparin sodium, epoetin alfa, epoetin zeta, eptacog alfa, erythropoietin, etanercept, filgrastim, infliximab, insulin glargine, pegfilgrastim, rituximab, somatropin, and trastuzumab. Among these, the following are manufactured domestically: Erythropoietin, enoxaparin sodium, epoetin alfa, filgrastim, infliximab, insulin glargine, and trastuzumab.

In 2015, biosimilars accounted for 3.1% of the biotechnological drug market by value. By 2024, this share has nearly quadrupled to 11.9%.

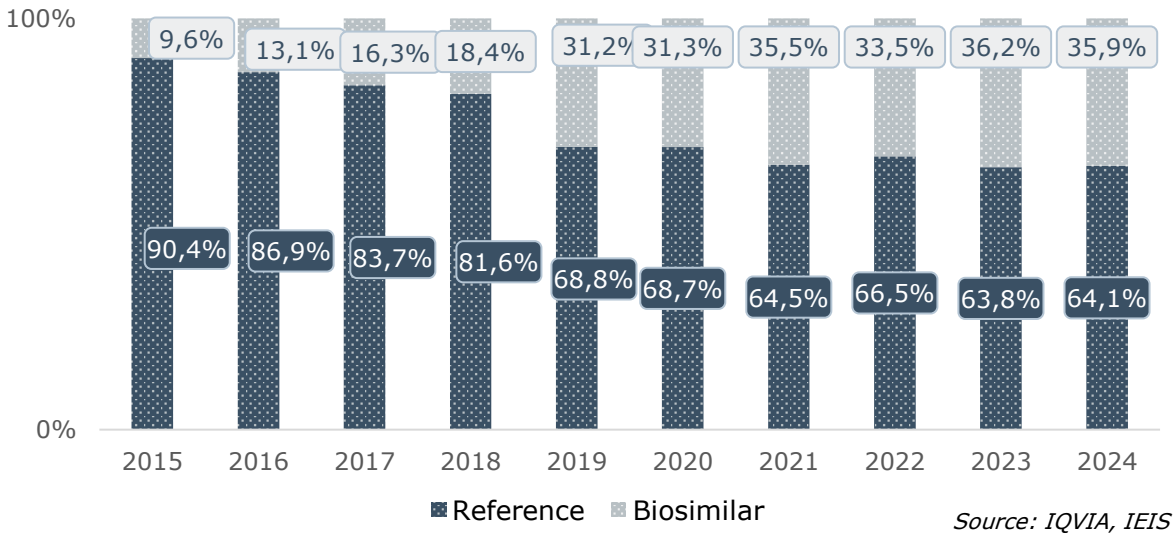
Chart 14- Reference-Biosimilar Drugs Market Share (Value)



Source: IQVIA, IEIS

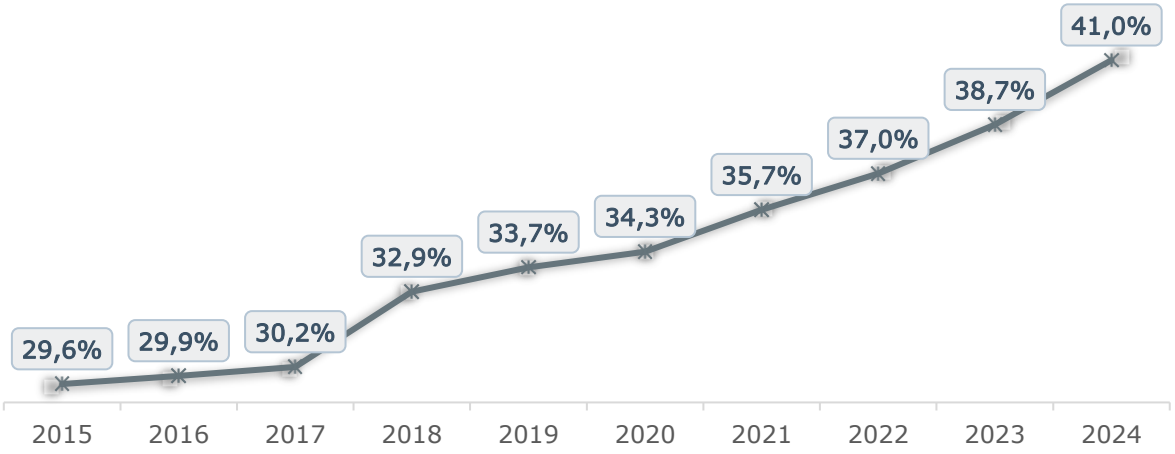
In volume, biosimilars held a 9.6% share in 2015, which increased to 35.9% in 2024.

Chart 15- Reference-Biosimilar Drugs Market Share (Volume)



Source: IQVIA, IEIS

Chart 16- The Share of Imported Biopharmaceuticals Among Imported Products (Value)



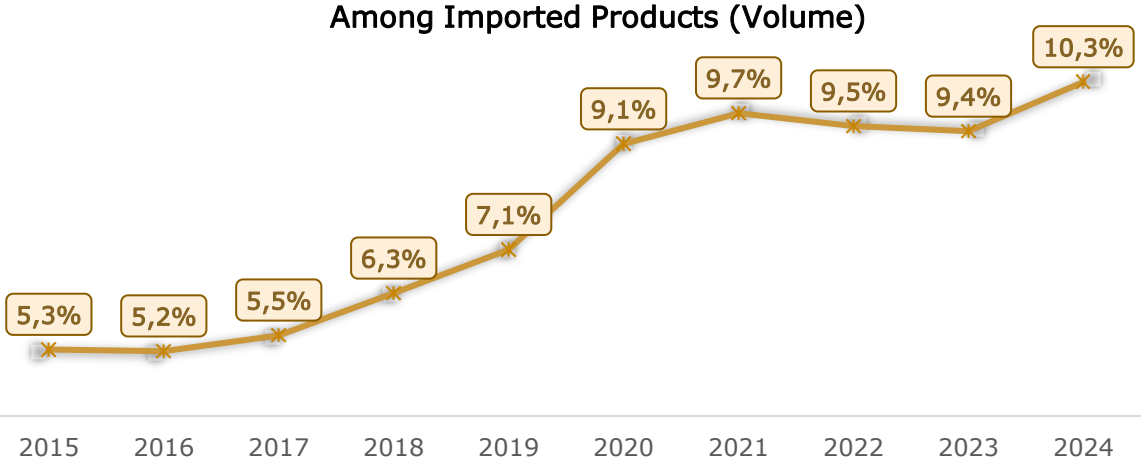
Source: IQVIA, IEIS

In 2024, biotechnological drugs accounted for 41% of imported drugs by value and 10.3% by volume.

Among biotechnological and biosimilar drugs, antineoplastics and immunomodulating agents hold the largest share by value.

- For biosimilars, the second-largest group is blood and blood-forming agents.
- For reference biotechnologicals, it is digestive system and metabolism drugs.

Chart 17- The Share of Imported Biopharmaceuticals Among Imported Products (Volume)



Source: IQVIA, IEIS

Table 7- Biotechnological Products

	Unit	Value
Biosimilar	**100%**	**100%**
Antineoplastics and immunomodulatory agents	15,5%	56,8%
Blood and hematopoietic organs	80,2%	36,3%
Systematic Hormonal Preparations (Excluding Sex Hormones and Insulins)	2,5%	6,0%
Digestive system and metabolism products	1,8%	1,0%
Reference	**100%**	**100%**
Antineoplastics and immunomodulatory agents	11,9%	53,6%
Digestive system and metabolism products	68,2%	19,5%
Blood and hematopoietic organs	3,9%	6,8%
Genito Urinary System and Sex Hormones	5,1%	4,5%
Respiratory System	3,2%	4,0%
Muscle-Skeleton System	2,8%	3,0%
Sensory Areas	1,4%	2,8%
Dermatology	0,4%	2,0%
Systematic Hormonal Preparations (Excluding Sex Hormones and Insulins)	2,4%	1,8%
Systematically Used Anti-infectives	0,3%	1,0%
Nervous System	0,3%	0,9%
Cardiovascular System	0,0%	0,1%

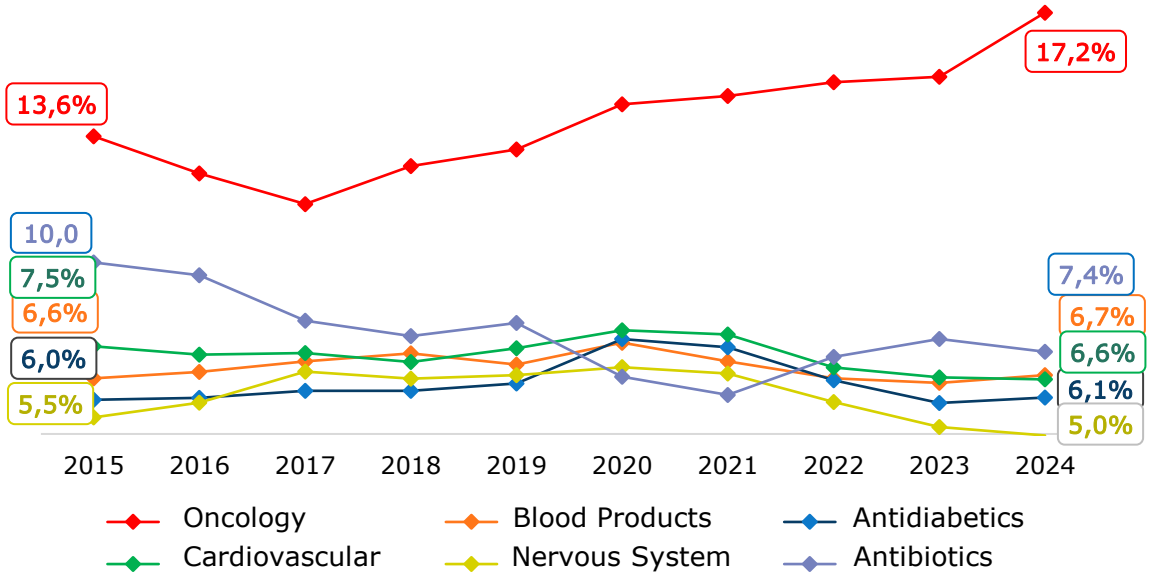
Source: IQVIA, IEIS, calculated at ATC1 level

D. Therapeutic Groups

When analyzing the top 6 therapeutic groups, which together account for 48.9% of the market by value, it is evident that oncology drugs have maintained a clear

lead, increasing their market share from 13.6% in 2015 to 17.2% in 2024. The fact that oncology drugs hold the largest share among biotechnological products by value is one of the main reasons they also top the entire market. Between 2015 and 2024, only antibiotics, cardiovascular drugs, and nervous system drugs saw a decline in market share, while other therapeutic groups showed a rising trend.

Chart 18- Therapeutic Groups on Value Scale

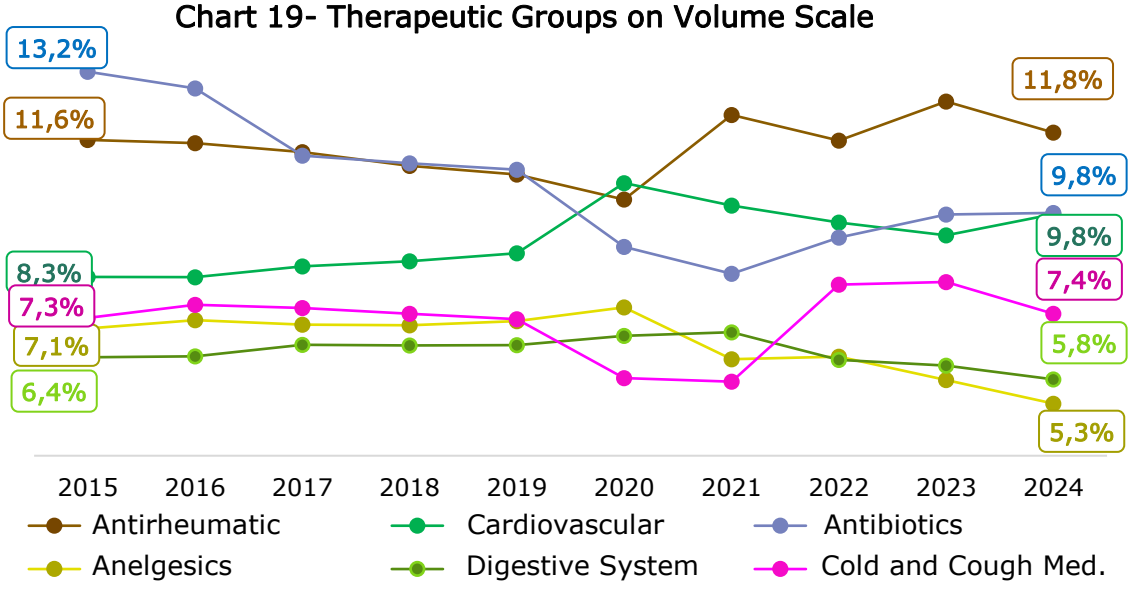


Source: IQVIA, IEIS

"Antibiotics: ATC groups of Antibacterial, Antimycotics and Antivirals"

In 2024, based on volume (number of boxes sold), the leading therapeutic group was anti-rheumatic drugs with 11.8%, followed by antibiotics at 9.8%. Notably, the decrease in prescription drug groups such as antibiotics and cold medications during the COVID-19 pandemic has now returned to pre-pandemic levels in recent years.

Chart 19- Therapeutic Groups on Volume Scale



Source: IQVIA, IEIS

"Antibiotics: ATC groups of Antibacterial, Antimycotics and Antivirals"

E. Average Prices

Between 2015 and 2024, the average price of medicines increased by 1,382%, reaching 126.3 TRY. However, when adjusted for inflation, this reflects a real decrease of 1.4%.
When comparing average drug prices between 2023 and 2024:
•Overall pharmaceutical market: +60%
•Originator drugs: +62.5%
•Generic drugs: +57.1%
•Imported drugs: +70.9%
•Local drugs: +56.3%

Despite rising costs in 2024, no price adjustment was made. Only the pharmaceutical exchange rate for 2025 was updated and implemented on October 25, 2024. At the time it was enacted, the new exchange rate corresponded to only 58.6% of the market Euro rate, and by May 2025, it had fallen below 49% of the current market rate.

When adjusted for inflation, real price increases between 2023 and 2024 were:
•Overall market: +24.5%
•Originator drugs: +26.4%
•Generic drugs: +22.2%
•Imported drugs: +33%
•Local drugs: +21.6%.

Table 8- Distribution of Average Product Prices (TRY)

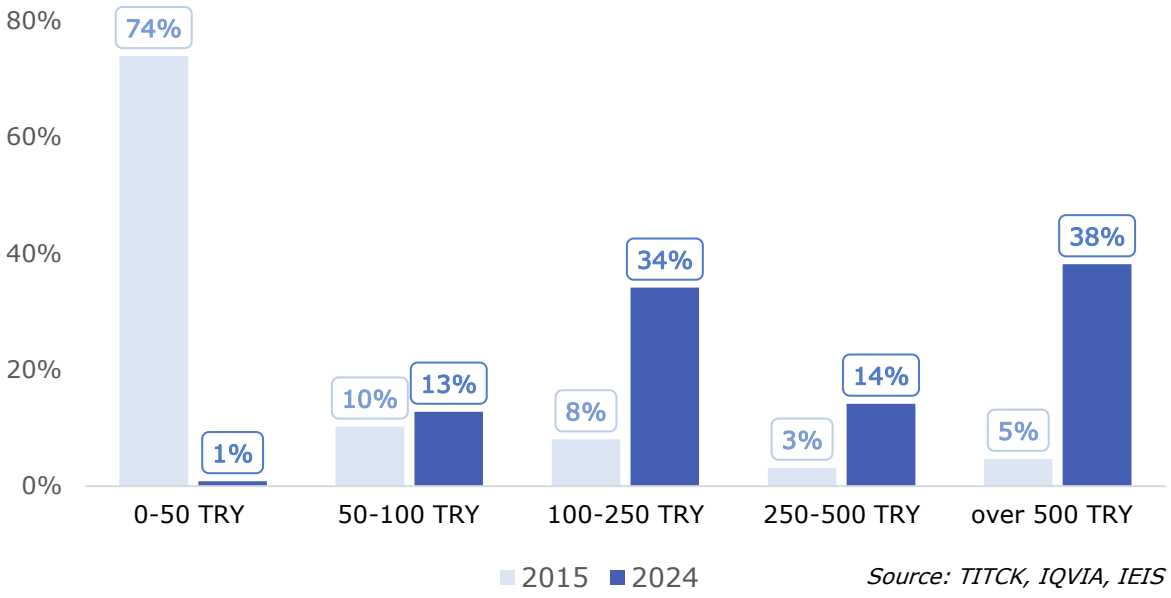
	Medicine	Originator	Generic	Import	Local
2015	8,5	13,6	4,6	23,5	4,6
2016	9,5	15,4	5,2	26,1	5,3
2017	11,0	18,2	6,0	30,9	6,3
2018	13,4	22,5	7,2	42,3	7,8
2019	17,2	29,2	9,5	66,8	10,2
2020	21,8	36,8	11,6	89,0	12,6
2021	26,2	44,0	14,1	109,7	15,5
2022	43,0	72,0	24,6	202,8	26,0
2023	78,9	134,4	47,1	388,2	50,0
2024	126,3	218,4	74,0	663,4	78,1
Change Rate					
2015-2024	1.382,0%	1.511,1%	1.498,1%	2.726,7%	1.603,1%
2023-2024	60,0%	62,5%	57,1%	70,9%	56,3%
Real Change Rate					
2015-2024	-1,4%	7,2%	6,3%	88,1%	13,3%
2023-2024	24,5%	26,4%	22,2%	33,0%	21,6%

Source: IQVIA, IEIS

F. Retail Price Ranges

When examining the distribution of retail sales prices by unit in the market between 2015 and 2024, it is observed that products priced in the 0–50 TRY range have dropped from 74% to nearly zero. As of 2024, products priced between 100–250 TRY (34%) and those priced above 500 TRY (38%) make up the two dominant groups, together representing 72% of the market.

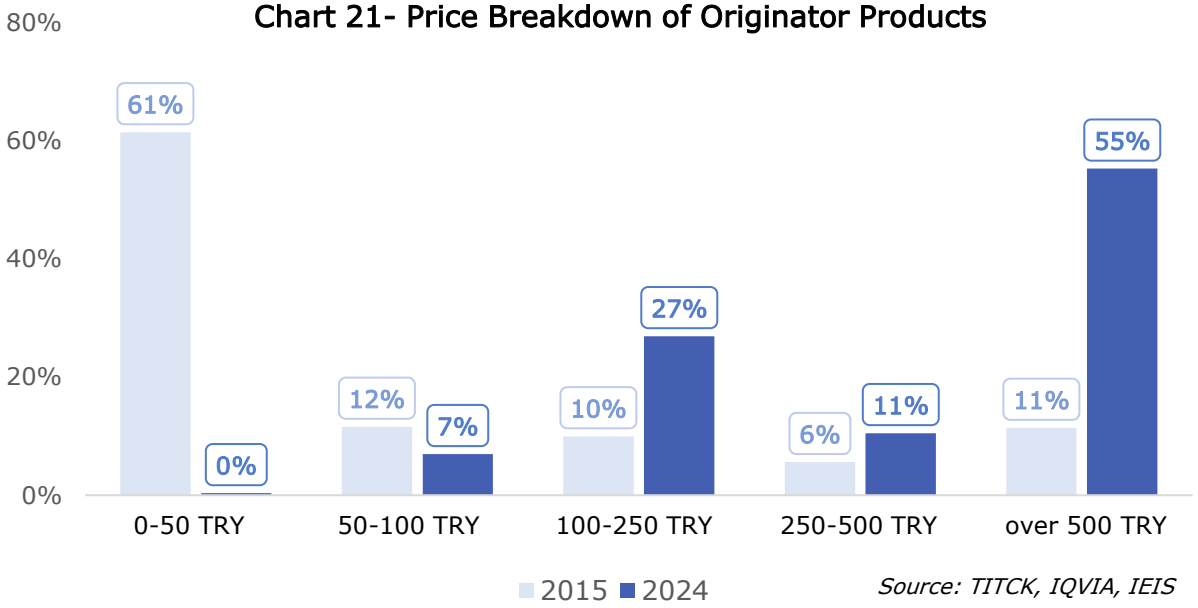
Chart 20- Retail Price Distribution



Source: TITCK, IQVIA, IEIS

Over the last 10 years, products priced above 500 TRY have made up the largest segment among originator drugs, accounting for 55% by unit volume.

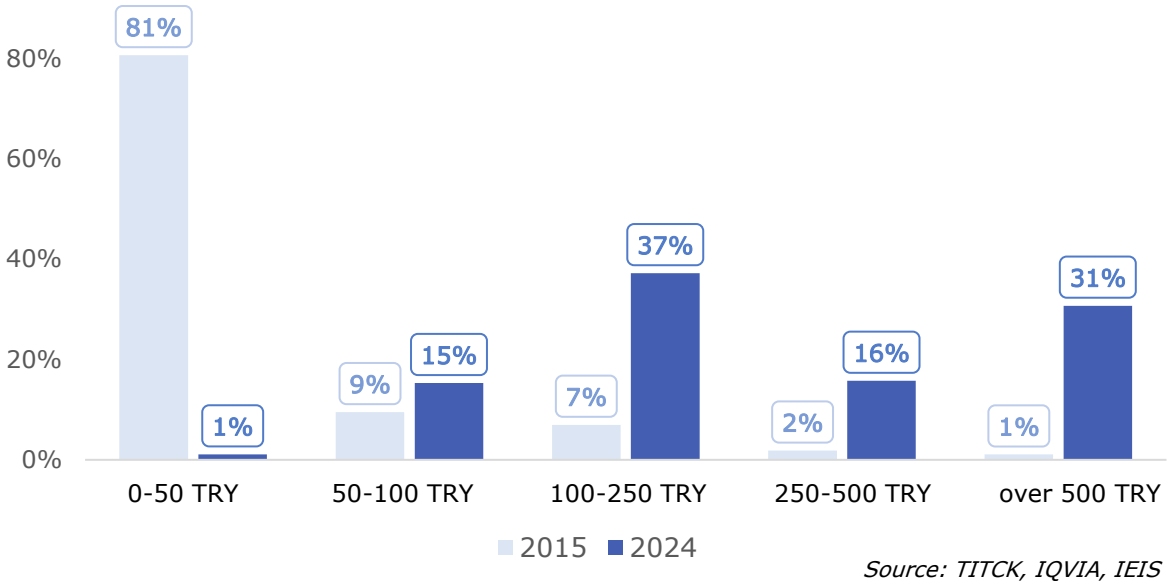
Chart 21- Price Breakdown of Originator Products



Source: TITCK, IQVIA, IEIS

As of 2024, only 1% of generic drugs are priced under 50 TRY. The largest market share for generics is held by products in the 100–250 TRY price range (37%), followed by products over 500 TRY with 31%.

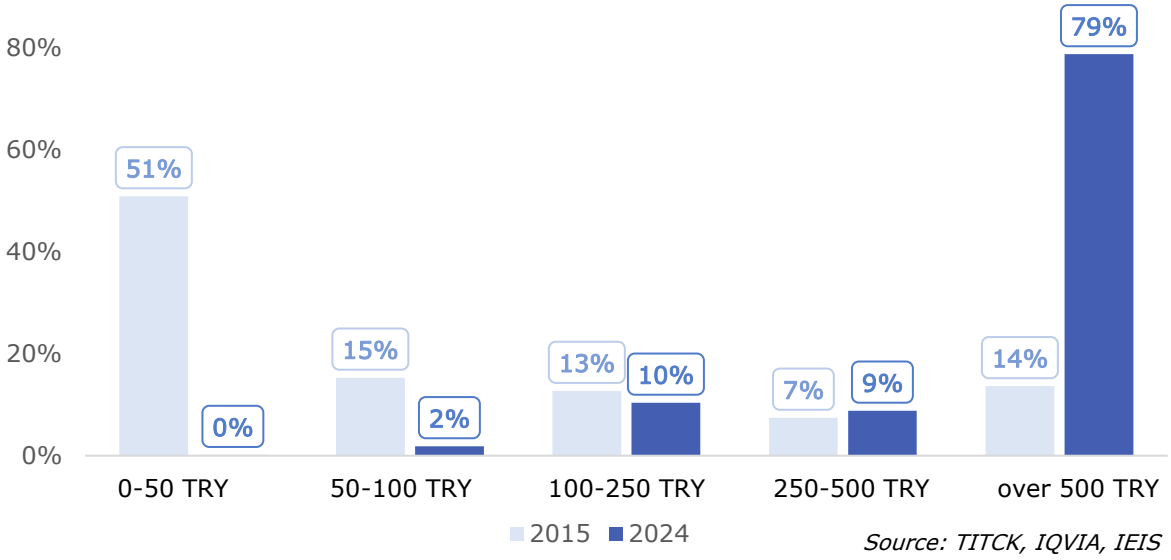
Chart 22- Price Breakdown of Generic Products



Source: TITCK, IQVIA, IEIS

Among imported products, 79% are priced above 500 TRY, making it the dominant price group in this category.

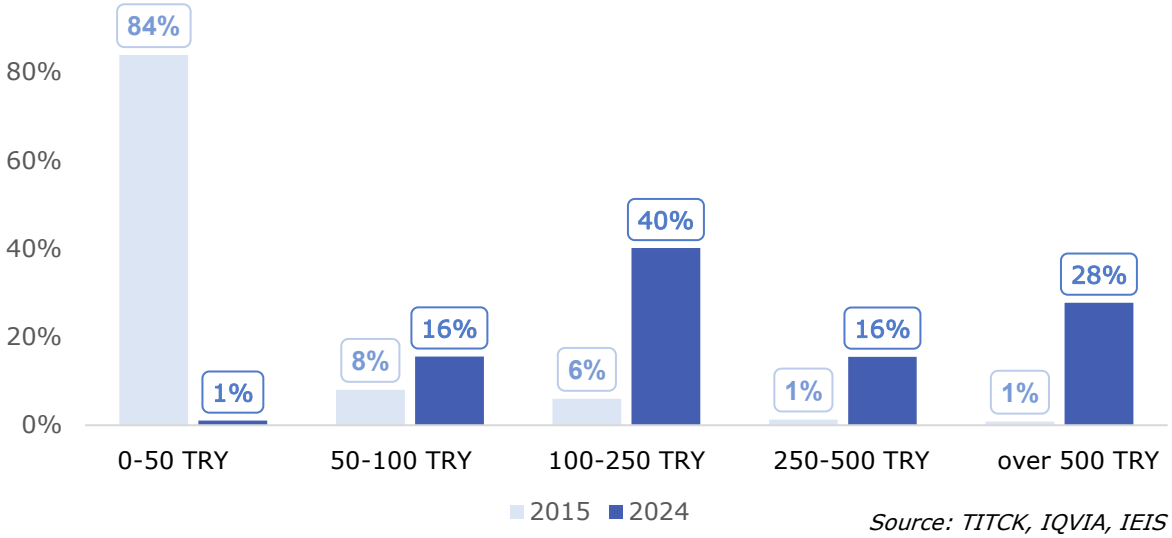
Chart 23- Price Breakdown of Import Products



Source: TITCK, IQVIA, IEIS

For Local products, the largest share is in the 100–250 TRY range, with 40%. Products priced at or below 50 TRY make up just 1% of the domestic pharmaceutical market in 2024.

Chart 24- Price Breakdown of Local Products



Source: TITCK, IQVIA, IEIS

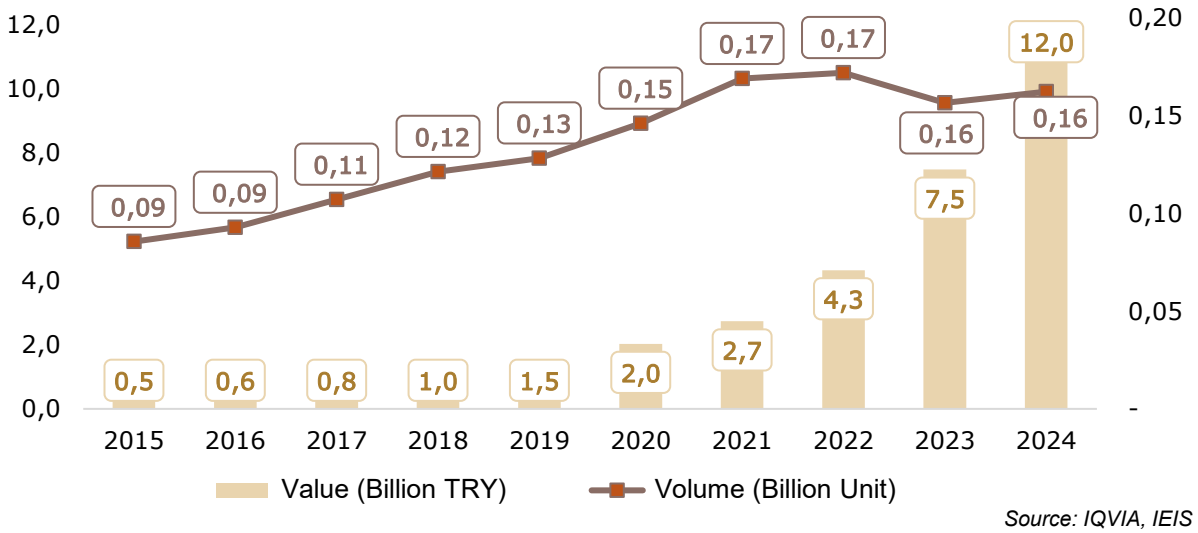
1.2. Medical Nutrition Market

The medical nutrition consists of enteral nutrition products and medical formulas approved by the Ministry of Health. These products are intended to meet the nutritional needs of individuals affected by illness, health disorders, or medical conditions, particularly in cases of nutritional deficiency. They are used in supportive therapy rather than for general health enhancement.

In this product group, the Turkish market is entirely made up of originator products. Additionally, 98.3% by value and 98.9% by volume of these products are covered by reimbursement.

In 2024, this market grew by 61.1%, reaching a value of 12.03 billion TRY. From 2015 to 2024, the total growth was 2,241.2%, with a compound annual growth rate (CAGR) of 42%. When adjusted for inflation, this corresponds to a real growth rate of 55.8% over the same period.

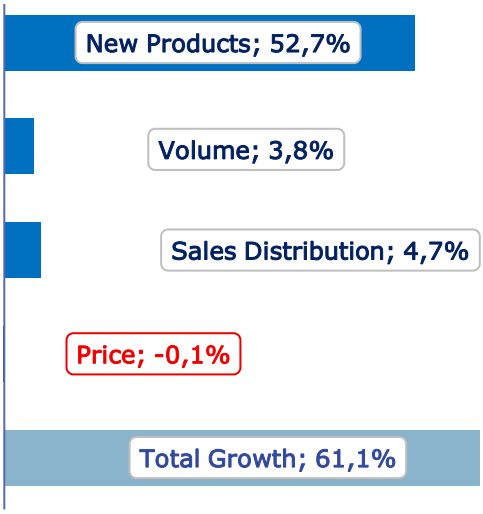
Chart 25- Medicinal Nutrition Market



Source: IQVIA, IEIS

In terms of volume, the medical nutrition market grew by 3.6% in 2024, and by 89.6% from 2015 to 2024.

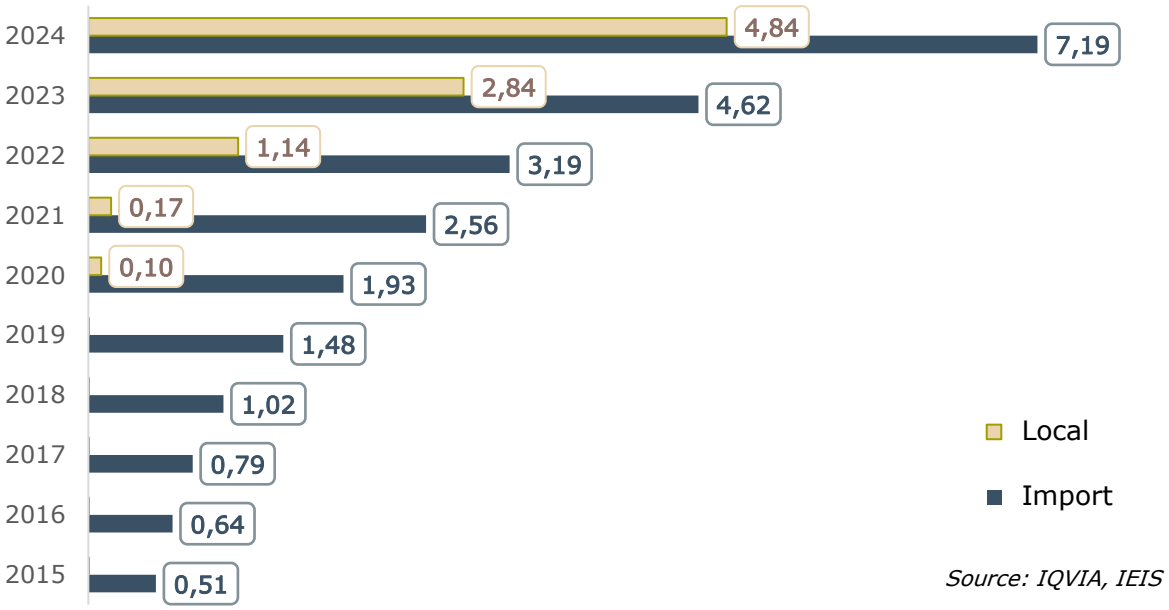
Chart 26- Sources of Medicinal Nutrition Market Growth



Source: IQVIA, IEIS

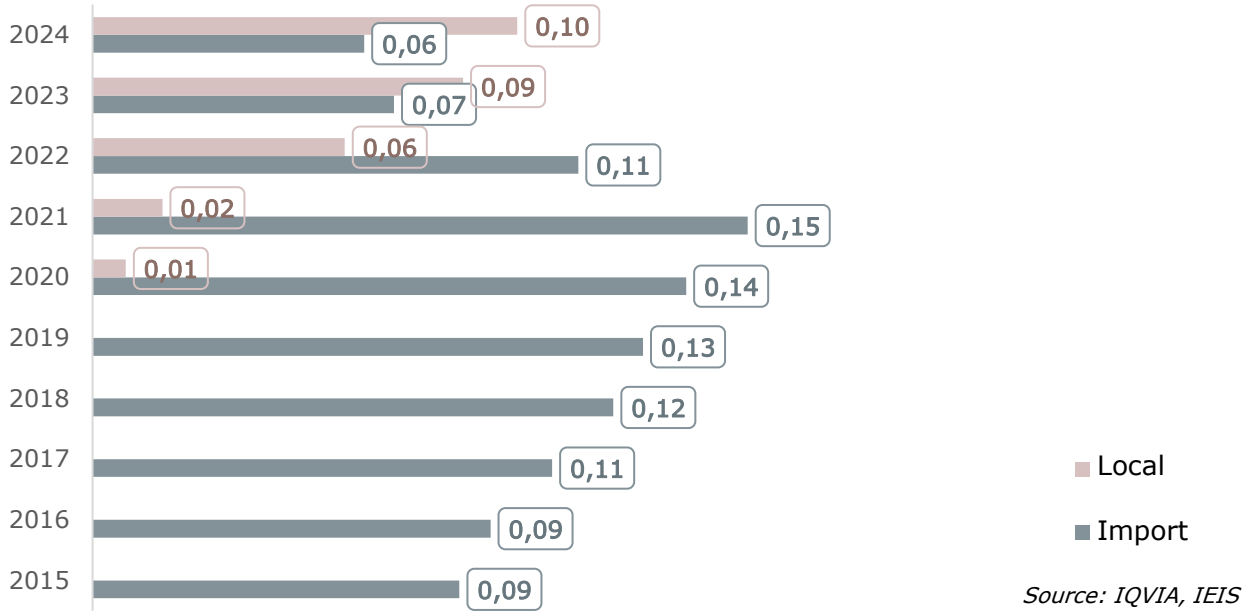
Until recent years, the market was entirely composed of imported originator products. However, with the establishment of four domestic production facilities, the share of Local products has rapidly increased. As a result, domestic products have overtaken imported ones in volume.

Chart 27- Local – Import Medicinal Nutrition Market (Value - Billion TRY)



Source: IQVIA, IEIS

Chart 28- Local – Import Medicinal Nutrition Market (Volume - Billion Unit)

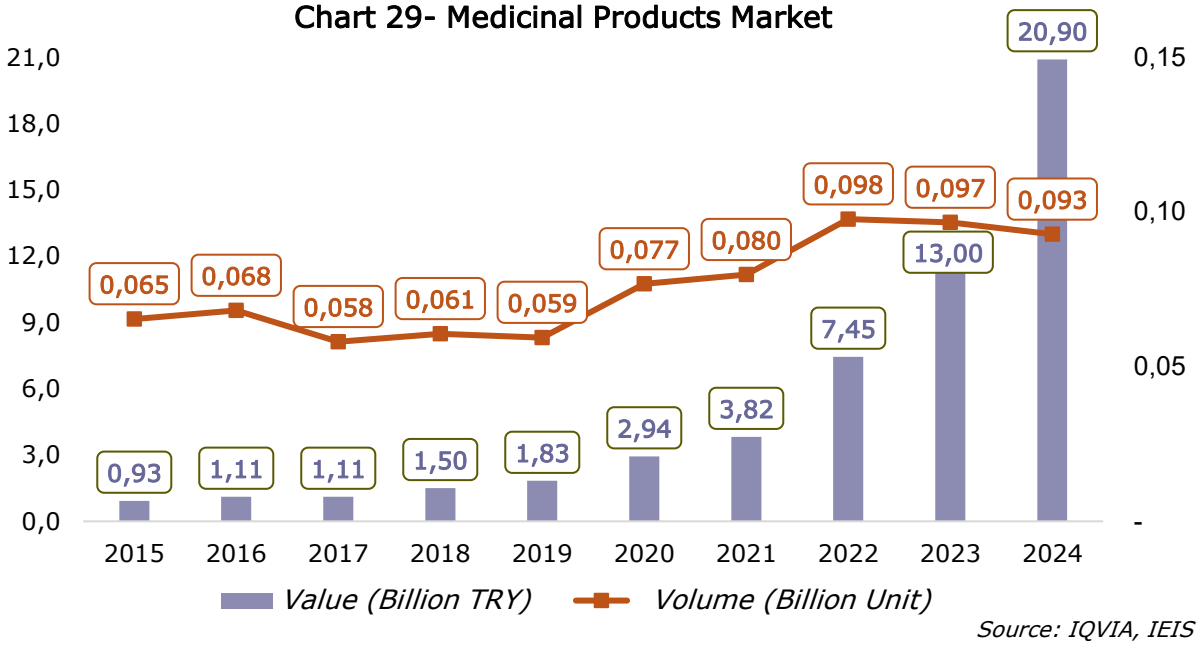


Source: IQVIA, IEIS

1.3. Medical Products Market

This market includes traditional herbal medicinal products approved by the Ministry of Health, certain medical devices in pharmaceutical form, and infant formulas, vitamins, and food supplements approved by the Ministry of Agriculture and Forestry, many of which are also part of pharmaceutical companies' portfolios.

Chart 29- Medicinal Products Market

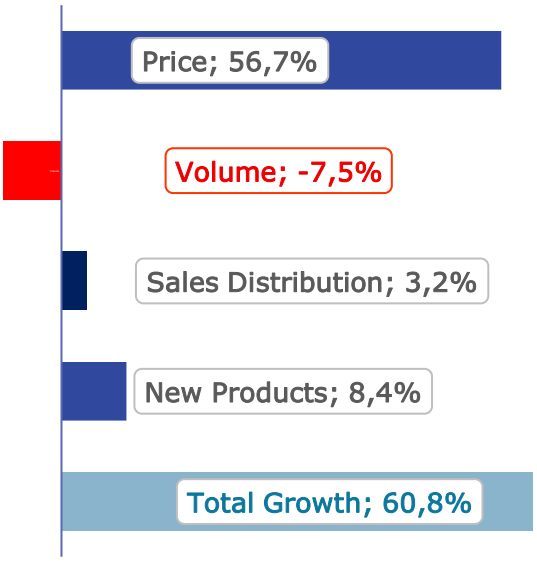


Source: IQVIA, IEIS

Since 2020, the health products market has experienced rapid growth. In 2024, it reached 20.9 billion TRY in value, growing by 60.8%, while in volume it declined by 4%, dropping to 93 million boxes. Products like vitamins and food supplements

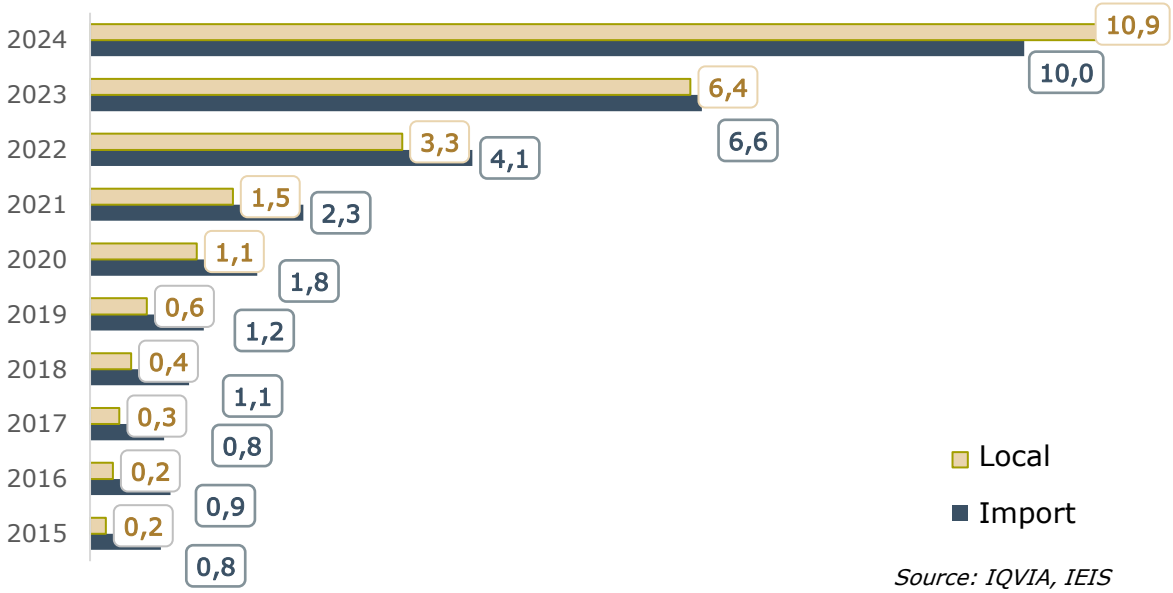
made up 77% of total volume. Between 2015 and 2024, the market grew 12-fold in value.

Chart 30- Sources of Medicinal Products Market Growth



Source: IQVIA, IEIS

Chart 31- Local – Import Medicinal Products Market (Value - Billion TRY)



Source: IQVIA, IEIS

In 2024:

•Imported products in the medical market grew by 52.7%, reaching 10 billion TRY.

•Domestic products grew by 69.1%, reaching 10.9 billion TRY.

From 2015 to 2024:

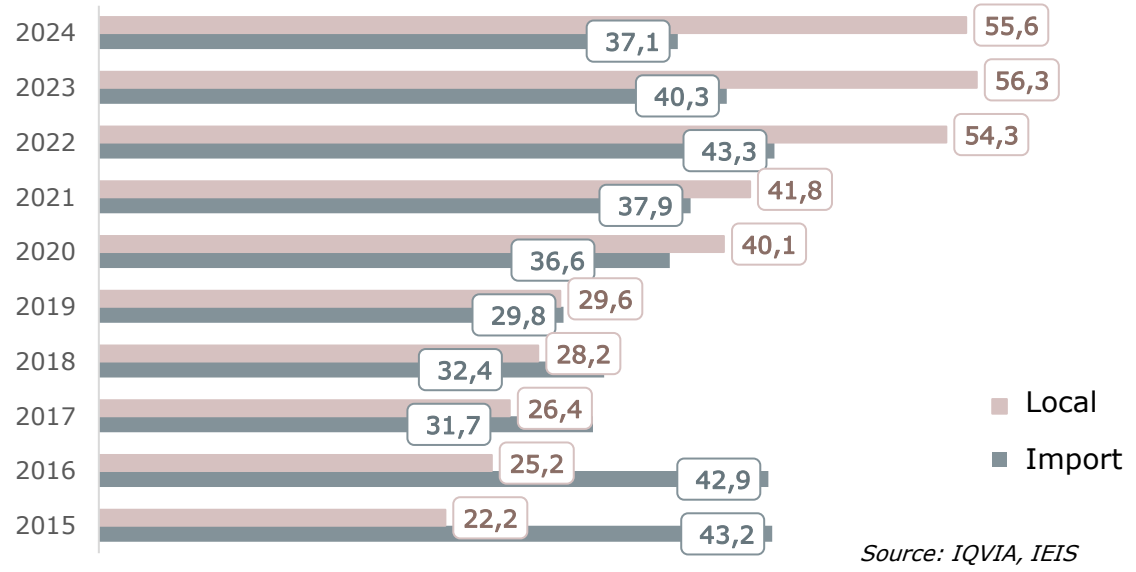
•Imported products grew by 1,216.8% in value.

•Domestic products surged by 6,335.6%.

•The overall market grew by 2,148.3%, but the real (inflation-adjusted) growth was only 49.6%.

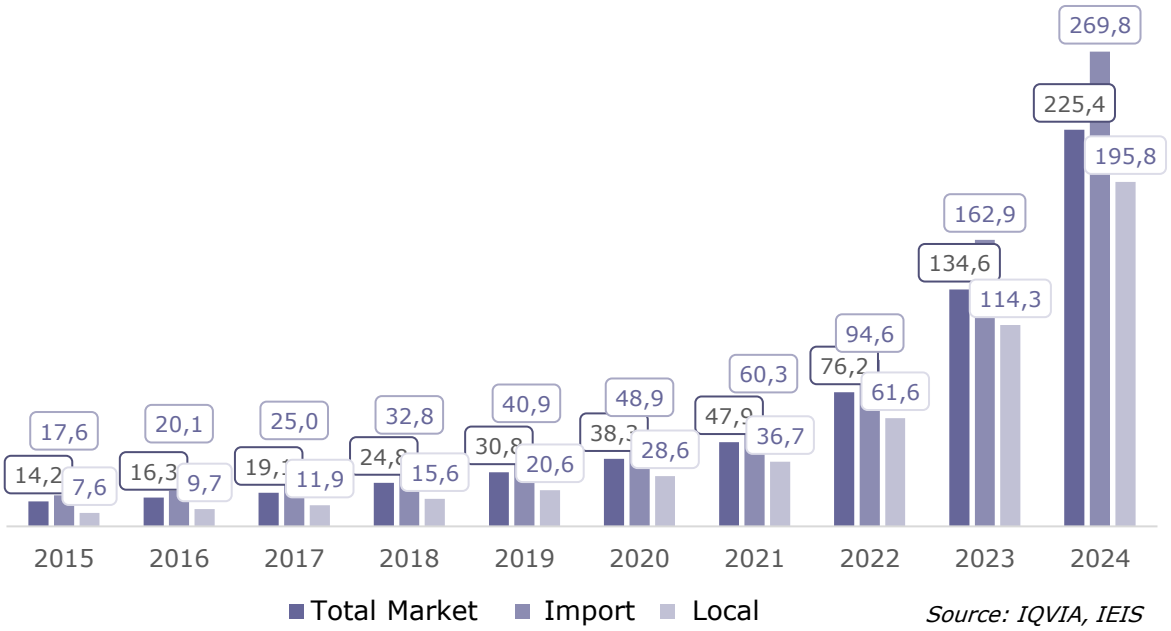
In 2024, the volume of imported medical products fell by 7.8% to 37.1 million boxes, and domestic medical products dropped by 1.2% to 55.6 million boxes. Over the 2015–2024 period:
•Imported medical products decreased by 14% in volume,
•Domestic products increased by 150.4%,
•And the overall medical products market grew by 41.8% in volume.

Chart 32- Local – Import Medicinal Products Market (Volume - Billion Unit)



Source: IQVIA, IEIS

Chart 33- Medicinal Products Market Average Price Distribution (TRY)



Source: IQVIA, IEIS

The average price rose from 14.2 TRY in 2015 to 225.4 TRY in 2024, a 1,485.4% increase.

•For imported products, the average price rose by 1,431.9% (from 17.6 TRY to 269.8 TRY).

•For domestic products, it rose by 2,470.5% (from 7.6 TRY to 195.8 TRY).

2. Licensing Processes

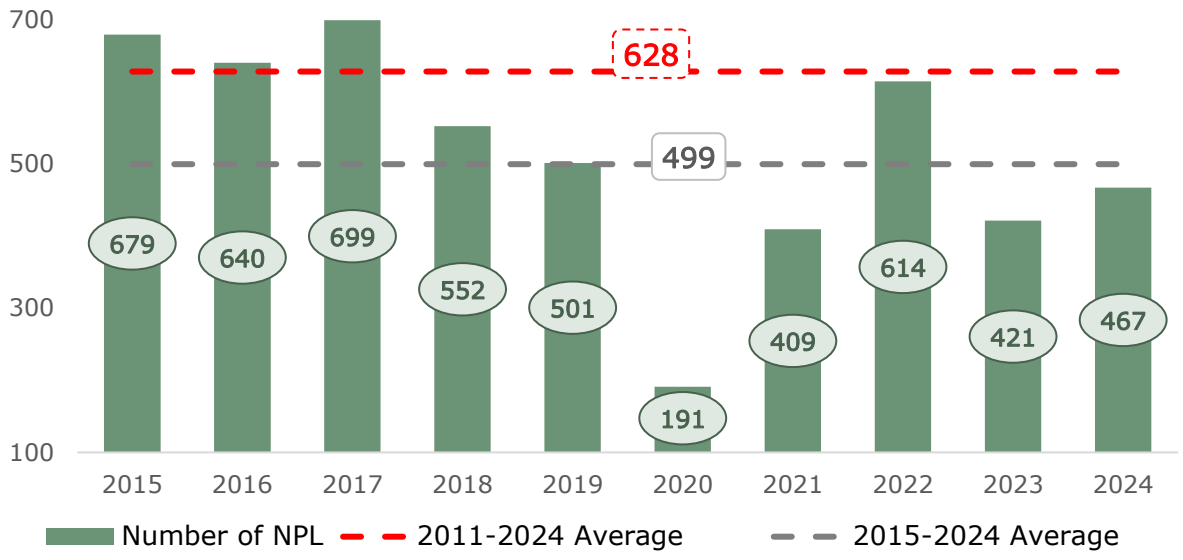
One of the main obstacles facing the sector is the difficulties in licensing new drugs, which peaked in 2020. While there were signs of recovery in the following years, problems in this area have begun to deepen again in the past two years, increasing concerns among companies.

Indeed, the number of newly issued licenses in 2024 was 467, which is well below the 2011–2024 average of 628.

The lengthening of the licensing process and the inability to launch new drugs not only harm companies' long-term investments and planning but also delay patient access to alternative treatments. Additionally, failure to bring new drugs to market negatively impacts production, employment, Social Security Institution (SGK) procurement, public finances, and exports.

The pharmaceutical industry, which fulfilled its critical responsibilities during the pandemic and earthquake crises, is now struggling under rising costs, exchange rate issues, and the resurgence of licensing problems, placing significant strain on the sector.

Chart 34- Number of Novel Product Licenses



Source: TITCK, IEIS

3. Investment Incentives

In 2009, with the implementation of Cabinet Decree No. 2009/15199, investment incentives previously applied in various forms by different public institutions underwent significant positive changes and began to be managed under the coordination of the Ministry of Trade. With this decision, in addition to general and regional incentives, the priority investment scope was aimed to include investments in biotechnological drugs, oncological drugs, and blood products within the pharmaceutical industry.

With the amendment made in Cabinet Decree No. 2012/3305 in 2015, pharmaceutical investments were classified under the advanced technology category and became eligible for incentives in the 5th Region. As a result of these developments, a total of TRY 140.5 billion of fixed investment incentives were granted in the pharmaceutical industry between 2015 and 2023. It is estimated that these investments will create employment opportunities for 14,900 individuals.

The fixed investment amount, which was TRY 3.4 billion in 2015, reached a level of TRY 27 billion in 2023.

Table 9- Investment Incentives in the Pharmaceutical Industry

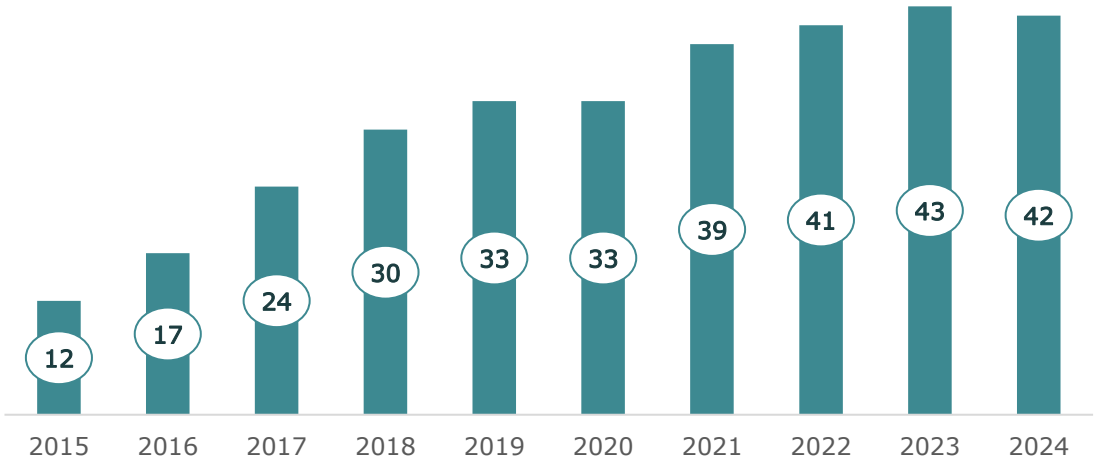
	Number of Documents		Fixed Investment (Million TRY)			Employment via Investment		
	Medicine	Total	**Medicine**	Total	Share	**Medicine**	Total	Share
2015	**21**	3.722	**3.406**	580.496	0,59%	**913**	132.302	0,69%
2016	**15**	4.707	**3.891**	551.327	0,71%	**889**	157.940	0,56%
2017	**31**	6.841	**41.183**	1.003.770	4,10%	**2.108**	227.231	0,93%
2018	**28**	5.501	**4.473**	756.467	0,59%	**1.118**	265.606	0,42%
2019	**36**	5.406	**9.332**	550.816	1,69%	**1.073**	197.089	0,54%
2020	**48**	10.152	**33.419**	811.047	4,12%	**3.369**	300.564	1,12%
2021	**40**	12.485	**12.049**	847.040	1,42%	**2.455**	370.889	0,66%
2022	**32**	13.540	**5.720**	1.334.829	0,43%	**1.096**	361.311	0,30%
2023*	**36**	11.868	**27.016**	1.961.277	1,38%	**1.879**	259.866	0,72%

Source: Ministry of Industry and Technology (09.30.2023 data set), IEIS
** Important Note: The "Investment Incentives" section of our online report will be updated and published on our website once the Ministry of Industry and Technology releases the updated 2024 data set.*

4. R&D Activities

The pharmaceutical industry is one of the priority sectors contributing significantly to Türkiye's industrial transformation. It operates with 42 R&D centers accredited by the Ministry of Industry and Technology and approximately 2,420 R&D employees. Advancements in R&D are expected to enable the domestic production of currently imported products.

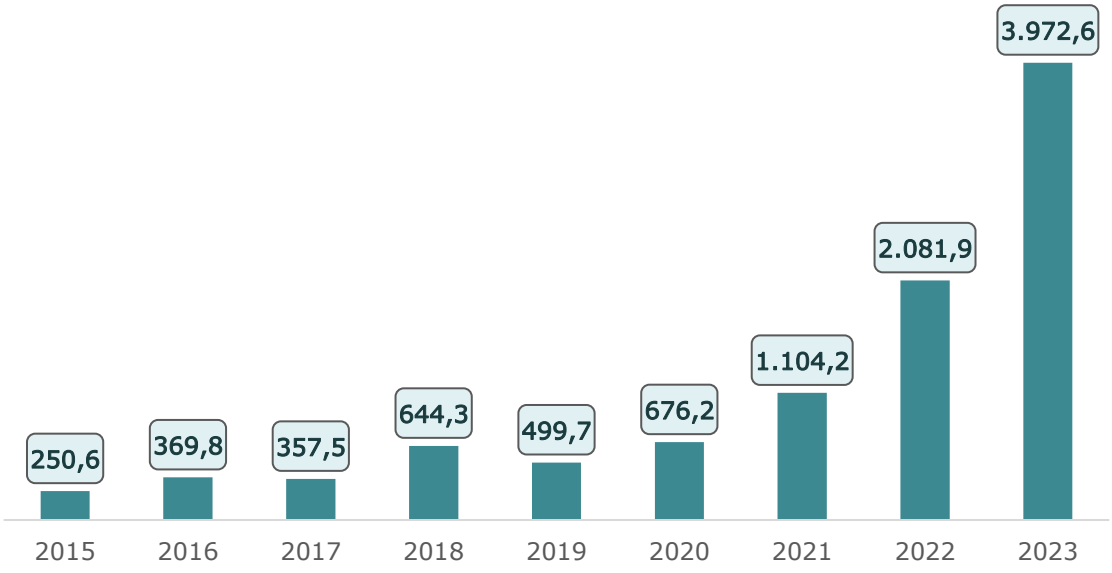
Chart 35- Number of Accredited R&D Centers in the Pharmaceutical Industry



Source: STB, IEIS

The total amount of incentives granted to pharmaceutical R&D centers increased from 250.6 million TRY in 2015 to 3,972.6 million TRY in 2023, reflecting a 1,485.4% increase.

Chart 36- Pharmaceutical Industry R&D Expenditure (Million TRY)



Source:TUIK, IEIS

5. Pharmaceutical Production

The Turkish pharmaceutical industry is a well-established and strong sector with a century-long history, advanced production technology, high capacity, and a qualified workforce. It continues to invest in advanced technologies to maintain competitiveness in global markets. As of December 2024, Türkiye hosts 109 production facilities (including 99 for pharmaceuticals and 10 for radiopharmaceuticals) and 13 active pharmaceutical ingredient (API) production facilities, all operating at international standards.

In recent years, production has also started for foods for special medical purposes—used to support the nutrition and treatment of individuals with illness-related nutritional deficiencies—at 4 facilities established in Türkiye.

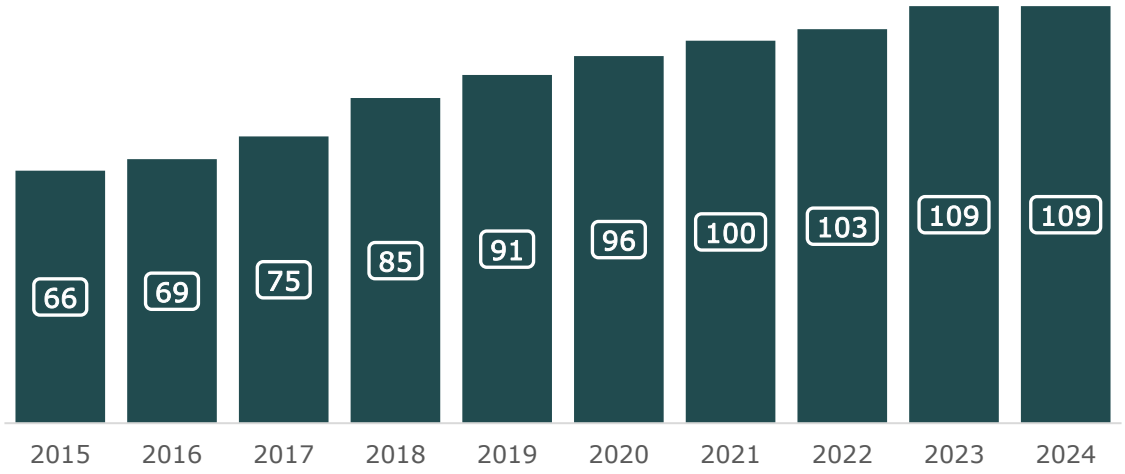
A key priority for the industry is domestic production. The Medium-Term Program (2025–2027), published in the Official Gazette No. 32653 (bis) on September 5, 2024, includes plans for local R&D in health sciences and technologies (including vaccines, pharmaceuticals, medical devices, diagnostic kits, and AI applications) to support the domestic production of high value-added products.

Likewise, the 2025 Presidential Annual Program, published in the Official Gazette No. 32707 (bis) on October 30, 2024, states that the local production process in the pharmaceutical and medical device sectors will be re-evaluated in light of international obligations, with effective inter-agency coordination to support investment, production, exports, and technological advancement. The program also emphasizes promoting the use of domestically produced raw materials and intermediate goods in pharmaceutical and medical device production and the creation of a national raw material and intermediate goods production plan.

Accordingly, in order to ensure supply security in pharmaceuticals and vaccines, it is critical to develop sustainable localization policies and strengthen production infrastructure for raw materials, intermediates, active substances, and packaging materials.

In this regard, including pharmaceuticals in the Technology-Oriented Industry Move Program and later designating biotechnological drugs as a strategic sector under the HIT-30 Project are seen as promising developments for the industry.

Chart 37- Number of Production Facilities



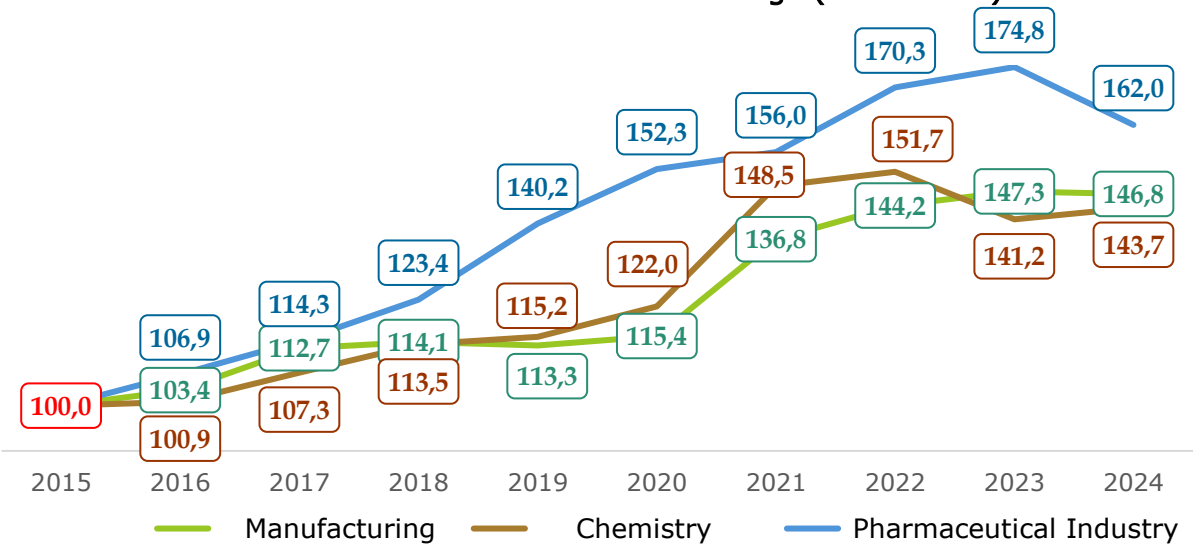
Source:TITCK, IEIS

Despite the global supply chain challenges and significant cost pressures that began in 2021, the Turkish pharmaceutical industry has continued uninterrupted production, prioritizing medicine supply security and citizen access to medications.

According to the industrial production index data:
In 2024, the manufacturing sector index dropped slightly by 0.4%, reaching 146.8 points. The chemical sector index rose by 1.8% to 144 points. The pharmaceutical sector index, for the first time in many years, declined by 7.3%, falling to 162 points.

Between 2015 and 2024, manufacturing production grew by 46.8%, chemical sector production by 43.7%, and despite the sharp drop in the final year, pharmaceutical sector production still grew by 62% overall.

Chart 38- Industrial Production Index Change (2015-2024)

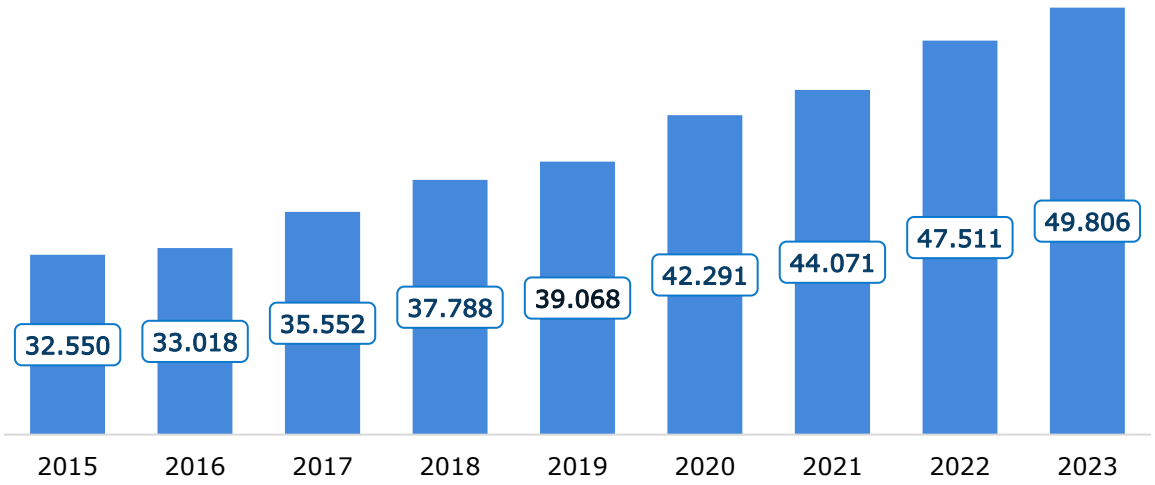


Source:TUIK, IEIS

6. Employment

In 2023, total employment in Türkiye increased by 2.4% compared to 2022. In the same period, employment in the pharmaceutical industry rose by 4.8%, reaching 49,806 people.

Chart 39- Employment in the Pharmaceutical Industry (Number of People)



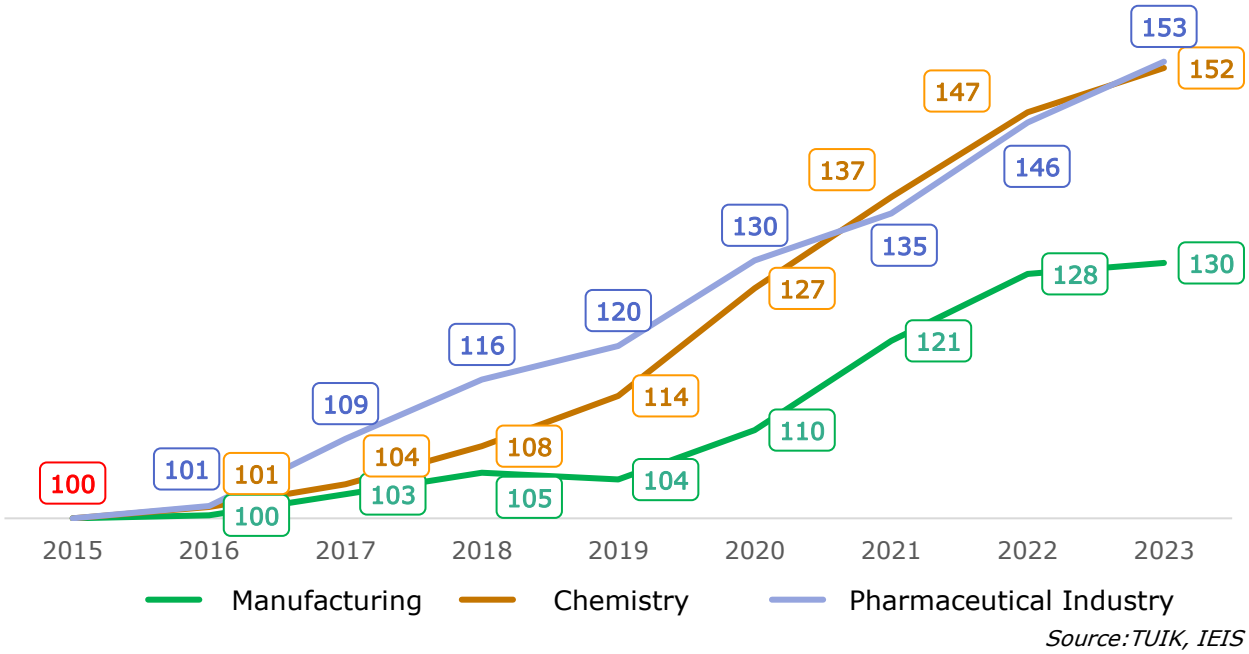
Source:TUIK, IEIS

Between 2015 and 2023, indexed employment data shows:

- Manufacturing sector employment grew by 30%,
- Chemical sector by 52%,
- Pharmaceutical sector by 53%.

This pharmaceutical sector employment growth far exceeds the 25% growth in overall national employment during the same period.

Chart 40- Employment Index Change (2015-2023)

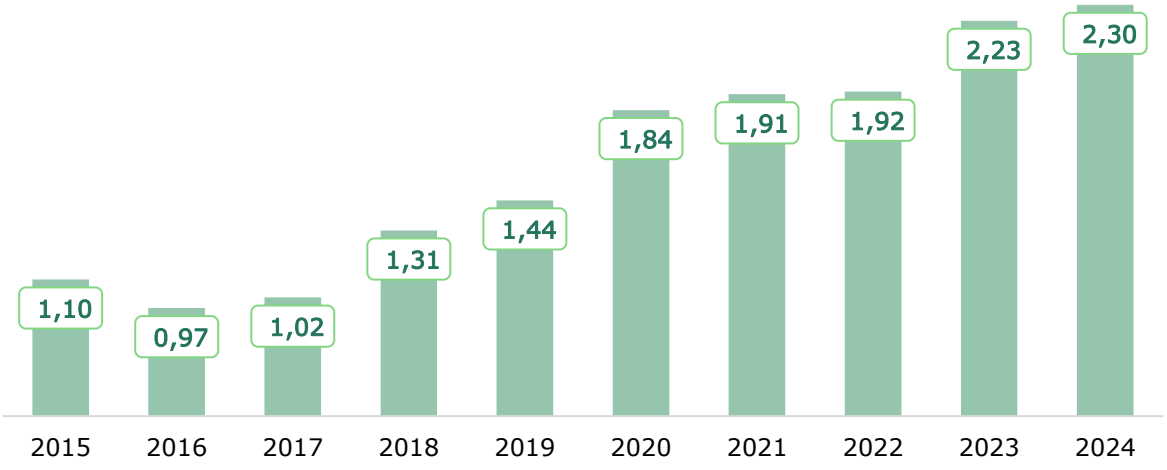


Source:TUIK, IEIS

7. Foreign Trade

In 2024, pharmaceutical exports grew by 3.1%, reaching USD 2.3 billion, surpassing the previous year's record. Between 2015 and 2024, while Türkiye's total exports grew by 73.4%, pharmaceutical exports increased by 109.3%, outperforming the national average and demonstrating strong sustained growth.

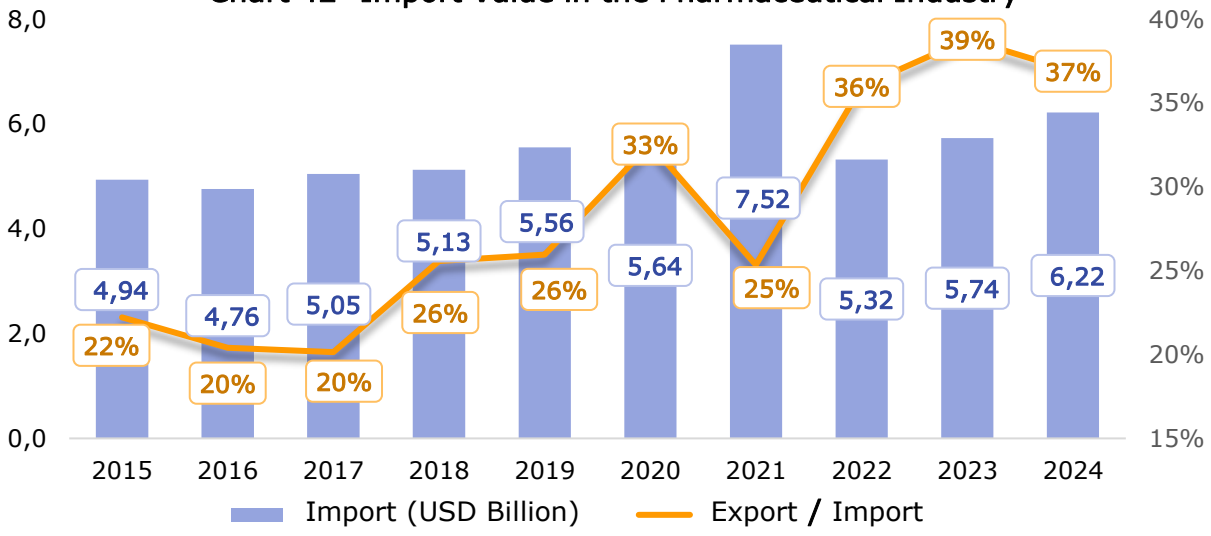
Chart 41- Export Value in the Pharmaceutical Industry (Billion USD)



Source:TUIK, IEIS

In 2024, pharmaceutical imports rose by 8.5%, reaching USD 6.22 billion. Over the 2015–2024 period, pharmaceutical import growth was 26%. During this same period, the export-to-import coverage ratio in pharmaceuticals increased from 22% to 37%.

Chart 42- Import Value in the Pharmaceutical Industry

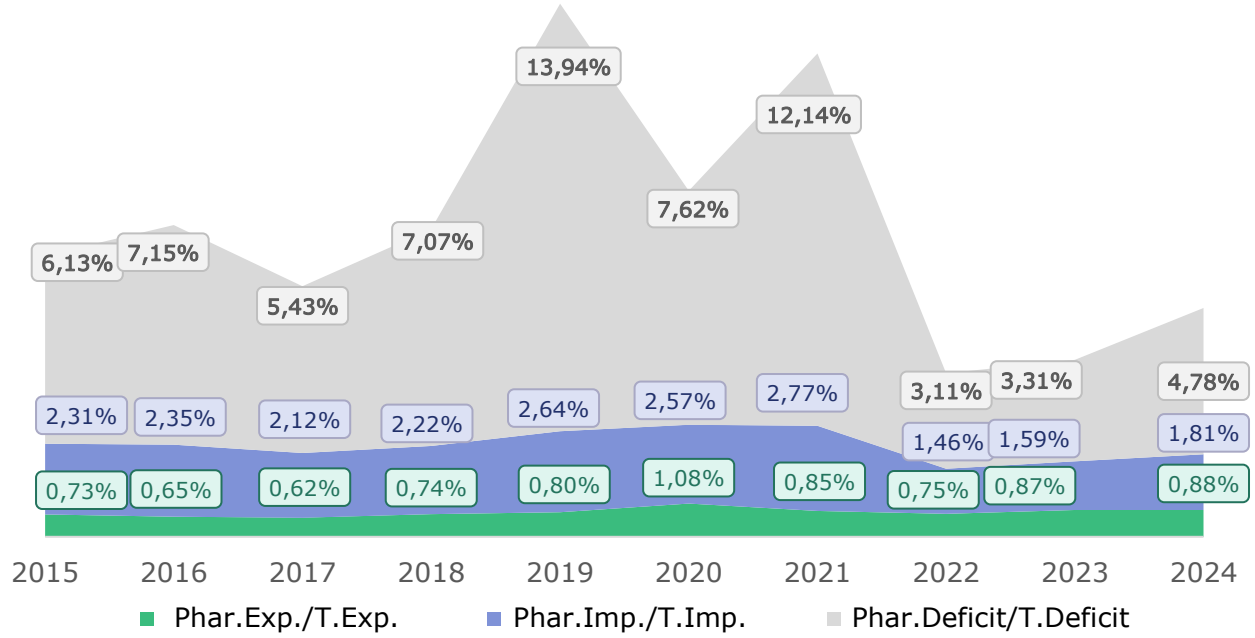


Source:TUIK, IEIS

This indicates that the pharmaceutical industry, a high value-added sector, is one of the most important contributors to reducing Türkiye's foreign trade deficit. In 2024:

- Pharmaceuticals accounted for 0.88% of total exports,
- 1.81% of total imports, and
- 4.78% of overall foreign trade.

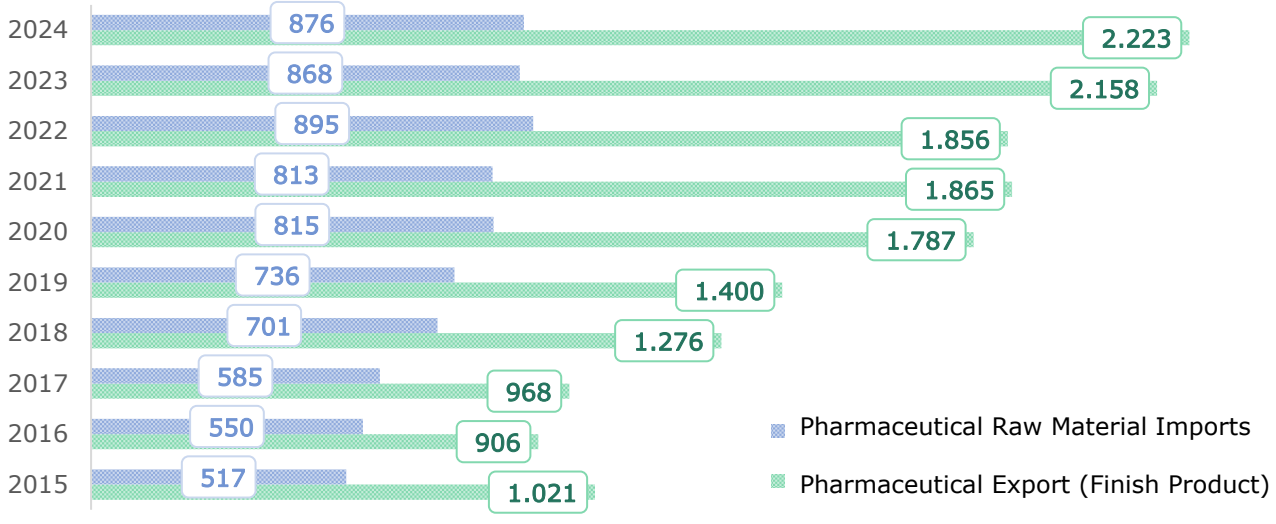
Chart 43- Pharmaceutical Industry in Turkish Foreign Trade



Source:TUIK, IEIS

When analyzing pharmaceutical raw material imports and finished product exports, the industry's contribution to the economy becomes even more evident. In 2024, while USD 876 million worth of raw materials were imported, USD 2.22 billion worth of finished pharmaceutical products were exported. As domestic manufacturing increasingly meets the demand for finished pharmaceuticals, exports will rise and the trade deficit will shrink.

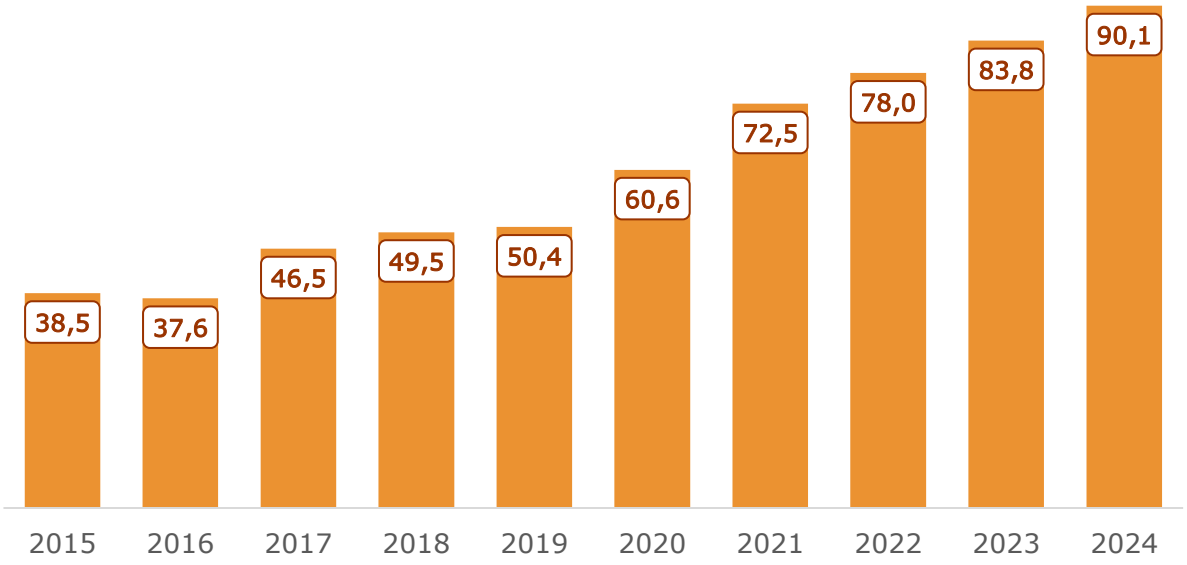
Chart 44- Finished Product vs Raw Material in Pharmaceutical Industry (Million USD)



Source:TUIK, IEIS

Between 2015 and 2024, pharmaceutical export volume increased by 133.9%, rising from 38.5 million kilograms to 90.1 million kilograms.

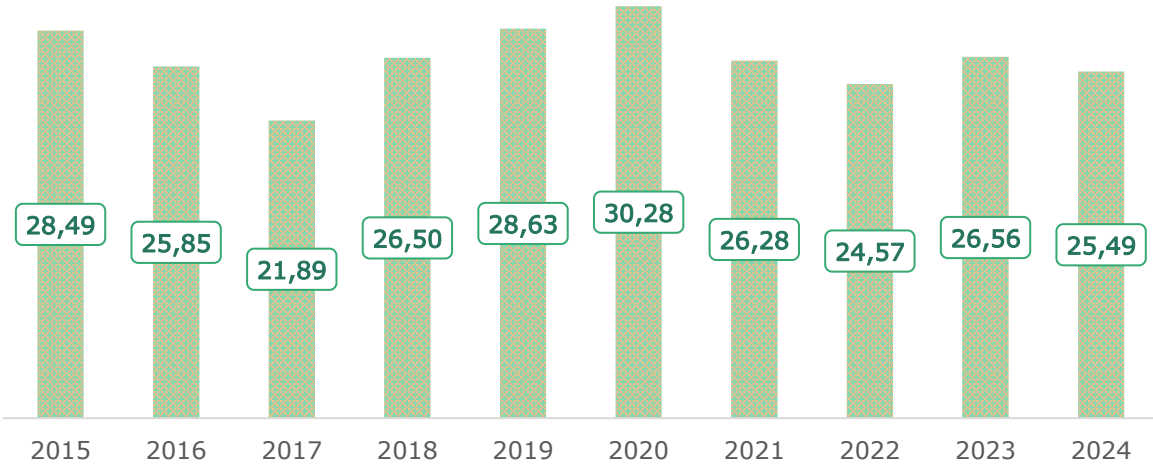
Chart 45- Export Amount in the Pharmaceutical Industry (Million Kg)



Source:TUIK, IEIS

However, while export volume rose, the price per kilogram did not increase accordingly. The average export price per kilogram dropped by 10.5%, from USD 28.49 to USD 25.49. This decline is largely due to price-focused domestic policies, which prevent Turkish pharmaceuticals from reaching their full export value potential.

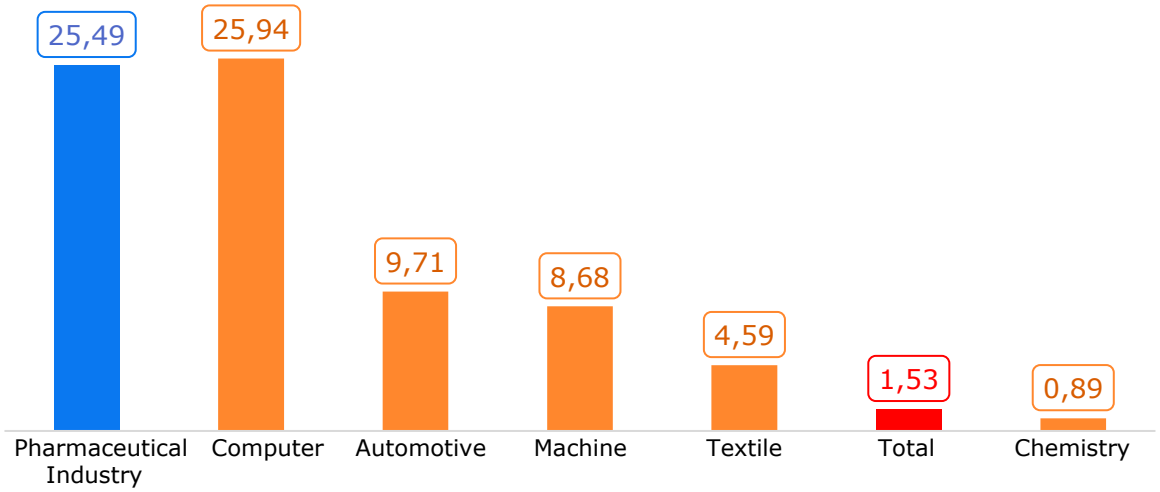
Chart 46- Pharmaceutical Export Price Per Kilo (USD)



Source:TUIK, IEIS

Even though the pharmaceutical industry's export value per kilogram (USD 25.49) is well above Türkiye's national average of USD 1.53 and outperforms many other sectors, it still falls short of its value-added potential.

Chart 47- Export Price Per Kilo in Various Sectors (USD)



Source:TUIK, IEIS

Because Türkiye's domestic pharmaceutical prices are used as reference prices in export markets, companies often enter foreign markets at significantly lower prices than they should.

Other issues such as licensing, customs procedures, and unauthorized exports of subsidized products—originally developed and priced for domestic public benefit—without company approval, are serious concerns. Solving these problems is essential if Türkiye is to become one of the world's leading pharmaceutical producers and exporters.

In 2024, the Turkish pharmaceutical industry exported to approximately 186 countries, led by the European Union (EU), Commonwealth of Independent States (CIS), North Africa, and Middle Eastern countries. The European region accounted for 53.6% of pharmaceutical exports, followed by Asia at 38%. The top 20 export countries made up 74% of total pharmaceutical exports in 2024.

Table 10- First Twenty Countries in Pharmaceutical Export (Million USD)

Countries	2023	2024	Share 2024	Change
Hungary	169,1	428,2	19%	153%
South Korea	457,9	307,3	13%	-33%
Georgia	139,6	156,3	7%	12%
Iraq	110,1	125,8	5%	14%
Iran	85,4	97,4	4%	14%
T.R.N.C.	58,4	66,6	3%	14%
Poland	101,1	63,3	3%	-37%
Bulgaria	30,6	54,0	2%	77%

Germany	41,0	54,0	2%	32%
Azerbaijan	59,4	47,5	2%	-20%
Uzbekistan	49,9	35,8	2%	-28%
Russian Fed.	37,0	35,4	2%	-4%
Kazakhstan	58,6	35,4	2%	-40%
Slovenya	29,8	35,4	2%	19%
France	28,1	34,2	1%	21%
Switzerland	29,1	30,2	1%	4%
Albania	28,0	26,2	1%	-6%
Syria	35,6	25,6	1%	-28%
Somalia	23,7	20,4	1%	-14%
Netherlands	20,0	19,6	1%	-2%
Total of List	**1.592,4**	**1.698,7**	**74%**	**7%**
Total Export	**2.226,1**	**2.295,7**	**100%**	**3%**

Source: TUIK, IEIS

Pharmaceutical imports in 2024 came from 103 countries, with 61.2% from Europe and 20.8% from Asia. The top 20 countries accounted for 97% of Türkiye's total pharmaceutical imports that year.

Table 11- First Twenty Countries in Pharmaceutical Import (Million USD)

Countries	2023	2024	Share 2024	Change
Germany	968,5	1.041,9	17%	8%
USA	778,4	984,6	16%	26%
China	526,1	539,6	9%	3%
Ireland	441,3	507,5	8%	15%
Italy	353,4	462,1	7%	31%
Switzerland	326,8	420,8	7%	29%
South Korea	377,0	352,9	6%	-6%
France	347,9	315,0	5%	-9%
India	271,8	248,9	4%	-8%
Belgium	207,5	216,6	3%	4%
Spain	159,6	160,0	3%	0%
Austria	119,7	139,5	2%	17%
Netherlands	111,7	107,3	2%	-4%
United Kingdom	123,3	103,5	2%	-16%
Denmark	95,4	81,7	1%	-14%
Greece	75,0	80,5	1%	7%
Japan	60,3	75,1	1%	24%
Brazil	48,8	64,7	1%	33%
Sweden	77,7	60,2	1%	-22%

Canada	27,8	40,9	1%	47%
Total of List	**5.497,9**	**6.003,4**	**97%**	**9%**
Total Import	**5.735,4**	**6.220,1**	**100%**	**8%**

Source: TUIK, IEIS

Table 12- First Five Products in Pharmaceutical Export (Million USD)

CTSP	Product	2023	2024	Share 2024	Change
3004	Medications prepared for usage in treatment or prevention (dosed)	1.367	1.333	58%	-2%
3002	Human blood, animal blood, serum, vaccines, toxins, etc.	707	803	35%	14%
3006	Pharmaceutical goods and ready-mades that are not included in any other part of the Tariff	65	72	3%	12%
2936	Pro-vitamins and vitamins	17	21	1%	21%
3003	Medications mixed for usage in treatment or prevention (no dosage)	20	15	1%	-22%
Total of List		**2.175**	**2.244**	**98%**	**3%**
Total Export		**2.226**	**2.296**	**100%**	**3%**

Source: TUIK, IEIS

Based on Customs Tariff Statistics Position (CTPS), in 2024:
Blood products, serums, vaccines, toxins, and dose-prepared medicines for treatment or prevention made up 93% of exports and 82% of imports in the pharmaceutical foreign trade category.

Table 13- First Five Products in Pharmaceutical Import (Million USD)

CTSP	Product	2023	2024	Share 2024	Change
3002	Human blood, animal blood, serum, vaccines, toxins, etc.	2.380	2.673	43%	12%
3004	Medications prepared for usage in treatment or prevention (dosed)	2.215	2.399	39%	8%
2941	Antibiotic	231	226	4%	-2%
2933*	Other compounds with a pyrimidine ring/piperazine ring in their structure (293359950038)	109	174	3%	60%
3006	Pharmaceutical goods and ready-mades that are not included in any other part of the Tariff	143	138	2%	-4%
Total of List		**5.078**	**5.611**	**90%**	**11%**
Total Import		**5.735**	**6.220**	**100%**	**8%**

Source: TUIK, IEIS

8. Pricing and Reimbursement Policies

In 2009, in response to the pressure of the global financial crisis on public finances, Türkiye introduced a radical global budget policy aimed at controlling healthcare expenditures—primarily by targeting drug prices. Drug budgets were set disproportionate to the services provided. As spending exceeded these limits, drug prices were continually lowered, and Social Security Institution (SGK) discount rates were increased. Additionally, although regulatory conditions were met, the Euro-to-TRY conversion rate used to calculate prices for EU-sourced drugs remained unchanged at 1.9595 TRY from April 2009 to May 2015, in an effort to control medicine spending.

The legal action initiated by the pharmaceutical industry to revise this fixed rate ended in its favor in April 2015. Following the ruling, the exchange rate was adjusted to 70% of the previous year's average Euro value, setting the 2017 rate at 2.3421 TRY. For 2018, although a 23% increase was due, only a 15% increase was granted temporarily, resulting in a rate of 2.6934 TRY.

In 2019, the adjustment coefficient was reduced from 70% to 60%, resulting in a conversion rate of 3.4037 TRY. In 2021, although a 26.5% increase was warranted, the rate was again raised by only 20%, bringing it to 4.5786 TRY.

Despite sharp exchange rate increases starting in late 2021, pharmaceutical exchange rate for 2022 was set at 6.2925 TRY in February, which did little to ease the sector's financial strain. By July 2022, under worsening conditions, the rate was raised by 25% to 7.8656 TRY. Continued increases in currency and input costs led to a further 36.8% increase in 2023, setting the rate at 10.7577 TRY, effective from December 2022.

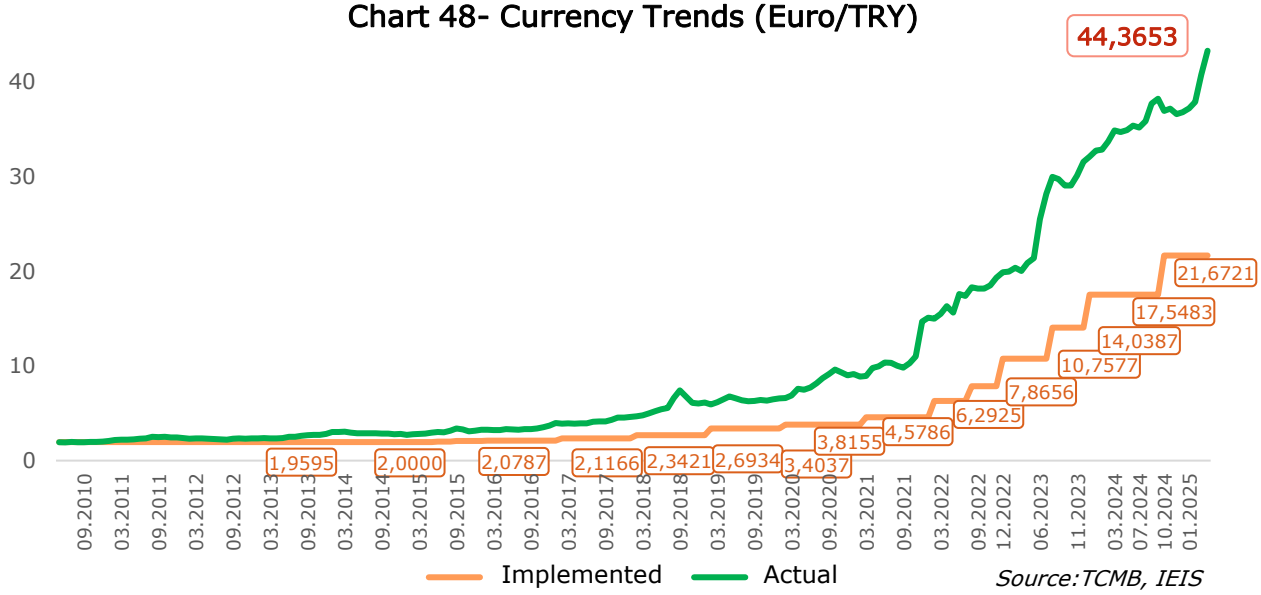
The economic challenges of 2023, including cost inflation, the earthquake disaster, the retirement age reform (EYT), and limited access to financing, intensified the burden on the industry. Meanwhile, the exchange rate continued to "erode" compared to market rates. On July 23, 2023, even though the market Euro rate was significantly higher, the pharmaceutical rate was set at 14.0387 TRY—just 48.7% of the actual market rate. Later, on December 16, 2023, the 2024 rate was set at 17.5483 TRY, still only 55.4% of the real market rate.

Despite ongoing exchange rate volatility throughout 2024, no adjustment was made until October 23, 2024, when the rate was raised by 23.5% to 21.6721 TRY, after persistent demands from the sector.

For many years, the pharmaceutical sector has operated under increasing strain due to the growing gap between the official pharmaceutical exchange rate and the actual market rate. This has highlighted the need for more dynamic regulations,

particularly emphasizing that the exchange rate should be updated at least twice annually.

Chart 48- Currency Trends (Euro/TRY)

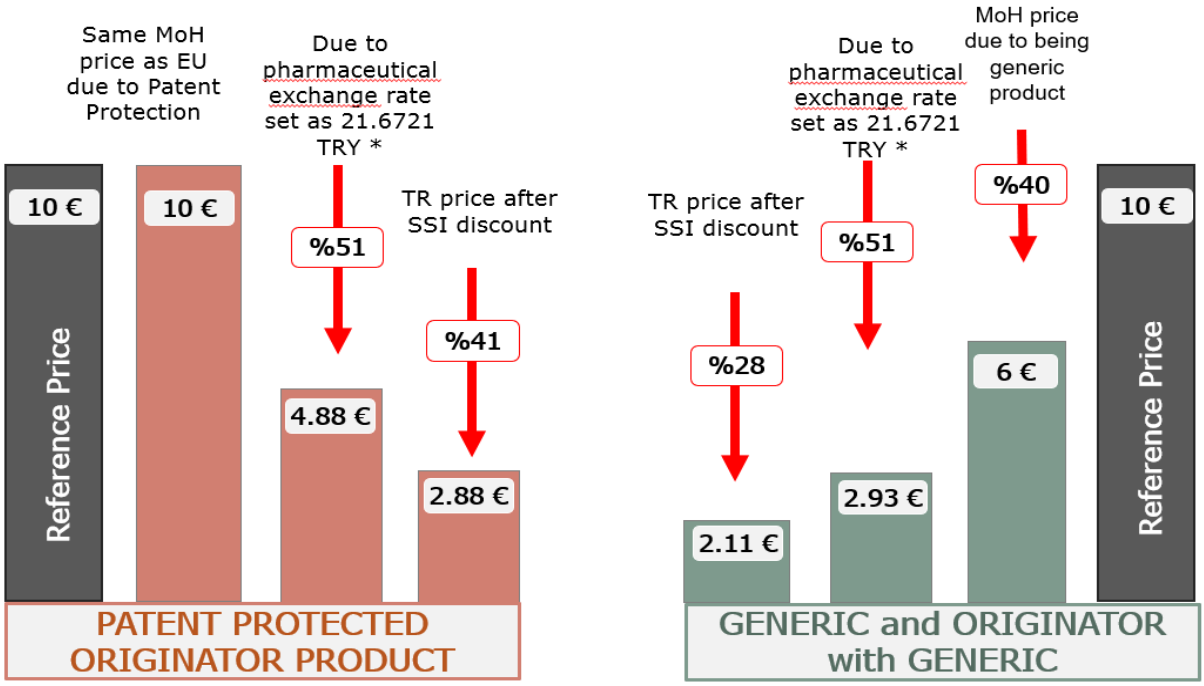


Source:TCMB, IEIS

Additionally, the industry faces heavy price pressure from SGK discounts reaching up to 41%. Due to SGK's cost-focused reimbursement model, drug prices in Türkiye have fallen below not only those in reference European countries but even those in India, where most raw materials are imported from.

A chart in the report shows that a product priced at €10 in reference markets is priced at just €2.88 in Türkiye if patent-protected, and €2.11 if it's an originator product that has generic competition or a generic.

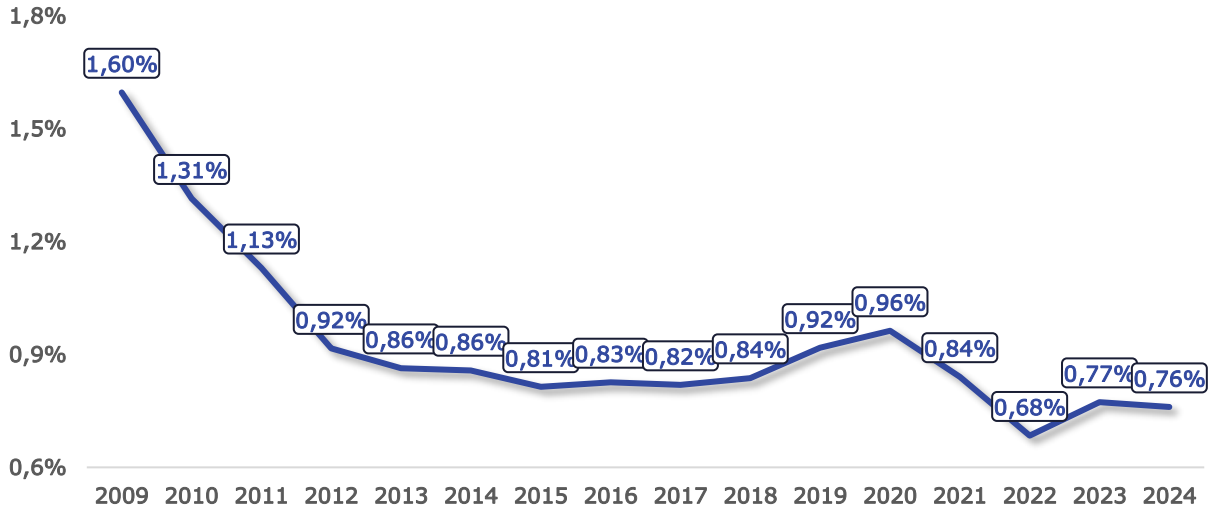
Chart 49- Pharmaceutical Pricing



* Calculations were made based on the value 44.3653 TRY dated May 2025.

The root cause of these financial challenges lies in the declining share of public budget allocated to pharmaceuticals. In 2009, pharmaceutical expenditures peaked at 1.6% of Türkiye's GDP, but have steadily decreased—reaching only 0.76% in 2024.

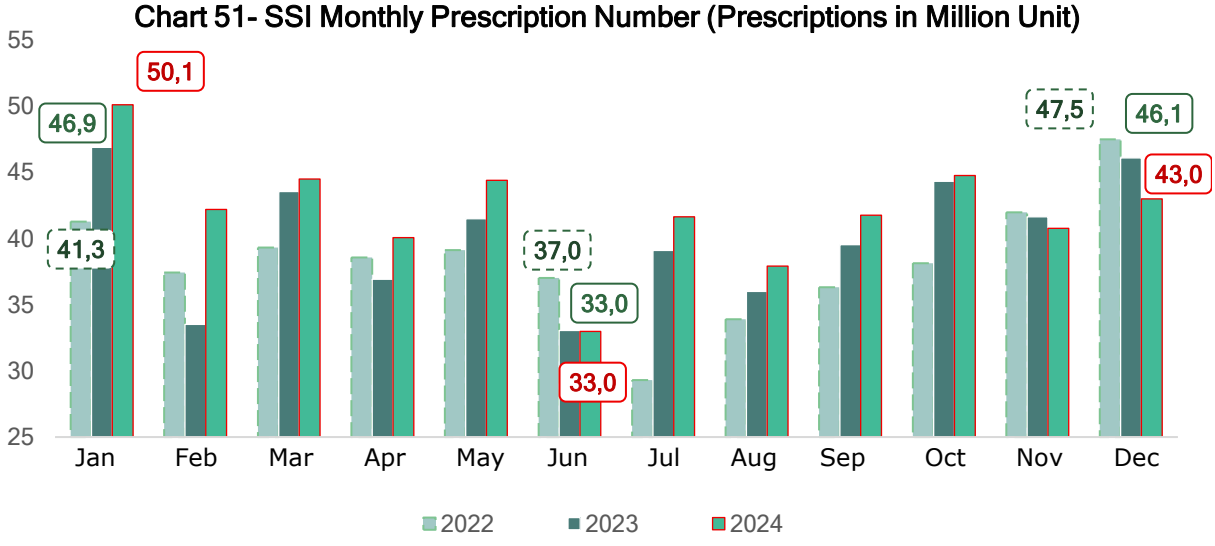
Chart 50- Share of Pharmaceutical Expenditures in GDP



Source:SSI,TUIK, IEIS

Despite extreme global and domestic challenges since 2020—such as COVID-19, earthquakes, economic distress, regional wars, rising crises, supply chain issues, logistics disruptions, cost spikes, and sales fluctuations—the Turkish pharmaceutical industry maintained uninterrupted production. It continued to meet demand by supplying an average of 42 million prescriptions per month in 2024, a 4.6% increase, thus preventing disruptions in drug access within healthcare services.

Chart 51- SSI Monthly Prescription Number (Prescriptions in Million Unit)



Source: SSI Health Statistics, IEIS

9. Conclusion and Evaluation

The pharmaceutical industry, one of the most strategic sectors in our country with high added value and potential, works diligently in collaboration with public institutions and academia to ensure sustainable and effective drug supply security, backed by over a century of experience. The COVID-19 pandemic and recent earthquake disasters once again demonstrated the critical importance of supply security for pharmaceuticals and vaccines, and our industry successfully fulfilled its demanding responsibilities.

As in all sectors, a predictable and sustainable environment is of vital importance for the pharmaceutical sector as well. The Periodical Euro Value (DAD), which plays a key role in this environment, was set at 70% of the average Euro rate of the previous year when the regulation was implemented in 2016, and this ratio was reduced to 60% in 2019. However, the implementation of the DAD only once per year, coming into effect in the second half of February, leaves the sector vulnerable to exchange rate fluctuations and production-related variables, placing an increasingly heavier burden on it each year.

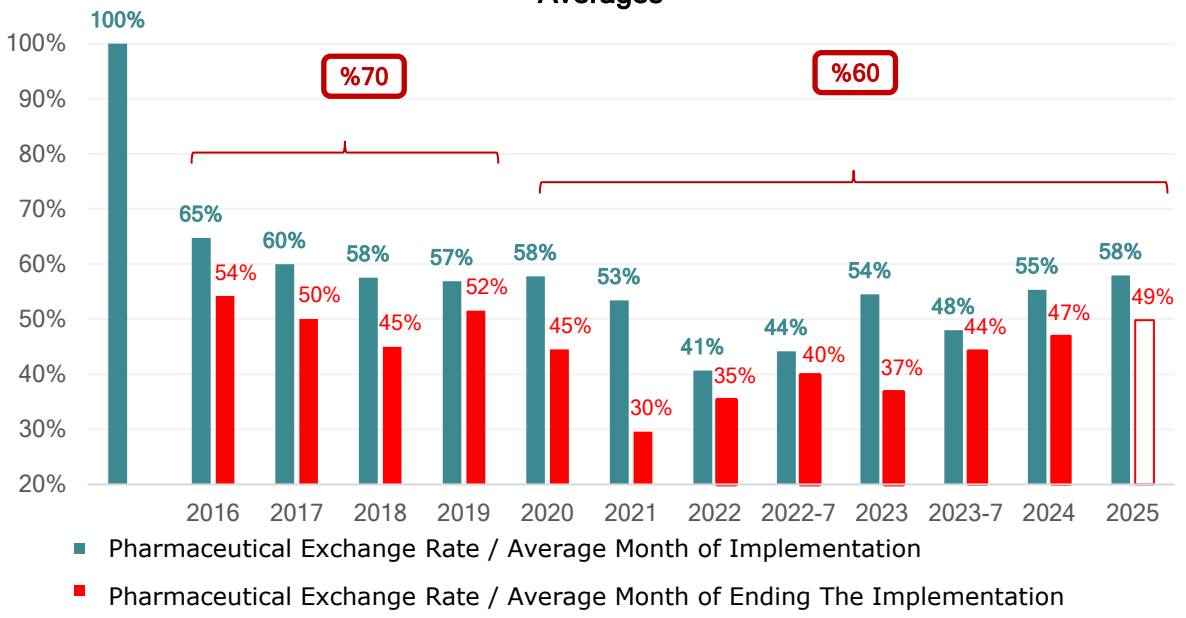
Starting from the last quarter of 2021, exchange rate volatility caused a sharp divergence between the declared pharmaceutical exchange rate and the actual Euro market rate, and this trend continued in subsequent years. This situation has reaffirmed the sector's calls in 2022 and 2023 for the exchange rate to be updated at least twice a year, and to be automatically implemented on the first business day after the end of each period, without requiring approval from a separate board or commission.

Despite persistent demands from the sector, the lack of regulatory adjustments in 2024 had negative impacts on the industry's operations. The industrial production index consistently declined, signaling contraction for the first time. This development has not only affected production but also exports, lowering unit prices and keeping pharmaceutical export performance below its potential.

Moreover, as shown in the chart illustrating the ratio of the DAD to both the average Euro rate in the month it was implemented and the month it ended, the sector has never actually reached the stated 70% or 60% thresholds. Since 2020, in 65% of the time, the DAD did not even reach 50% of the real exchange rate.

As of May 2025, the pharmaceutical exchange rate of 21.6721 TRY is now below 49% of the average Euro rate, highlighting the urgent need for an update.

Chart 52- Pharmaceutical Exchange Rate to Application Beginning and Ending Month Averages



Source: TCMB, TITCK, IEIS

The pharmaceutical sector is dynamic, constantly investing in new technologies, building new facilities to produce previously imported products, and requiring systematic upgrades to stay competitive.

As we enter the second century of our Republic, it is evident that this strategic industry must shift its focus from exchange rate and pricing struggles toward biopharmaceuticals and biosimilars, gene and cell technologies, advanced R&D, development of domestic molecules, high value-added exports, and digitalization and data use in pharmaceuticals.

Therefore, to protect and accelerate the growth of our national pharmaceutical industry, the price-focused financial discipline policy must be abandoned, and a comprehensive reform of the pricing legislation must be implemented in line with current realities.

In this new pricing regulation:

- The reference pricing system should be preserved, but its flaws must be corrected.
- Instead of selecting the lowest price among the five reference countries, the arithmetic average of the five should be used.
- The exchange rate should be determined on the first business day of the new year, and then updated four times a year based on the preceding 3-month average Euro rate.

Additionally:

- The 60% ratio should be raised back to 70%.

- Exchange rate updates should be automatic, not requiring board or commission approval, and implemented on the first business day following the end of the period.

These changes would help alleviate the sector's burden.

Moreover, reimbursement policies must not be shaped solely from a public finance perspective, but also take into account patients' access to medicines and the future of the Turkish pharmaceutical industry. These expenditures should be seen as investments in human capital.

In this context, it is essential that our country, which has one of the most comprehensive healthcare systems in the world, allocates an appropriate budget to provide adequate healthcare services to its rapidly aging and growing population.

Therefore, it is considered crucial that the share of the budget allocated to pharmaceuticals be increased—at least in the initial stage—to the average level of 1.1% recorded between 2002 and 2024.

The main goal in the pharmaceutical field should be to position our country first as a regional, and then as a global hub for pharmaceutical production and export. Accordingly, the domestically rooted pharmaceutical industry, whose foundations were laid over a century ago, must be further developed in line with emerging global trends in products and technologies. Ensuring localization in pharmaceuticals should be a core focus of our national policies.

Developing sustainable localization strategies and creating updated support models to promote domestic production in our pharmaceutical industry—backed by over a century of experience—is expected to generate added value and ensure supply security in both pharmaceuticals and vaccines.

As part of this multifaceted localization process, investing in the local production of pharmaceuticals—especially in biotechnology, where we remain import-dependent—will lead to:

Increased employment of qualified professionals, modernization of production technologies, expanded R&D capacities, a reduction in pharmaceutical imports and greater foreign currency inflows through the export of newly produced drugs.
This, in turn, will contribute to reducing the trade deficit.

Furthermore, strengthening the pharmaceutical industry will also support the development of supporting sectors, such as suppliers of intermediate goods, machinery, equipment, and raw materials. This will pave the way for domestic

production of many currently imported components and help build a strong pharmaceutical ecosystem through a clustering approach.

The pharmaceutical industry needs strong support from public authorities. Thanks to physical investment incentives provided so far, the industry has already made substantial investments—and continues to do so.

However, since the public incentive system largely depends on tax exemptions and reductions, this has proved insufficient, especially in the field of biosimilars, which require large-scale and continuous investment. Therefore, the industry requires increased financial support in the form of direct funding, as well as additional incentives such as low-interest loans for investment.

In addition, positive discrimination policies in favor of domestically produced biosimilars should be integrated into reimbursement systems and licensing procedures. Regulatory changes must ensure that domestically produced biosimilars can be quickly included in the reimbursement list and should be subject to 0% discount rates. For high-investment drugs that place a heavy burden on the public budget, mechanisms should be established to guarantee local production through clear and objective pricing and purchasing guarantees.

Moreover, in many parts of the world—especially within the EU—regulators have started to waive the requirement for Phase III clinical trials when the biosimilar quality dossier is deemed sufficient.

This change allows for faster market access and relieves companies of the high cost associated with Phase III clinical studies.

It is critical that similar regulatory adaptations be promptly implemented in our country as well.

Removing barriers to the rapid and safe market entry of pharmaceutical products is of great importance to the sector.

We are confident that, with the right policies, there is no obstacle to our industry becoming a globally competitive producer and exporter—and we remain fully committed to working toward that goal with all our strength.

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