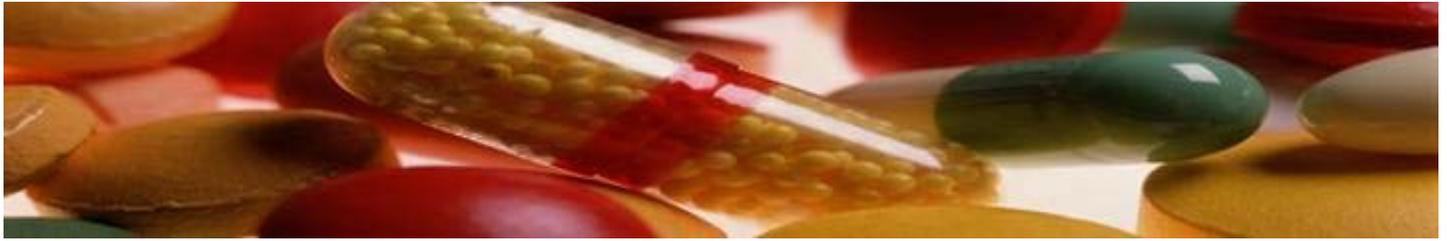


Recent Price Trends in the Pharmaceutical Industry

2016

www.bls.gov/mxp



U.S. Import and Export Price Indexes contain data on changes in the prices of nonmilitary goods and services traded between the United States and the world. The U.S. Bureau of Labor Statistics produces these indexes, which are Principal Federal Economic Indicators.

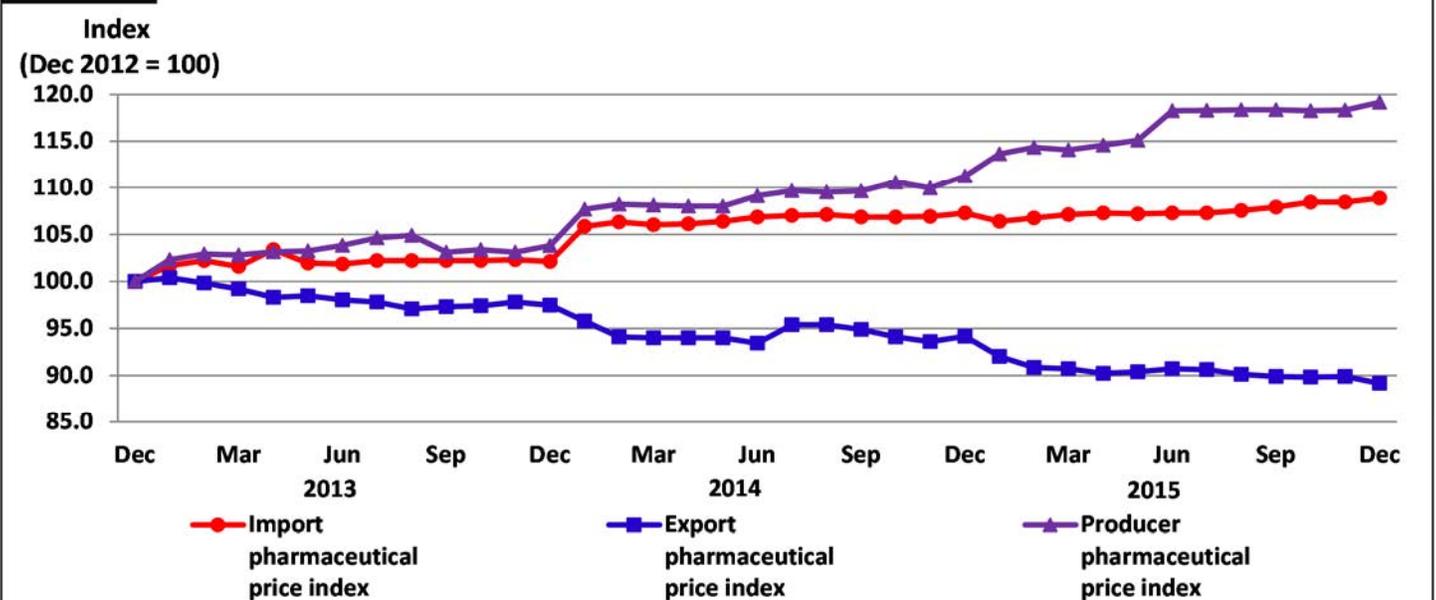
Q: How have import pharmaceutical prices trended over the 2013–2015 period? (See chart 1.)

- Import pharmaceutical prices increased 2.1 percent from December 2012 to December 2013, and 5.1 percent from December 2013 to December 2014. The price index then increased 1.5 percent for 2015.
- Despite the upturn in the value of the U.S. dollar in 2015, import prices recorded over-the-year increases throughout the 3 year period.
- Rising prices in the index slowed in 2015, recording its smallest 12-month increase in July 2015 since the index was first published in December 2005.

Q: How did import pharmaceutical prices compare with other economic data?

- Import prices rose 8.9 percent between December 2012 and December 2015. In comparison, producer prices advanced 19.2 percent over the same period. Approximately 70 percent of pharmaceutical imports are made up of intra-company trade which tends to exhibit less volatile price trends compared to market trade as displayed in chart 1.
- The trade value for pharmaceutical imports totaled \$85.6 billion in 2013, increasing 9.2 percent from 2013 to 2014. Between 2014 and 2015, the total trade value for pharmaceutical imports rose from \$93.5 billion to \$110.0 billion, advancing 17.6 percent.

Chart 1. Import, export, and producer pharmaceutical price indexes



Source: U.S. Bureau of Labor Statistics, International Price Program.





Q: How have export pharmaceutical prices trended over the 2013–2015 period? (See chart 1.)

- Beginning in February 2013, export pharmaceutical prices have recorded consecutive over-the-year declines. Overall, the index dropped 10.8 percent from December 2012 to December 2015.
- Weak demand from foreign markets and a stronger dollar attributed to lower export pharmaceutical prices starting in 2013.

Q: What are the top six exporting states and territories for Pharmaceutical Manufacturing? (See chart 2.)

- In 2015, the total trade value of exported pharmaceuticals was over \$58.3 billion. The top six exporting states and territories accounted for 63.7 percent of this total trade value.
- Puerto Rico was the leading exporter for pharmaceuticals among the states and territories in 2015, at nearly \$14.0 billion. Puerto Rican exports accounted for 24.0 percent of total U.S. pharmaceutical exports.
- Indiana ranked second, with just under \$7.9 billion of pharmaceutical exports; representing 13.6 percent of total U.S. pharmaceutical exports.
- California ranked third, with just under \$6.6 billion of pharmaceutical exports; representing 11.3 percent of total U.S. pharmaceutical exports.
- California was the third ranking state with over \$6.6 billion, accounting for 11.3 percent.

Q: How are import and export price indexes useful to you?

Import and export price indexes can provide a new perspective for your trade analyses. Although many sources report domestic market prices and trade volume, IPP data are unique in measuring import and export price inflation.

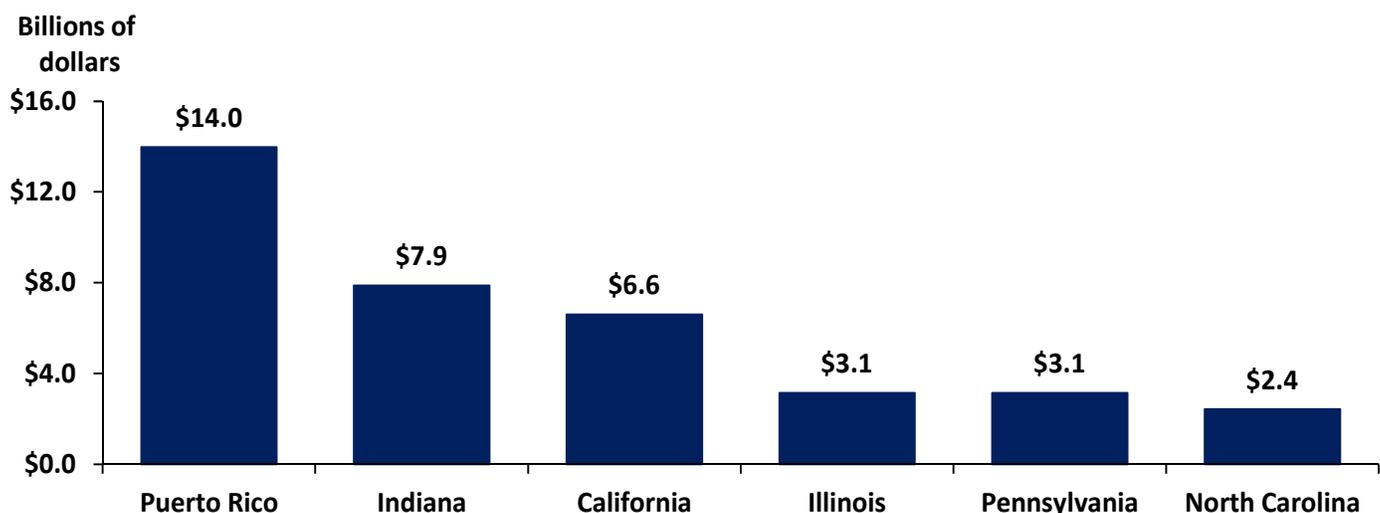
For example, if you are involved in the pharmaceutical industry and you are considering conducting business overseas, IPP pharmaceutical indexes can supplement your industry research by providing long-term import and export price trends.

Q: How are import and export price indexes used?

Import and export price indexes are used for a variety of purposes:

- In the conversion of U.S. trade figures from current dollars to constant dollars in U.S. trade statistics including the Bureau of Economic Analysis' Quarterly Gross Domestic Product and the Census Bureau's monthly U.S. trade statistics.
- To assess the impact of international trade on domestic inflation and the competitive position of the United States.
- As a tool for analyzing fiscal and monetary policy, measuring the impact of exchange rates, and escalating trade contracts.
- To identify industry-specific and global price trends.

Chart 2. Top six exporting states and territories for Pharmaceuticals Manufacturing in 2015



Source: U.S. Census Bureau, Foreign Trade Statistics.