Contents

• Demographics
• Economic factors
• Pharmaceutical market characteristics
• Summary - Overview of markets
Population (million)

Source: EIU
% of population aged 65+ years

Source: EIU
Population growth (%)

Source: EIU
India - 2007 - US$972.7 billion;
2015 - US$2,312.5 billion

Source: EIU
GDP growth (%)

Source: EIU
<table>
<thead>
<tr>
<th>Country</th>
<th>Market Size (US$ bn)</th>
<th>Per Capita (US$)</th>
<th>Growth Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>4.2</td>
<td>106</td>
<td>10.0</td>
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<tr>
<td>Brazil</td>
<td>12.9</td>
<td>70</td>
<td>5.0</td>
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<tr>
<td>Chile</td>
<td>1.3</td>
<td>82</td>
<td>9.0</td>
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<tr>
<td>Colombia</td>
<td>1.8</td>
<td>38</td>
<td>5.0</td>
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<tr>
<td>Cuba</td>
<td>273 million</td>
<td>24</td>
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<tr>
<td>Mexico</td>
<td>13.2</td>
<td>122</td>
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<td>Peru</td>
<td>963 million</td>
<td>34</td>
<td>5.0</td>
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<tr>
<td>Venzuela</td>
<td>3.6</td>
<td>133</td>
<td>12.1</td>
</tr>
</tbody>
</table>
Argentina

- Market collapsed by 70% in 2002
- Copycat products traditionally dominate
- Limited intellectual property rights
- Government plans to increase pharma access
- Market growth dependent on economic stability
Brazil

- Largest market in Latin America
- Becoming more characteristic of a ‘developed’ market
- Access to pharmaceuticals is a national issue
  - Compulsory licensing in emergencies
- Limited culture of registering innovation
  - Bioequivalence standards rarely adhered to
- Despite cost containment, considerable growth potential
Brazil - continued

- Growth of generics to outperform pharma market
- Govt plans for increased investment in domestic production
- ‘Popular pharmacies’ & OTCs to increase market volume
- Market is heavily dependent on GDP growth
Chile

- Sixth largest market in region, characterised by protectionism
- History of low IP adherence
  - Adoption of international standards to enter other markets
- Copycat drugs - an historical issue
  - MoH keen to import from India as a means to contain expenditure in the hospital sector
- Perceived to be one of Latin America’s better economic performers
Colombia

• Fifth largest market - high incidence of ‘under-the-counter’ sales
• Healthcare reform instrumental in market growth
• Domestic industry relatively well-developed
  – Some indigenous industry worried about impact of FTA
• Counterfeit goods, ≈2-3% of market value
  – Decreasing due to GMP adoption
• Market is very fragmented with many opportunities
Cuba

- Strong domestic pharmaceutical & biotechnology
- Production is GMP compliant, but imports continue to increase
- Economy continues to grow, 9% - 2005, 5% p.a. over next few years
- Domestically produced drugs are heavily subsidised, while imports can be bought for hard currency
- Market growth is expected to mirror economic growth rate
Mexico

- Leading pharma market in Latin America
- Wave of generic producers looking for opportunities. Beware of counterfeit producers.
- Large proportion of expenditure is out-of-pocket
- Patent enforcement, increased hospital expenditure, increased drug consumption - some factors that have stimulated the market
- 40 blockbuster drugs come off patent by 2012
- Universal health coverage will further stimulate demand
Peru

• Small, stable market where preferential treatment is given towards other Latin American countries.

• High proportion are ‘poor’ - issue of healthcare provision

• Public & private sector collaboration will stimulate the market

• If have control of vertical system ⇒ price control

• Little enforcement of bioequivalence measures
Venezuela

- Recent, rapid market growth - 18.5% in 2005. Further expansion will be import led.
- Data exclusivity and lack of standards ensure that exports are negligible.
- New national health system will stimulate market.
- Wholesale and distribution chains control 70% of pharmacy sector.
- Market relies on economic performance for growth; generics - 40% of market by volume.
SWOT analysis for generics

**Strengths**
- Generic competition encouraged
- Weak reimbursement systems

**Weaknesses**
- Regulatory differences
- What is a ‘generic’?
- Non-standard bioequivalence
- Local industry protection
- Acceptance of generics

**Opportunities**
- IP enforcement & FTAs
- Improved quality control
- Promotion of generics
- Mandatory substitution

**Threats**
- Economies may not grow as expected
- Non-bioequivalence & ‘copycats’
Summary

- Market growth is heavily dependent on economic performance
- Healthcare reforms relate to more of the population gaining access to basic healthcare
- Price controls aim to reduce expenditure, not usage
- Generics to outperform market as a whole, beware of ‘copycats’
- Rapid market growth but still low per capita expenditure
Thank you

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