

Pharmaceutical Markets in Latin American Countries

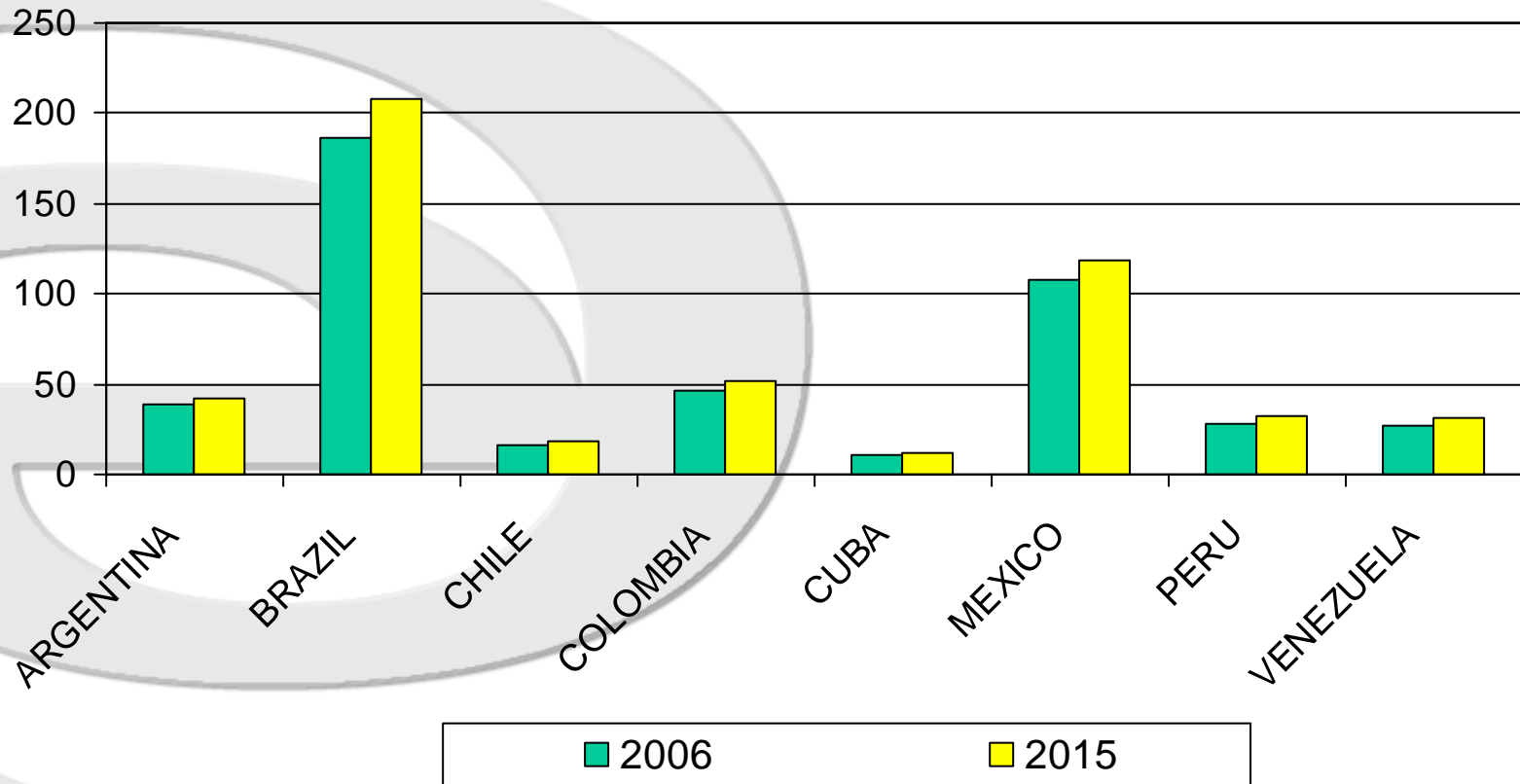
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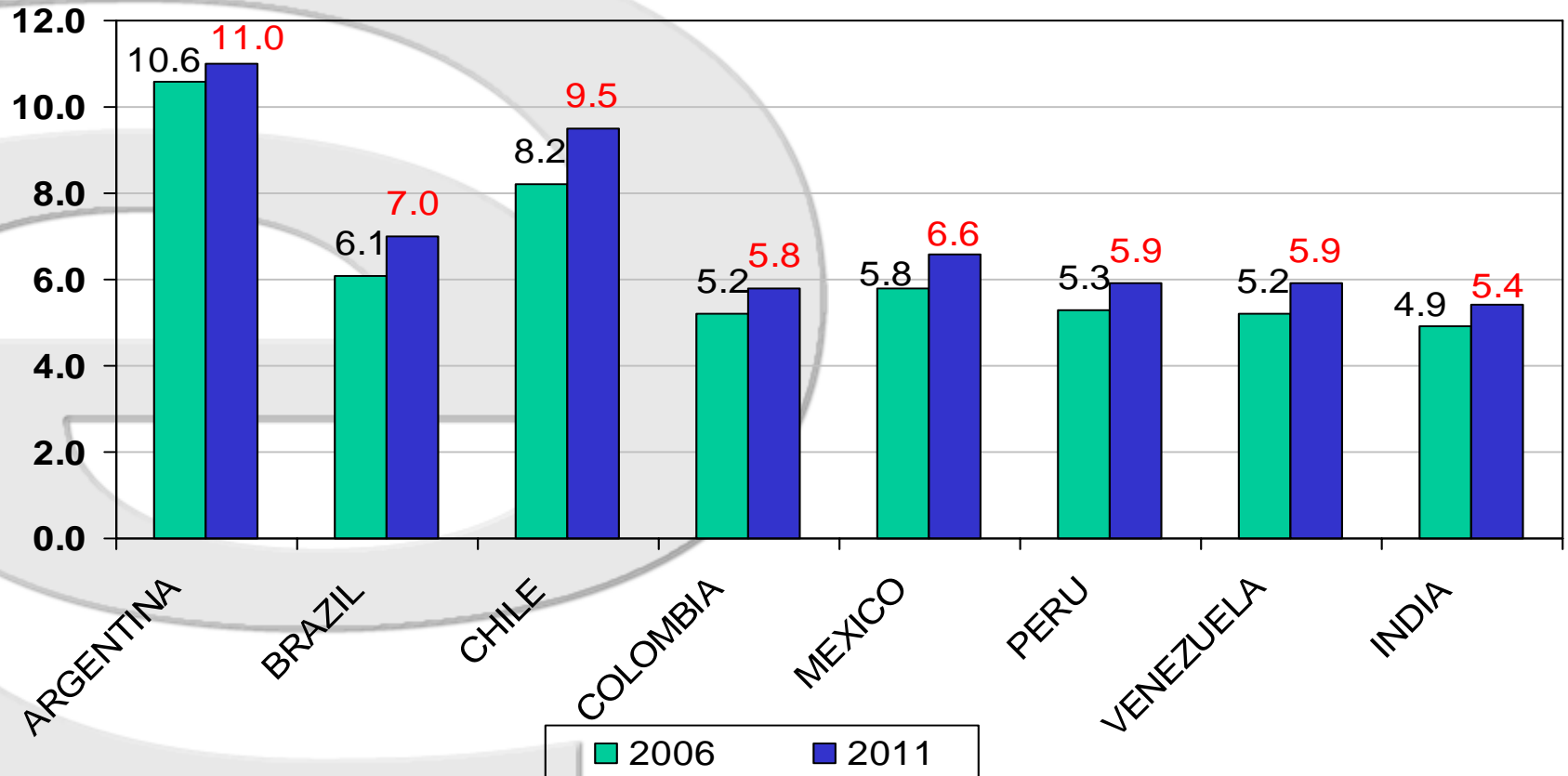
- Demographics
- Economic factors
- Pharmaceutical market characteristics
- Summary - Overview of markets

Population (million)



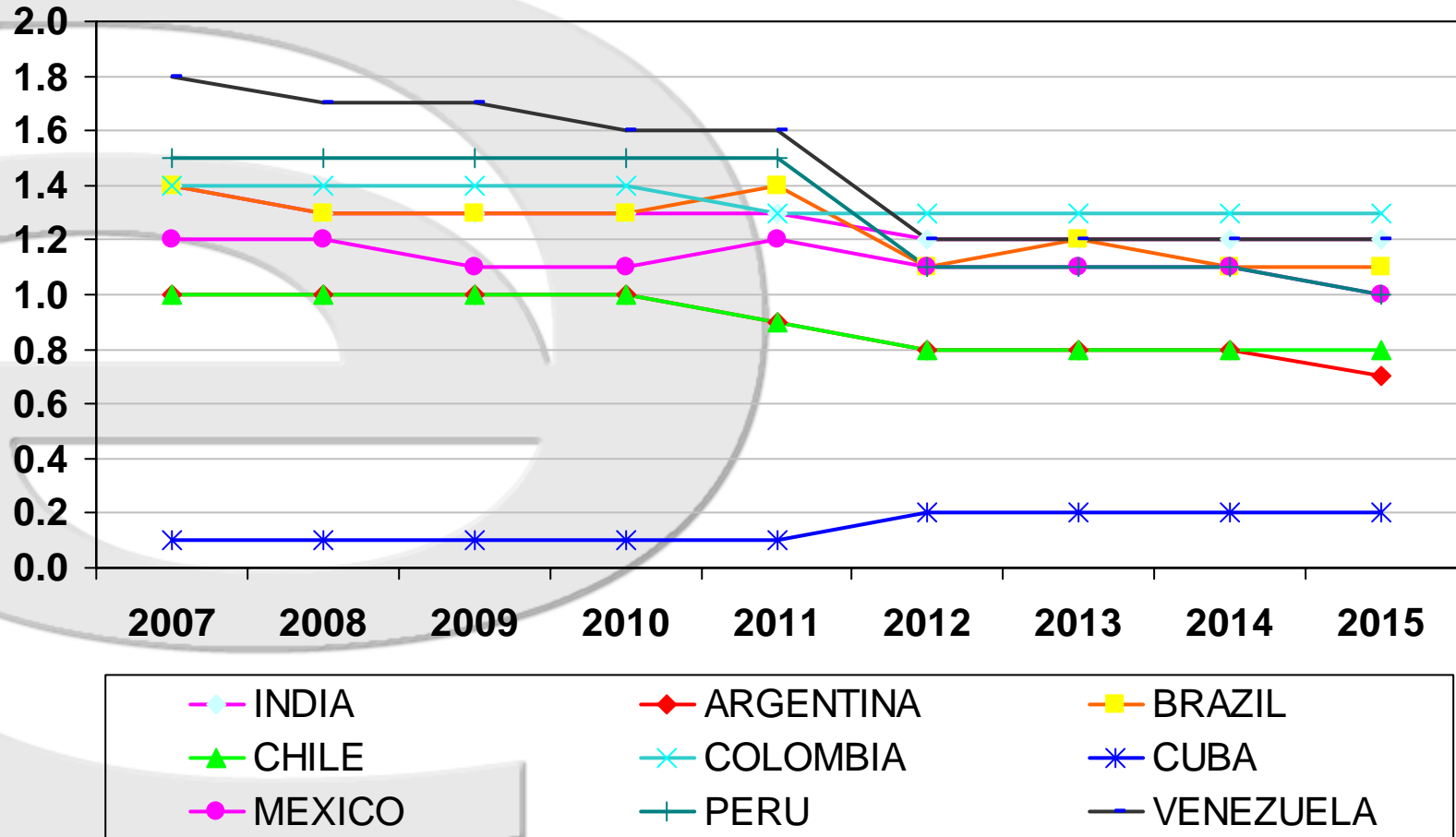
Source: EIU

% of population aged 65+ years



Source: EIU

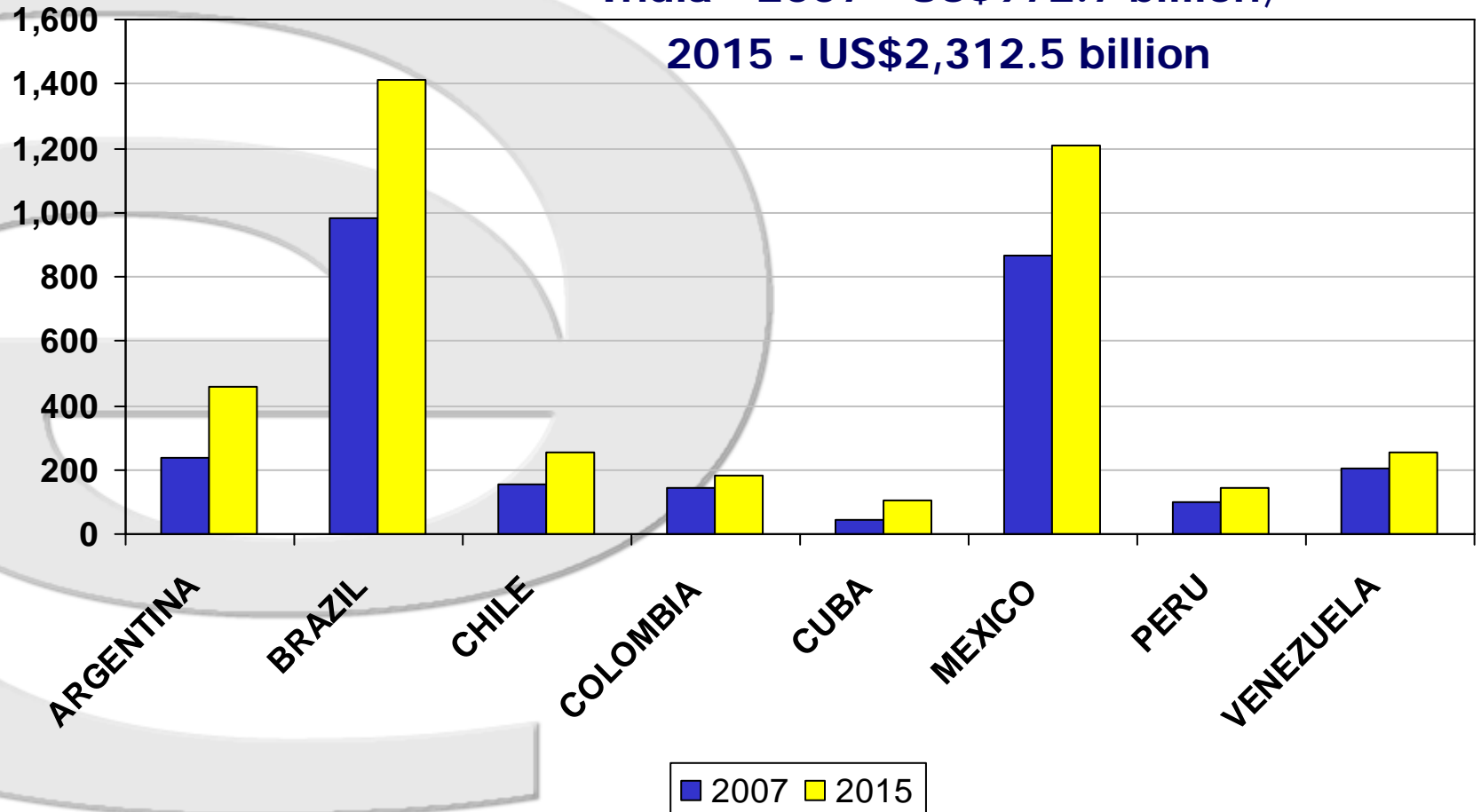
Population growth (%)



Source: EIU

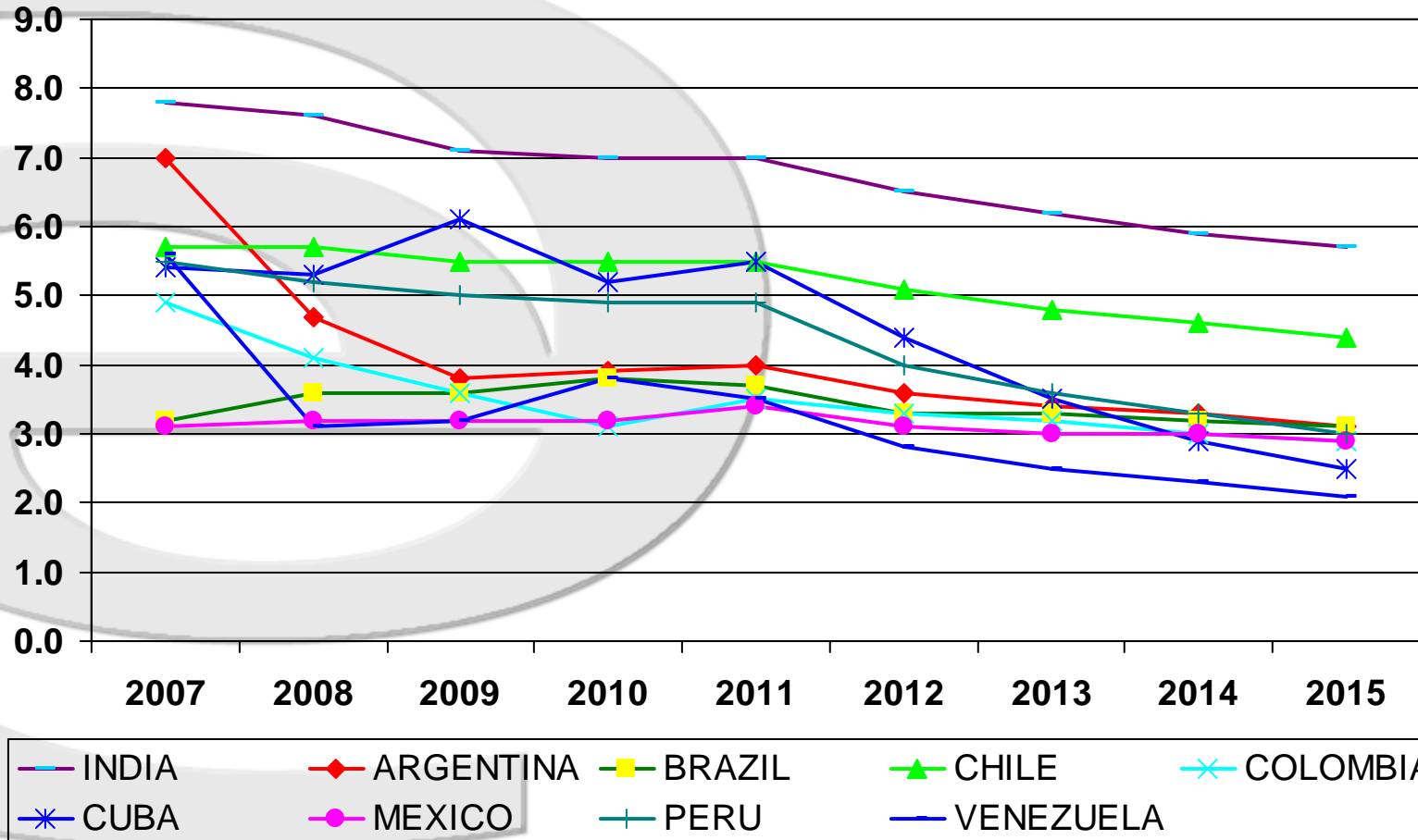
GDP (US\$ billions)

India - 2007 - US\$972.7 billion;
2015 - US\$2,312.5 billion



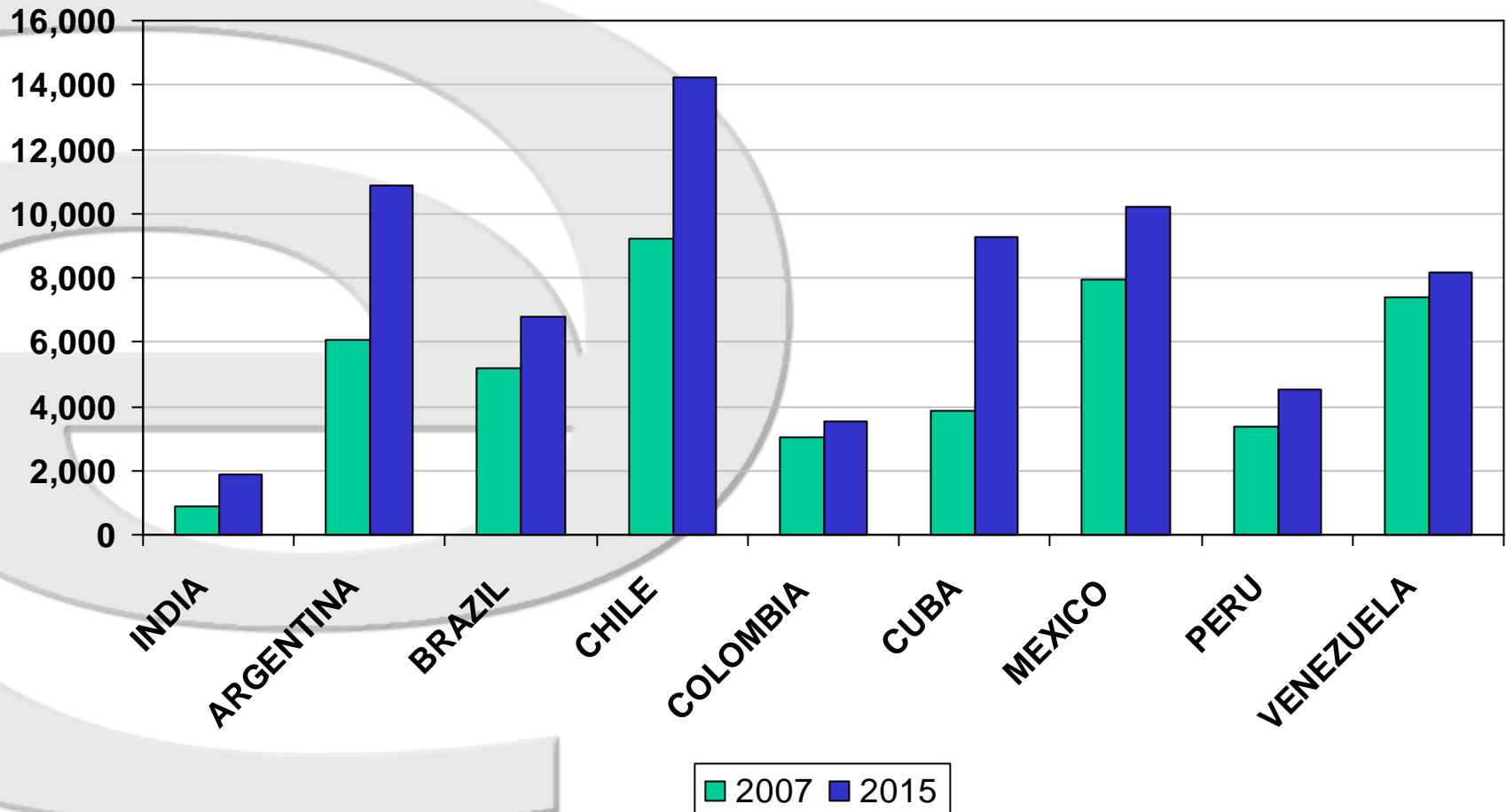
Source: EIU

GDP growth (%)



Source: EIU

GDP per capita (US\$)



Source: EIU

Pharmaceutical Market -2006

	Market Size (US\$ bn)	Per Capita (US\$)	Growth Rate (%)
Argentina	4.2	106	10.0
Brazil	12.9	70	5.0
Chile	1.3	82	9.0
Colombia	1.8	38	5.0
Cuba	273 million	24	5.0
Mexico	13.2	122	12.0
Peru	963 million	34	5.0
Venezuela	3.6	133	12.1

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, $\approx 2-3\%$ 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 \Rightarrow 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

Opportunities

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

Weaknesses

- Regulatory differences
- What is a 'generic'?
- Non-standard bioequivalence
- Local industry protection
- Acceptance of generics

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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