Pharmaceutical Industry in Latin America – An Overview

Antonio J. Ferreira
International Vice President
Johnson & Johnson

Latin America Business Environment Conference
University of Florida
November 2, 2012
Some Basic Facts (1)

- Population in excess of 600 million
- GDP of ~ $5.7 Trillion
- 7 Countries representing ~ 87% of total GDP and 80% of the population
- GDP growth around 3%-5%, thru 2014
- Inflation ~ 7%
- 2 countries (Brazil and Mexico) as key drivers of the region, in absolute terms
- Macroeconomics are stable with the exception of Argentina and Venezuela
Some Basic Facts (2)

- Political stability, with some notable exceptions
- Democracy and rule of law
- Dramatic reduction of extreme poverty levels
- Rise of emerging middle class
- Health Care is a “right” in most of the countries
Health Care System

• Governments provide most of HC
  • Various degrees of public / private participation
• Governments making an effort for better coverage/ access
  • Plan Auge (Chile), Seguro Popular (Mexico)
• Average GDP expenditures of ~ 8%
  • 4-5% in Peru to 9.3% in Argentina
  • Below $300 in Ecuador to almost $1,300 in Brazil
Pharmaceutical Market
General Characteristics

- Out of pocket markets
- Strong brand loyalty and quality awareness
- Limited prescription enforcement
- Strong role of distributors and retailers
Pharmaceutical Market

• Total Market of ~ $65 Billion
• Growth of around 12% for the next 4-5 years
  • Real growth significantly lower
• Public / Private split of 25%-75%
  • Argentina 90% private
• Market extremely concentrated
  • Brazil and Mexico with over 75% of total
Key Pharma Trends (1)

- Continuation of rapid growth of Branded Generic and Generic markets
- Middle class segment driving private market growth
- Radical power shift in the distribution and retail structures
- Increasing importance of the institutional market
- Rapid growth of biologics with momentum towards “biosimilars”
Key Pharma Trends (2)

- Increasing competition from local, regional and multinational companies.
- Increasingly challenging regulatory environment
- Increasingly nationalistic agenda
- Global Clinical Trials increasingly conducted in the region
- Limited supply of talent
Thank You