Argentina

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Argentina at a Glance

- Size: 1.1 million sq. miles
- Population: 42 million; 40% Buenos Aires
- Literacy Rate: 97.2%
- GDP: US$ 484 billion*
- Projected GDP growth 2014: GOA 3%; Private 1/-2%
- Unemployment: 7.5% (2013 est.)?%
- Est. Inflation 2014: 35%

*Source: CIA World Fact Book 2013

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Overall Market Challenges & Opportunities

- Slowing economic growth and inflationary pressures
- Interventionist economic policies and lack of transparency
  - Import restrictions
  - FX Controls
  - Import Substitution
- Trade surplus fell 92% in Q1 and continues to fall
- Technical default
- Lack of access to finance
- Uncertainty

- 2nd/3rd Largest economy in South America
- Argentine Imports from US: $10.3 Billion (2013)(3rd largest trading partner, out of total US$74 b)
- Over 500 U.S. companies operate in Argentina
- Large, diverse market with regional access
- Abundant natural resources, infrastructure, and human capital

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Healthcare Sector

- High level of healthcare expenditure:
  - Spends 7-9% of GDP (8.3% in 2013)
    = US$41 b (2013) or US$1,000 per capita
      - Asymmetric distribution of resources
      - Inefficiencies
      - High out-of-pocket expense

- Private expenditure: 42.7% private, with out-of-pocket payments representing nearly two-thirds of total spending

- Healthcare Provision is quite advanced:
  - in technology and quality of professionals.
  - Center of Reference for treatment and training in Latin America

- # of hospitals: 3,372 hospitals (1,842 public; 1,530 private)
- # of beds: 165,785 in 2013, equal to 4.0 per thousand people

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Healthcare Structure

- Structure: Federal System
- Ministry of Health – healthcare policies; regulatory role (ANMAT)
- Provincial and municipal health authorities: responsible for provision and financing of public health
- COFESA (Federal Health Council meets once/twice a year
- System is complex and fragmented:
- Coexistence of 3 main subsectors: Each differs in their:
  - Target population served
  - Type of services or coverage rendered (minimum PMO)
  - Origin of funding resources

3 Broad Subsectors

– Public Subsector (public hospitals & centers of health)

– Social Insurance Subsector (“obras sociales & PAMI)

– Private Sector (or pre-paid system: “prepagas”)

Public Subsector

- Free to all people
- Financed by taxes
- % of total healthcare expenditure: 57%
- Serves 50% of population; mostly low income or unemployed
- Wide coverage
- Different geographic realities

Social Insurance Subsector ("obras sociales & PAMI)

- Serves employed population/pensioners/retirees (PAMI)
- 2/3 of public healthcare expense
- Financed by employees and compulsory employer contributions
- Hires services mostly from private sector
- A few large unions have their own hospitals
- 300 organizations covering 19 million people
- Eg: Construction (Construir Salud); Retail (OSECAC)

Private Sector (Pre-pagas)

- Financed by contributions from middle and higher income citizens;
- Own facilities, hospitals and centers, or contracts out
- Covers 10% of population (4.5 million)
- Private expense: 43% (out of pocket expense 2/3)
- Different service plans: including PMO (Minimum Compulsory Coverage of Service)
- Highly concentrated in urban areas:
  - Buenos Aires and suburbs (representing 65%)
- Other major cities: Rosario, Córdoba, Mendoza, Santa Fe.
- 5 companies with 70% of market share; Eg. OSDE, Swiss Medical, Galeno, OMINT, Medicus

Medical Sector Overview

- Imports account for 70-75 %
- US leader market share: 25 %
- Imports decreased in 2013, but imports from the US grew slightly.
- Medical equipment imports: US$ 405m in 2013
- Imports from the US : US$102m in 2013

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Import Statistics

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	636.79	623.30	630	636.2
Total Local Production	287.00	278.00	283.00	285.8
Total Exports	61.90	59.90	62.00	62.6
Total Imports	41.20	405.20	409	413
Imports from the U.S.	101.40	102.10	104.7	105.7
Exchange Rate: 1 USD	4.40	5.47	8.45	?

For statistics, imports were based on the following Mercosur HS Codes: 84.13.19.00.1; 8413.91.90.2; 84.73.3099.910x; 85.40.71.00.100B; 90.11.10; 90.11.90.90.100; 90.12.10.10.000; 90.12.90; 90.18.10; 90.18.20; 90.18.30; 90.18.40; 90.18.50; 90.18.90; 90.19.20; 90.22.10; 90.22.20; 9022.30; 90.22.90; 90.27.90.99.200 – Source: Exi-Net based on Argentine Customs

Demand: Niche opportunities

- US products are known for their high technology and precision

- Middle and higher-end equipment:
  - E.g. imaging diagnostics equipment
  - medical ultrasound equipment
  - electrocardiograph equipment

  - specialized disposables and implants
  - cardiovascular products
  - clinical laboratory equipment
  - molecular biology products, and diagnostic reagents

- Product potential on a case-by-case basis

SubSector Demand Matrix

Medical Devices	Medical Devices - Monitoring Eq.	Medical Devices - Orthopedic	Medical Devices - Surgical	Medical Capital Eq.	Bio - Medical	Clinical Chemistry and Diagnostic	Dental	Dietary Supplement	Drugs & Pharma	Health IT	Laboratory Equipment	Used Eq.	Veterinary	Consulting Services
3	3	2	2	3	3	3	2	1	2	2	3	1	1	1

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Competition

- 2013 market share: United States: 25.2%; China: 15.8%; Germany: 13%; Japan: 8.6%; Mexico 4.3%
- U.S., Japanese and European-made equipment traditionally preferred
- Brazil: 0% tariff under Mercosur.
- Argentine production: growing: durable, but lower-tech:
- E.g; such as x-ray devices, peripheral equipment, illumination systems, furniture, operating tables, echographs and ECGs, monitors, oximeters, cobalt pumps, incubators, anesthesia equipment, sterilization equipment, basic lab equipment, instruments for arthroscopy, fixation instruments, instruments for video endoscopy surgery, wheelchairs, and scales, etc.
- Currently giving preferential treatment – import substitution
- More than 2,000 companies in Argentina:
  - 75% manufacturers
  - 25% are importers.

Market Entry & Registration

- The Mercosur common external tariff (CET) imports outside the MERCOSUR area (Argentina, Brazil, Uruguay and Paraguay):
  - 14% + 0.5 percent in a statistics fee
  - Landed costs = double FOB
- Imports must be made by an importer registered with ANMAT (Administración Nacional de Medicamentos, Alimentos y Tecnología Médica), the Argentine equivalent to the US FDA
- Product classification can be: Class I, II, III and IV.
- Registration: Documentation varies by product/ANMAT evaluator requirements. In general:
  - FDA Certificate (Certificate to Foreign Government) with an Apostille Seal
  - Letter or Certificate of Representation/Distribution in Spanish with an Apostille Seal
  - Users or Technical manual (in Spanish); Brochures and labels
  - ER Matrix (Essential Requirements)
  - Additional: electrical safety certification, manufacturing flowchart process and description; sterilization methods and parameters; scientific or clinical evidence report.
- ANMAT regulations on medical products can be found at: www.anmat.gov.

Trade Events

- Many industry congresses according to subsector

- Event: Expomedical 2015

Date: September 23-25

Place: Centro Costa Salguero, Buenos Aires

Webpage: www.expomedical.com.ar

Final considerations

- Argentine market is well worth considering, but the risks and challenges need to be weighed carefully
- This is a good time to be exploring and making plans
- The returns might take longer
- Careful structure of the business is crucial
- Some products might not be viable
- Consult with CS Argentina before you act

Thank You!

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