

2015 life sciences outlook Argentina

Argentina's pharmaceutical market =
\$6.6 billion in 2013

Growth rate = Contracting by 10 percent (in
U.S. terms) in 2014; growing marginally in
2015 and 5 percent in 2016-2018

Argentina is the fourth-largest pharmaceutical market in Latin America, behind Brazil, Mexico and Venezuela. Following years of strong expansion, pharmaceutical sales growth has slowed; a result of sharp economic deceleration, erosion of real incomes, and persistent inflation.¹ Against this backdrop, life sciences companies are facing the dual challenges of providing affordable, effective treatments to consumers and achieving revenue and market goals.

Argentina's 2013 pharmaceutical sales were estimated at \$6.6 billion.² Continued inflation is expected to stunt pharmaceutical sales in 2014-15 — sales in U.S. dollar terms are projected to contract by 10 percent in 2014 and grow only marginally in 2015. If a change of government in 2016 improves economic policy and helps to control inflation, average annual sales growth should improve to around 5 percent in 2016-18 (assuming depreciation of approximately 10 percent a year). By 2018, total pharmaceutical sales are expected to reach \$6.9 billion.³

As part of its efforts to stabilize and strengthen the economy, Argentina's government exerts pressure on life sciences producers and distributors to contain prices. In addition, the government is actively promoting increased use of generics; Plan Remediar, which provides free medicines through public clinics to people living below the poverty line, has helped to develop the use of generics.⁴

Argentina has a relatively well-developed pharmaceutical industry. Local production accounts for 85 percent of the market by volume, high by Latin American standards. National firms account for around 60 percent of sales by value, but many large multinationals are also present in Argentina.⁵ Local companies are increasing exports to Brazil and elsewhere, and some have invested in manufacturing and distributing facilities abroad. Also, government support is expected to encourage the domestic pharmaceutical industry to invest resources into the production of generic drugs, including biosimilars. Still, Argentina runs a trade deficit in pharmaceuticals; imports have risen sharply due to high inflation. In response, the government has introduced a number of protectionist measures.⁶

Argentina has one of the highest levels of generic prescribing in the world, which is eating into the sales of branded drugs.

Despite the country's current economic woes, Argentina's demographics — an aging population, longer life expectancies, increasing chronic diseases — are supportive of future life sciences industry growth. The demand for and use of innovative biopharmaceuticals and medical devices, and assisted technologies such as e-health and mHealth, are growing. Over-the-counter (OTC) products, which currently account for just over 25 percent of total sales by volume and 10 percent by value, should also help to drive growth.⁷

¹ *Industry Report, Healthcare: Argentina*, The Economist Intelligence Unit, June 2014

² *Ibid*

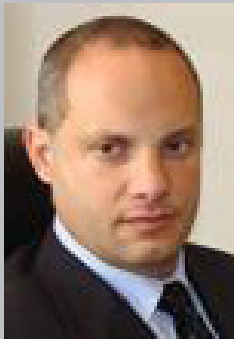
³ *Industry Report, Healthcare: Argentina*, The Economist Intelligence Unit, June 2014

⁴ *Ibid*

⁵ *Industry Report, Healthcare: Argentina*, The Economist Intelligence Unit, June 2014

⁶ *Ibid*

⁷ *Ibid*



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