2015 life sciences outlook
Mexico

Mexico's pharmaceutical market = $16.4 billion in 2013

Growth rate = 5.6 percent annually in 2014-2018

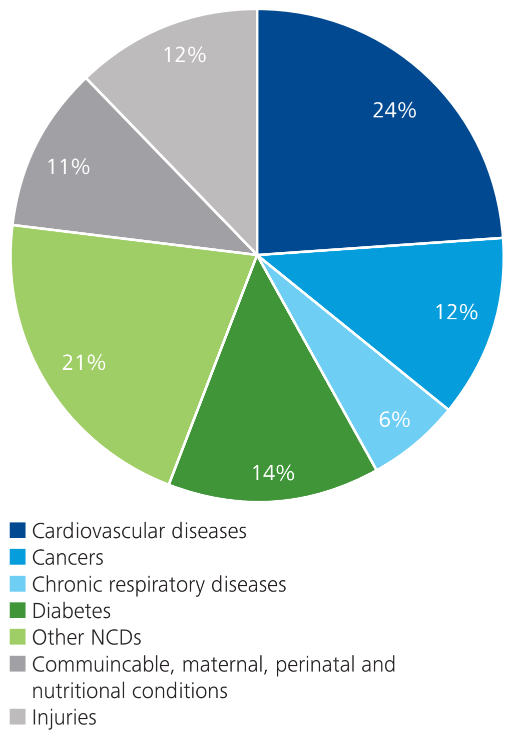
Mexico's pharmaceutical market is Latin America's second-largest, behind Brazil. It accounts for around 1.5 percent of the country's GDP and a quarter of its health care spending. After slowing in 2012-13, pharmaceutical sales growth is forecast to average 5.6 percent in 2014-2018, rising from an estimated $16.4 billion in 2013 to $21.5 billion in 2018.[1]

An aging population, growing middle class, and better access to health care services are greatly increasing consumer demand for pharmaceutical products. In addition, Mexico has been experiencing an epidemiological transition, from communicable diseases to chronic degenerative diseases. The government, in response, is seeking to transform the nation's health care model from its current focus on healing to a focus on disease prevention, and is introducing policies and programs that support innovative research and development (R&D) for new medicines that combat chronic diseases. For example, amendments to Article 170 Bis from the Regulation of Health Products continue to encourage investment in R & D, and to strengthen the country's scientific and technological infrastructure.

The government also has a goal of health care cost containment. For example, the Comisión Federal para la Protección contra Riesgos Sanitarios (COFEPRIS - Federal Commission for the Prevention of Sanitary Risks), the nation's health regulator, has encouraged the use of generic drugs that cover the most frequent health issues in the Mexican population, shown in Figure 1:

Figure 1: Most frequent Mexican population health issues

Proportional mortality (% of total deaths, all ages, both genders)[2]



Source: *World Health Organization (WHO)*, 2014

[1] *Industry Report, Healthcare: Mexico,* The Economist Intelligence Unit, June 2014

[2] World Health Organization (WHO), *Noncommunicable Diseases Country Profiles 2014*, [online], 2014, retrieved from < http://apps.who.int/iris/bitstream/10665/128038/1/9789241507509_eng.pdf?ua=1>

The Mexican government's investments in health care and R&D for early detection, treatment, and prevention of chronic diseases have boosted pharmaceutical sector growth.

According to COFEPRIS Federal Commissioner Mikel Arriola, Mexico has the largest penetration of generic drugs of any country—84 percent in 2013, up from 50 percent in 2010.[3] Mexican generics sales in 2012 generated estimated revenues of $3.4 billion—two percent of the world market—with estimated 2013 sales increasing 14 percent, to $3.8 billion. It is projected that the Mexican generics market will grow at 12.6 percent annually from 2012-2018, to reach revenues of $6.8 billion.[4]

Mexico's generics segment growth is being supported by the expiry of a number of drug patents, improvements in controlling production of counterfeit drugs,[5] and new laws on bioequivalence. In addition, the government is encouraging transnational and Mexican pharmaceutical companies to introduce generic medicines at affordable prices into the domestic market. To help control costs, large multinational laboratories are acquiring or forming alliances with smaller laboratories dedicated to research, especially in the field of biotechnology. Concurrently, smaller laboratories are seeking financial support from larger labs.

Around 300 companies account for the vast majority of Mexico's pharmaceutical sales; these include most major multinationals. About 80 percent of sales are from domestic production and the rest are imports. Mexico also has a large pharmaceutical export industry, which has been boosted by the country's network of free-trade agreements (FTAs). The main export destinations are Venezuela, the U.S., Brazil, Colombia, and Panama. U.S. tourists also continue to purchase Mexican prescription drugs, which are less expensive than those in the U.S.[6] To further local production and exports, the government is seeking to develop "biotech clusters" in collaboration with the private sector (both local and foreign firms) and universities.[7] Regulators are also continuing efforts to boost the quality of pharmaceutical production, as evidenced by the issuance of the Official Mexican Standard NOM-059-SSA1-2013 for good manufacturing practices, which is equivalent to existing international standards.

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3 Funsalud. Analysis with IMS Health data
4 *Visiongain 2014*
5 *Industry Report, Healthcare: Mexico*, The Economist Intelligence Unit, June 2014
6 Ibid
7 Ibid

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