

## Imported Medical Devices Account for Over \$10 Billion in Latin America

In 2014, exports of medical devices to Latin America are expected to top \$10 billion. Mexico, Brazil, Argentina and Colombia together accounted for more than 75% of imported devices. Mexico is the largest importer of the region with over \$2.5 billion in 2014, spent primarily for its proximity to the U.S., the North American Free Trade Agreement (NAFTA), and steadily the degree of local manufacturing. Brazil and Argentina are also large import countries, with \$2 billion each.

Medical devices meet a widespread demand for innovative, high-tech solutions in largely driven by the private sector – in contrast to other types of healthcare expenditures, which are more evenly balanced between the private and public sector. With over 10,000 hospitals in the region, Latin America is an attractive market for many foreign manufacturers.

The widening of countries across the region will result in an overall step-in demand for imported, state-of-the-art devices and technologies, leaving local manufacturers equipment which may be less capable to serving customers. Foreign manufacturers and their local distributors will have to promote creative financing options in order to stay on top of the market and increase their local customer profiles.

### Imported devices trump local production

With the exception of Brazil, manufacturers in Latin America have little local manufacturing of medical devices or medical technology. Relatively small domestic markets have high local growth in low, while weak intellectual property rights, inconsistent regulatory frameworks and a dearth of trained talent have held back foreign manufacturers from entering the region. As a result, most countries rely almost exclusively on imports, especially for high-end, complex devices. A smart regional strategy will account for differences and cluster among local markets.

- Brazil is the region's largest market for medical devices: the country accounts for 30% of the total exports of medical devices to Latin America and has a strong domestic manufacturing industry of its own. It has evolved into a mature market for medical devices, complete with a more developed regulatory system, free-trading agreements, stable local government and open opportunities, inspiring into Brazil and local regulation are complex and costly. To manage local competition should not be underestimated. A proper market assessment can help mitigate some of these challenges, helping make the right decisions.
- Though Mexico's market is second to Brazil in terms of local demand for medical devices, it is in fact the region's largest importer. Its proximity to the U.S., highly developed road system, integration into the NAFTA, and robust export

Figure 1: Exports of medical devices region by country\*



manufacturing ("maquila") industry make Mexico a natural expansion when looking outside the U.S. Additionally, the rate of global (multinational) exports for developed countries equates to the healthcare space, pharmaceuticals and to a lesser degree devices.

- Beyond the top four markets – Brazil, Mexico, Argentina and Colombia – a secondary market set, including Chile, Peru and Costa Rica. Each of these markets benefit from the right conditions: it make them attractive to medical device exporters and manufacturers, including respect for the rule of law, favorable currency and inflation requirements and higher levels of per capita spending on healthcare compared to regional markets. Third tier business locations, which more import markets assign to the higher regional players.

\*Source: Global Health Intelligence, based on Statista, ISTAT, CIMA, Eurostat, INEC, ISTAT.