

DRUGS AND PHARMACEUTICALS

Overview

US\$ billions	2010	2011	2012 (estimated)	2013 (estimated)
Total Market Size	20,632	25,600	30,000	35,000
Total Local Production	15,816	20,553	24,710	29,481
Total Exports	1,276	1,453	1,670	1,921
Total Imports	6,092	6,500	6,960	7,440
Imports from the U.S.	1,210	1,218	1,242	1,267

Exchange Rate: 1 USD 1.67

Total Market Size = US\$ 25.6 billion

Data Source: Sindusfarma

The Brazilian pharmaceutical industry is comprised of 380 local and 20 international companies established in the country. This industry represented total market value of approximately US\$ 25 billion in 2011, with an estimated 15% growth for 2012. Brazil is also among the five largest pharmaceutical markets in the world in terms of unit sales, and the eighth largest in market size. According to Brazil's Pharmaceutical Industry Syndicate (SINDUSFARMA), Brazilian pharmaceutical product imports in 2011 reached US\$ 6.5 billion, a 6.6% increase over the previous year's level. US exports account for approximately 18% of Brazilian pharmaceutical imports.

About 80% of pharmaceutical companies operating in Brazil are Brazilian-owned, but they are only responsible for a minority of domestic sales. Foreign firms, mostly from the United States and Europe, along with their Brazilian subsidiaries supply 70% of the market, not including direct sales to the Brazilian government.

Currently, pharmaceutical patents are granted for a period of 11 years. Taxes applied to medicines in Brazil are among the highest in the world. The government collects over US\$ 1 billion in taxes from the pharmaceutical sector. The cascading tax method applied on manufactured goods in Brazil affects several industries, and is one of the most important topics that private industry has raised with the Brazilian government. The process aimed at reducing taxes on pharmaceutical production is slow and bureaucratic. According to government statements, however, taxes applied on pharmaceutical products are expected to decrease in order to make drugs more affordable for the population. This has been the case more on the state level rather than the federal, though.

Generic Pharmaceutical Products

U.S. firms seeking to enter the Brazilian market should be aware that the local generic drug market is growing rapidly. Generic drugs first entered the Brazilian market in 1999. Since then, the sector has grown rapidly and is estimated to have accounted for more than 20% of sales in 2011. Nearly all generic production is purchased by the state's public health care systems as part of the federal government's program to distribute medicines to the poorest.

Sub-Sector Best Prospects

Major imports of pharmaceutical products, in value, are in the Harmonized System Code 30.04 as “Medicines with Cyclosporine A”, “Other Medicines with Heterocyclic Compounds in doses” and “Other Medicines for Therapeutic Use”.

Best prospects are related to modern lifestyle, such as contraceptive, erectile dysfunction, cholesterol, weight control, and diabetes; and other medicines for treatment of chronic diseases. Nutritional supplements, phytotherapeutic drugs and vitamins are also in high demand by Brazilian consumers.

Opportunities

Brazil’s pharmaceutical market represents an excellent opportunity for US firms for a variety of reasons. The size of the pharmaceutical market is significant, and this market will likely grow as the government lowers taxes on these products. Tax decreases will not only increase sales to current patients, but will bring into the fold those currently forgoing medication because of financial constraints.

Opportunities for US firms to export raw materials to Brazil are abundant. Approximately 85% of the raw materials used in the production of generic drugs in Brazil are imported. In addition, there is major demand for equipment and services associated with the construction of pharmaceutical manufacturing plants, representing another opportunity for US exporters.

Due to patent expiration of several drugs in 2010 and 2011, the market for generic drugs will present new opportunities for laboratories. Multinational companies are investing in the acquisition of local laboratories in order to establish a stronger presence in this segment.

Web Resources

Brazilian Agency for Sanitary Health: www.anvisa.gov.br
Sindusfarma: www.sindusfarma.org.br

Major Trade Shows:

- FCE Pharma - The largest technology event in the pharmaceutical industry
29-31 May 2012 - São Paulo
www.fcepharma.com.br
- Hospitalar - The largest medical event in Latin America
22-25 May 2012 – São Paulo
www.hospitalar.com
- For more market research reports please visit: www.export.gov/marketresearch.html
- For more information about export opportunities in this sector contact US Commercial Service Industry Specialist Jefferson.Oliveira@trade.gov.