Chile: Optical Equipment and Supplies

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Summary

Chile's 2006 optical market (sales of eye glasses, sun glasses, and contact lenses) is estimated at approximately US$150 million.

Chile relies on imports for all of its ophthalmology equipment and instruments, with imports totaling approximately US$3.5 million.

The small number of eye care professionals and the high costs of treatment hinder the Chilean optical market. The entire Chilean ophthalmology field is made up of approximately 700 professionals.

Market Demand

The Chilean Ophthalmology Society estimates that only 20% of the Chilean population uses optical lenses (glasses and contact lenses), which is small compared to more developed countries such as Germany (50%) or Spain (40%). The lack of glasses and contacts worn by the Chilean population can be attributed to the high cost of eye care for the majority of Chileans.

However, recent government policies are designed to make eye care more affordable. In July 2005, the Chilean government implemented a healthcare reform package aimed at reducing the inequities in the healthcare system. Chile's "Universal Access with Explicit Guarantees Plan" (AUGE) currently ensures government-funded healthcare coverage for individuals regardless of age, class and, most importantly, their ability to pay. This plan includes coverage of four optical pathologies: refraction vices in people older than 65 years, strabismus in children younger than nine years old, diabetic rinopathy, and non-traumatic retina detachment.

Furthermore, the Chilean Ophthalmologic Society recently signed an agreement with the Undersecretary of the Health Ministry to create a National Program of Ocular Health. This Program will use the Ministry of Health's resources to reduce the causes of blindness and to provide prompt and efficient care for the most serious eye diseases. The Chilean Ophthalmologic Society, together with a group of experts, has defined the five most serious eye pathologies: diabetic rinopathy, glaucoma, cataract, pediatric ophthalmology and refraction.

As said earlier, contributing to Chile's underdeveloped eye care sector is the limited number of professionals. The number of ophthalmologists in Chile is approximately 700, 84% of whom are located between the Metropolitan area, the V and VII regions. The lack of eye care professionals is most apparent within the public healthcare system with only one ophthalmologist per 67,000 patients, compared with the private sector with a ratio of approximately one doctor per 5,000 Chileans.

According to the 2002 census, approximately 0.28% of the Chilean population is blind. Of these 48,000 people, more than half, are over the age of 50.

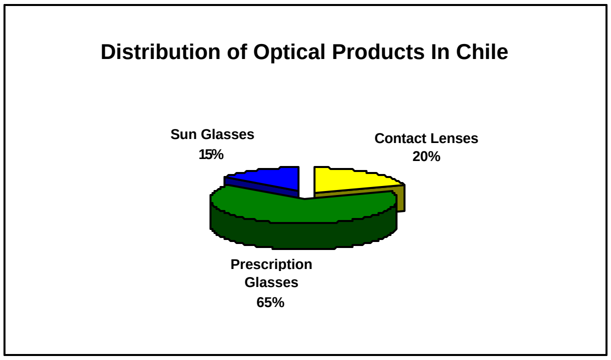
In June of 2005, the Ophthalmology Society of Chile estimated that near sitedness (presbicia) affects over 90% of Chileans over 50 years old. In response, the Chilean government authorized the sale of non-prescription over-the-counter glasses in order to increase the availability of eyeglasses to lower income citizens, most susceptible to presbicia, yet much less likely to visit an eye care professional.

Market Data

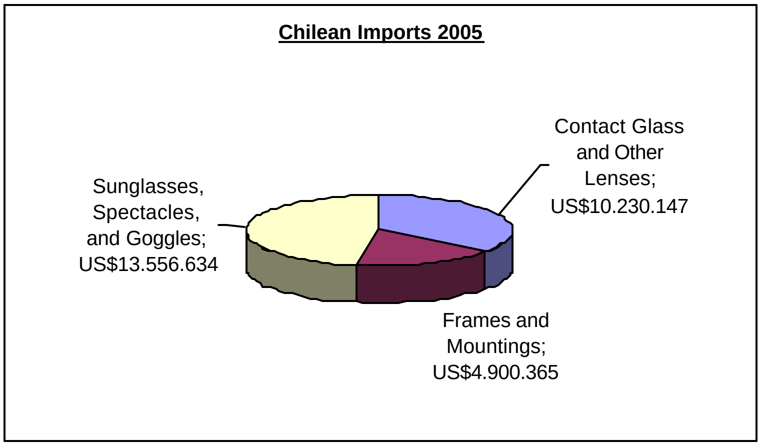
Chile currently imports the vast majority of its eye care products, importing all of its ophthalmology equipment, contacts, and most of its eyeglass lenses and frames. Chile currently manufactures a limited amount of crystals, frames and finished lenses.

Sales of optical products are expected to reach US$150 million in 2006.

According to industry leaders the optical market grew approximately 7% from 2004 to 2005. Industry expectations are for continued growth as the middle and lower classes gain access to less expensive, higher quality glasses and optical products.



Source: El Mercurio Newspaper and Industry expert's opinion



Source: Chilean Customs

Total 2005 Chilean exports amounted to less than US$ 500,000 and consisted mainly of eye glasses and contact lenses that had been previously imported and were exported to a third country.

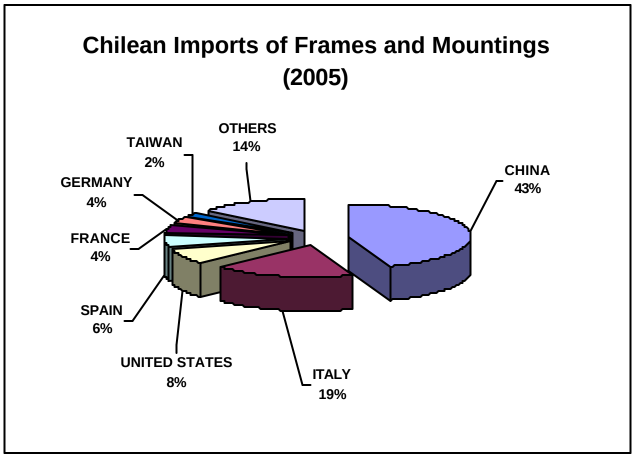
Best Prospects

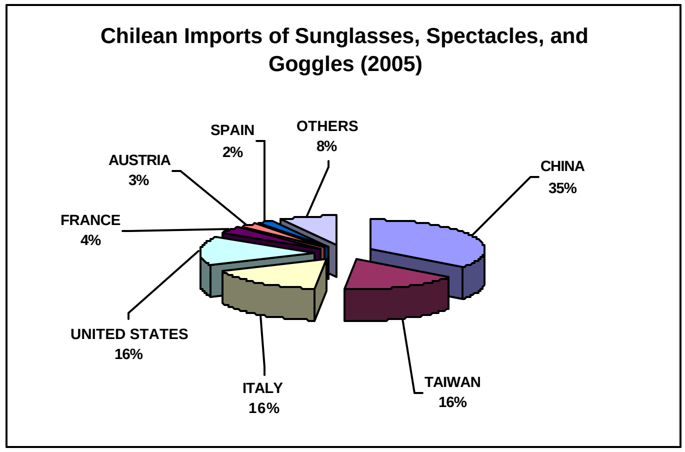
- Trivex (unbreakable material that replaces polycarbonate lenses). In Chile, Rodenstock recently began commercialization.
- Titanium frames.
- Winfit system.

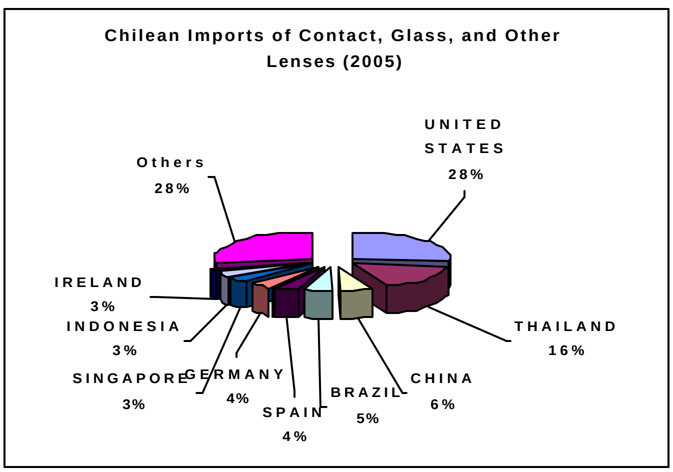
- Rotter & Krauss is planning on expanding their activities in Chile and are investing US$8 million in 2006 and 2007. This includes the building of a new optic laboratory.

- Distributors of ophthalmic equipment and instruments are interested in representing new clients, as long as the products are not too expensive and the company is willing to invest in making the brand known in the medical market.

Key Suppliers







Source: Chilean Customs

- Some of the main imported brands for contact, glass, and other lenses are: Rodenstock (Germany) 19%, Cibavision (US) 11%, Essilor (France) 11%, Polycore (Singapore) 8%, Accuvue (US) 5%, and Coopervision (US) 4%

- For frames and mountings some of the most imported brands are: Multiopticas 11%, Wenzhou 9%, Zhejiang 6%, Nigura 5%, Marchon 4%, and Sunplanet 4%.

- For sunglasses, spectacles, and goggles some of the most imported brands are: Bacou 7%, Sunplanet 6%, Zhejiang 3.5%, Luxxotica 3%, Metzler 2.5%, Uvex 2%, Oakley 2%

Prospective Buyers

The Chilean optical market is dominated by 4 main players, who account for nearly all of the $150 million dollars of eyeglasses, sunglasses, and contact lenses sold in Chile. These companies include:

- Rotter & Krauss: With approximately 100 locations throughout Chile, Rotter & Krauss is the market leader and expects 2006 sales of US$49 million, an 8% increase from 2005.
- Multiopticas: Including its three branches (GMO, Econoptica, and Sun Planet) Multiopticas has more than 125 stores nationwide and expects sales to increase by 20% in 2006.
- Place Vendôme
- Opticas Schilling

Main Distributors of Optical and Ophthalmologic Supplies and Equipment:

RODENSTOCK CHILE S.A.: Primarily a distributor of lenses, frames, ophthalmologic instruments, and optical machinery. The company also manufactures specialty lenses locally. Rodenstock Chile, 85% owned by Optische Werke G. Rodenstock of Germany, had sales of US$12 million in 2005, and accounts for nearly 35% of the optical market.

ALCON Laboratories: A U.S. Company bought by Nestlé. Ophthalmic pharmaceuticals, ophthalmic surgical equipment and devices, contact lens care products and other consumer eye care products that treat diseases and conditions of the eye. With the exception of eyeglasses and contact lenses, they operate in all areas of ophthalmology with an 80% share of the equipment and instruments market.

OFTOMED: Represents 10% of the equipment and instruments market. Imports, sales and maintenance of ophthalmologic equipment, instruments and products. Annual Sales: US$2 million. Represents: Visx, Amo, Cannon, Quantel Medical, Dorc, Katena, Takagi, Volk, Haag-Streit, Moria and Eyesys.

HUBNER: The only local manufacturer of sunglasses and frames. Imports all raw materials. Their technology is mainly from Europe.

Market Entry

Ophthalmologic instruments, equipment and supplies do not face any restrictions to enter the Chilean market. Imports from all countries pay 6% customs duty plus 19% Value Added Tax (VAT). After the signing of the Free Trade Agreement between the United States and Chile in 2004, most U.S. products are not subject to customs duties. In order to verify if a product is duty free, the HS codes should be confirmed by checking the following website: www.direcon.cl.

Market Issues and Obstacles

- Chile is considered to be a very small market and is characterized as extremely competitive.
- The Chilean Health Ministry is considering offering non-prescription glasses through regional medical clinics.
- A noteworthy trend within the optical sector is that the main retail chains have expanded their market presence by forming partnerships with Chilean department stores. The "store within a store" approach has increased retail outlets and provided more access to clients.
- A black market for both sunglasses and reading glasses exists.

- With regard to ophthalmologic equipment and instruments, the distribution network is considered saturated. According to industry experts, the best strategy to enter the Chilean market is to work with distributors, and maintain a low price and high quality product, and invest in marketing strategies. Local distributors are interested in representing new companies, even though the market is very tight.

- There are some clinics and hospitals that directly import their own equipment, such as The Clinic Hospital of the Chilean University and the Fundación Los Andes Clinic.

Trade Events

XX Chilean Ophthalmology Congress: December 7-10, 2006.
http://www.sochiof.cl/enagenda_xx_congreso.html

Resources & Key Contacts

U.S. Department of Commerce, Healthcare Technology Team:
William.Kutson@mail.doc.doc, or Julieanne.Hennessy@mail.doc.gov
The Chilean Ministry of Health: www.minsal.cl
Public Health Institute: www.ispch.cl
Fondo Nacional de Salud (FONASA): www.fonasa.cl
Medical Professional Association: www.colegiomedico.cl
Sociedad Chilena de Oftalmologia: www.sochiof.cl

For More Information

The U.S. Commercial Service in Santiago, Chile can be contacted via e-mail at: Patricia.Jaramillo@mail.doc.gov; Phone: (+56 2) 330-3402; Fax: (+56 2) 330-3172 or visit our website: www.buyusa.gov/chile.

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