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09/2006
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Summary

Brazil has a large and diversified economy that offers U.S. companies many opportunities to export their goods and services. As Brazil's largest single trading partner, the United States enjoys a strong reputation in a variety of sectors. This report will cover relevant aspects for ophthalmology products, and is one of a series that is published by the U.S. Commercial Service's team of sector experts throughout the year. We believe that medical services offer U.S. companies an excellent opportunity to do business in Brazil.

If you do not see an opportunity for your product or service here, please check out our other reports and consider contacting us directly to find out if we can help you export to Brazil. The first step to many U.S. companies is to visit our Country Commercial Guide at www.focusbrazil.org.br/ccg. In it you will find a good overview of business in Brazil.

Market Data

The average life expectancy in Brazil has jumped from 61 years to 64.5 years. According to the Instituto Brasileiro de Geografia e Estatisticas (IBGE) 2000 census, 11.8 million Brazilians have some type of visual deficiency.

According to the Brazilian Council of Ophthalmology (BCO) over the last 6-7 years, the ophthalmology market has been expanding rapidly and has presented positive results since the economy stabilized. Every year, more than a 1000 ophthalmologists graduate from medical schools all over the country, creating a significant increase in the number of private clinics, research laboratories and optical and equipment market (lenses, frames and other types of ocular accessories). As a result, there has also been growth in the number of optical/ophthalmologic businesses.

Brazil has also grown as a strong and advanced partner in cooperative studies for eye medications and intra-ocular lenses, and has gained notoriety in its medical ophthalmology University research centers resulting in important foreign partnerships primarily with the United States.

Contact Lens and other Brazilian optical industries

The fact that Brazil kept its doors closed to imports until the late 80s resulted in delays in the transfer of new technologies, which were in full development, especially in the United States. It was only when Brazil opened its doors to the global market that new technologies were brought in to the country through new industries and University research programs. Today the market is booming.

Equipment

The Brazilian medical equipment industry is the largest in South America. Traditionally, Japan, Germany and the United States have been the main suppliers of medical equipment. According to Frost & Sullivan report, the most promising sectors in the medical area are laboratory, diagnosis imagery and cardiology equipment; however, Brazil's extensive bureaucracy not to mention the constant strikes of the Federal Police and of the ANVISA agents at times can significantly delay or obstruct both imports and exports.

According to Frost & Sullivan, the health industry does not grow on products and services alone. Just like in other areas, the health industry will depend on the technical evolution. Growth in the health sector shadows growth in the information technology sector. The inclusion of new computers and software, electronic businesses and Internet also push the health industry upwards. Today, the health industry in Brazil represents 5% of GDP.

In 2001 Alcon, the São Paulo School of Medicine, and the Hospital São Paulo Instituto da Visão at the Federal University of the State of São Paulo (UNIFESP) signed a partnership agreement for ophthalmologic surgical treatment for public hospital patients. Through this partnership Hospital São Paulo received customized kits for eye surgeries and three Facoemulsification machines for cataract surgery. It was also through this agreement that UNIFESP ophthalmologists received appropriate training to learn the use the new equipment.

As a result of this partnership and because of the new technology introduced through the equipment used, the volume of cataract surgeries performed/month in the Hospital São Paulo, increased the number of cataract surgeries from 50 a month to 65 per day. Additionally, a number of ophthalmologists obtained a value added benefit from receiving training on how to use the new equipment.

Optometry in Brazil

In the United States, optometrists provide most primary vision care. They examine people's eyes to diagnose vision problems and eye diseases, and test patients' visual acuity, depth and color perception, and ability to focus and coordinate the eyes. Optometrists prescribe eyeglasses and contact lenses and provide vision therapy and low-vision rehabilitation. After analyzing the test results and developing a treatment plan, they administer drugs to patients to aid in the diagnosis of vision problems and prescribe drugs to treat some eye diseases. Optometrists often provide pre-operative and post-operative care to cataract patients, as well as to patients who have had laser vision correction or other eye surgery. They also diagnose conditions caused by systemic diseases such as diabetes and high blood pressure, referring patients to other health practitioners as needed.

Optometrists should not be confused with *ophthalmologists* or *dispensing opticians*. *Ophthalmologists* are physicians who perform eye surgery, as well as diagnose and treat eye diseases and injuries. Like optometrists, they also examine eyes and prescribe eyeglasses and contact lenses.

Contrary to the United States, according to the BCO, Brazil does not legally recognize Optometry as a profession because optometrists do not have the same medical training that ophthalmologists do. There is actually strong opposition to the practice of optometry in Brazil and a history of law suits against those who claim to be optometrists in some states such as Rio Grande do Sulk, Santa Catarina, Rio Grande do Norte, and Brasilia. Optometrists are not known to have won legal cases, since the Brazilian legislation forbids this activity in the country. Because the practice of Optometry in Brazil is illegal, the class has never been able to regulate its activity, create a Council or Union to fight for its existence or recognition.

According to BCO, in spite of this controversial dispute, there seems to be pro-optometry current growing in the country.

Prospective Buyers

Although there are very few Government Health Ophthalmology programs/campaigns, the Government is still the largest buyer of medical products. In order to participate in public bids, companies must meet all requirements stated in the bids variable according to the type of product. Winning companies are selected according to price and technical performance.

Industries, hospitals, clinics and Universities are the second best sales alternative for equipment. The largest markets are found in the cities of São Paulo, Rio de Janeiro, Belo Horizonte, Brasilia, Recife, Salvador, Fortaleza, Curitiba and Rio Grande do Sul.

Market Entry

U.S. manufacturers must either be established in the country or have a local representative. It is also important to have a distributor who, besides sales, can offer maintenance services, technical support and replacement of parts and repairs. When signing an agent or distribution contract with a Brazilian firm/company, it is important to contract the services of a local law firm, familiar with Brazilian legislation. It is suggested that a U.S. company consider investing in market development, product promotion, and personnel training in order that the partner may offer the appropriate follow-up services the will help build and maintain a product's brand reputation.

Imported medical goods can only be sold if the foreign company establishes itself with a local Brazilian manufacturing unit or designates a Brazilian distributor. The distributor must be familiar with the Brazilian legislation such as an importer or a distributor of these products. According to the Brazilian Health Regulatory Division (ANVISA) any product that comes in contact with the human body and could present a health risk must be registered at the Ministry of Health. This complex registration process is lengthy as well as costly.

Imports Overview

Here is an overall view of the general import market operations for ophthalmologic equipment in Brazil from 2004-2006 and the positioning of U.S. products among its competitors. Although the source does not define the type of ophthalmology product used as basis for this comparative table, it shows that U.S. products are predominant in Brazilian market followed by German products.

Table one shows that compared to 2004, there was a 36.7% increase in imports in 2005. 2006 estimates were calculated from January to August.

***Table 01** – Brazilian Imports of Ophthalmologic Equipment*

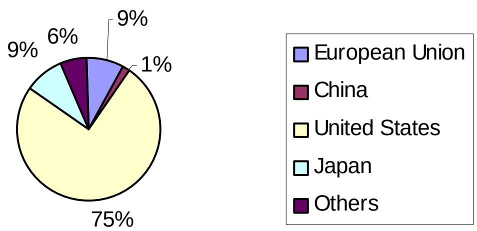
Origin	Period	Dates	US$ FOB	Quantity	Average Price per unit, US$	Monthly Average US$
U.S.A.	1	Jan – Dec, 2004	6,287,031	281,540	22.34	523.91
	2	Jan – Dec, 2005	9,444,966	331,324	28.51	787.08
	*3	Jan – Aug, 2006	6,534,084	243,234	26.87	816.76
Germany	1	Jan – Dec, 2004	479,732	2,031	236.21	41.47
	2	Jan – Dec, 2005	863,135	598	1,443.37	71.92
	*3	Jan – Aug, 2006	1,078,216	299	3,606.08	134.77
China	1	Jan – Dec, 2004	116,638	310	376.26	9.71
	2	Jan – Dec, 2005	93,636	255	367.2	8.8
	*3	Jan – Aug, 2006	57,251	221	259.06	7.15
European Union	1	Jan – Dec, 2004	718,122	4,039	177.8	59.843
	2	Jan – Dec, 2005	1,101,734	3,356	328.29	91.81
	*3	Jan – Aug, 2006	1,377,194	6,733	204.55	172.14
Japan	1	Jan – Dec, 2004	768,009	2,156	356.22	64
	2	Jan – Dec, 2005	274,782	810	339.24	22.89
	*3	Jan – Aug, 2006	472,948	463	1,021.49	59.11

Source: Secex
*** Period: January- August**

Import Market share in 2004 (January – December)

75% of the imports are from the U.S. seconded by the European Union and Japan

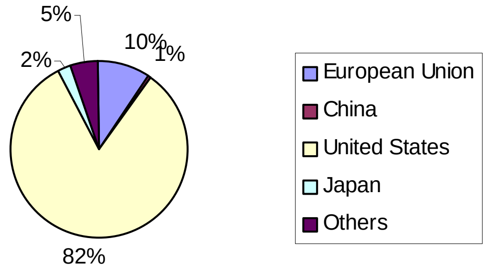
01/2004 a 12/2004



Market share in 2005 (January-December)

U.S. imports grow from 75% in 2004 to 82% in 2005

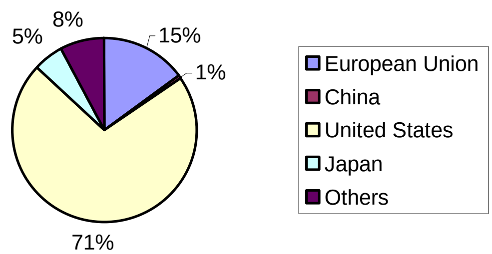
01/2005 a 12/2005



Market Share in 2006 (January-August)

Although there is an apparent decrease in the U.S. market share, these are only mid-year results.

01/2006 a 08/2006



Imports and Exports (in millions of US$)

This table demonstrates that imports far exceed exports, and that the United States is the main supplier of these products to Brazil.

Table Two: *Products (Frames, Sun glasses, Lenses, Accessories)*

Year	Imports	%	Exports	%
2001	70,8	-	26,6	-
2002	68,4	(3,4)	18,2	(31,6)
2003	62,2	(9,0)	17,0	(6,5)
2004	71,1	14,3	20,0	17,6
2005	91,6*	29	28,2**	40
2006 (Estimates)	119,1	30	39,5	40

Sources: Abiótica / Secex

Import breakdown by items represented in US$

* Contact Lenses -	US$ 9,114,385.00
* Lenses -	US$ 30,939,156.00
* Frames -	US$ 13,377,509.00
* Sun Glasses -	US$ 27,517,995.00
* Safety Glasses -	US$ 5,733,705.00
* Accessories -	US$ 4,921,457.00

This table charts the growth of sales over the last decade, and demonstrates continuing sales potential.

Table Three: *Sales growth stats (in millions of units) and sales market potential*

Glasses with prescription			Sun Glasses (Brazil Manufactured & Imported)	
Year	(Millions of units)	%	(Millions of units)	%
1996	15,2	-	18	-
1997	16,1	5,9	19,5	8,3
1998	17	5,6	21	7,7
1999	18,1	6,4	23	9,5
2000	19,5	7,7	25	8,7
2001	20	2,6	28,4	13,6
2002	21	5	30	5,6
2003	21,5	2,4	32	6,7
2004	22,5	4,6	35	9,3
2005	24	6,6	37	5,7
2006 - Estimated	31,2		48,1	

Source: Abiótica

Major Trade Shows

U.S. companies interested in exploring their market potential in Brazil should consider participating in the following shows.

Hospitalar (www.hospitalar.com)
Hospitalar is the largest São Paulo-held annual medical international event in South America.
Venue: Expo Center Norte, São Paulo
Date: June 12-15, 2007

Abiótica (www.abiotica.com.br)
The largest expo of the optical/ophtalmological sector in Latin America.
Venue: Transamérica Expo Center, São Paulo
Date: July 18-21, 2007

Opticon- Optical Congress
Held in parallel to Abiotica.

XXXIVCongresso Brasileiro de Oftalmologia (www.cbo2007.com.br),
This is the most important ophthalmology event in Brazil, which is held every two years.
Venue: Centro de Convenções Ulysses Guimarães, Brasilia, DF
Date: September 3-6, 2007

Sources:

- SBO - www.sboportal.org.br
- CBO – www.cbo.com.br
- Ministério da Saúde – www.portal.saude.gov/br/saude
- ABIOTICA – www.abiotica.com.br

Key Contacts

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- For a good overview of exporting to Brazil, please look at our U.S Country Commercial Guide to Brazil:
  - www.focusbrazil.com.br/ccg
  - www.buyusa.gov/brazil

The U.S. Commercial Service offers a variety of programs to assist U.S. exporters. Companies interested in the Brazilian medical, dental, biotech, ophthalmology, veterinary and other specific health markets should contact Jefferson Oliveira in São Paulo (5511) 5186-7136, e-mail Jefferson.oliveira@mail.doc.gov and Mariza Velho (5521) 3823-2418, e-mail: mariza.velho@mail.doc.gov for the states of Rio de Janeiro, Bahia, Espirito Santo and Sergipe.

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