CHILE

DRUGS
PHARMACEUTICAL INDUSTRY

Market Overview

- The Chilean pharmaceutical market has recently experienced considerable growth, reaching $842 million in 2004. Of this figure, pharmacies represent 81% while the rest is from the institutional market (hospitals and clinics).
- The main characteristics of the pharmaceutical market are: a) a high level of competition, b) a strong presence of Chilean pharmaceutical labs producing generics, and c) a high concentration of distribution channels, mainly in pharmacy chains.
- The average price of pharmaceuticals is the lowest in Latin America, reaching $3.7 per unit, according to IMS Health (Intercontinental Marketing Services, April 2005). However, patented drugs, immune suppressors, anti cancer drugs, HIV drugs, and last generation antibiotics remain very expensive.

Pharmaceutical Statistical Data

(Figures in U.S. millions of dollars)

	2003	2004	2005*
Total Market Size	667	842	954
Local Production	534	674	763
Exports	54	59	61
Total Imports	270	309	383
Imports from the U.S.	21	28	33

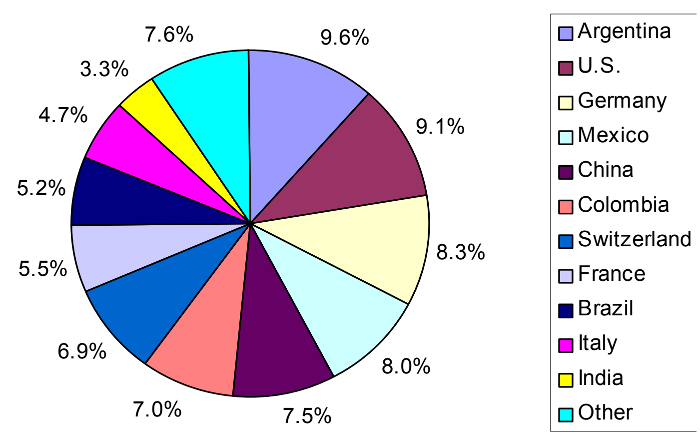
(*) U.S. Commercial Service projections based on information from importers.

Some Foreign Labs in Chile

- 3M, Abbott, Alcon, Allergan, Aventis Pasteur, AstraZeneca, Baxter, Bayer, Biersdorf, Boeringher Ingelheim, Boeringher Mannheim, B Braun, Bristol Myers Squibb, Eli Lilly, GlaxoSmithKline, Grunenthal, Laboratorio Chile, Merck A.G., Merck Sharpe & Dohme, Novartis, Organon, Pfizer, Roche, Sanofi Synthelabo, Schering Plough, and Wyeth.

Main Chilean Labs.

- Andromaco, Arama, Bago, Bestpharma, Biosano, Cardiopharm, Chemopharma, Farmoquímica del Pacífico, Instituto Sanitas, Labomed, Maver, Medipharm, Pasteur, Pharma Investi, Recalcine, Rider, Sanderson, Saval, Silesia, and Tecnofarma.



Source: Incomex Chile and the U.S. Department of Commerce

We hope you find this information useful. If you would like further information, please contact **Veronica.Pinto@mail.doc.gov**, the CS Santiago Pharmaceutical Specialist. Visit our website at **www.buyusa.gov/chile** to discover other commercial opportunities in Chile.

Market Trends

- In Chile, 80% of the pharmaceutical consumption is manufactured by local labs that import the active ingredient. The pharmaceutical market is composed of original drugs, (19.2%); similar drugs, (41.3%) represented by products who's patents have expired and are copied; and generics (39.5%) named after its active ingredient.
- Chile's Universal Access and Explicit Guarantees known as PLAN AUGE, represents a state-funded pharmaceutical market of approximately $178 million.
- In terms of pharmaceuticals, the PLAN AUGE aims to reduce costs by emphasizing bioequivalent drugs with the same active ingredient and effects, at a reduced price.
- For 2006, imports from India are expected to triple due to PLAN AUGE .
- Pharmacy chains are producing similar drugs, commercialized under their own brand and produced at their manufacturing facilities. Additionally, the chains have implemented home sales and are fostering OTC sales at their stores.

End Users

- The Chilean consumer tends to place more importance on price rather than quality. Therefore, Chileans readily purchase similar or generic drugs as opposed to brand-name pharmaceuticals. This argument is strengthened by the 2002 census data, which states that 77.5% of the population is medium to low income.
- According to an IMS study, 34% of the drugs sold in Chile's pharmacies have a medical prescription, whereas local health authorities mandate that 70% should be sold by prescription. In addition, auto-medication is widely practiced in Chile.
- Interest in alternative medicines is increasing at the end user level. In fact, U.S. imported products have important recognition in the Chilean market, as shown by General Nutrition Center, GNC, that has a franchise agreement with pharmacy chain Farmacias Ahumada, in addition to its own stores.

Market Access / Entry

- The Institute of Public Health (ISP) is the local health authority that grants pharmaceutical registration, audits local manufacturing facilities, and does quality control on local products.
- In order to file for registration, companies have to be local or foreign, legally established in Chile, and present a complete dossier including formulation, clinical trials, Spanish label, studies, etc.
- The current fee for registering a "new" drug is $1,552; a "similar" drug is $1,172, an "alternative" drug is $1,023; and the five year renewal fee is $325. This process may take 18 months for "new" drugs and six months for the rest.
- Bio-availability and bio-equivalence studies will be performed by the Institute of Public Health, in the near future, for copies and generics in order to confirm efficacy.

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