

EXPORT RÅDDET

SWEDISH TRADE COUNCIL

THE HEALTH CARE MARKET IN ARGENTINA

FACT PACK

Swedish Trade Council in Argentina
2008

THE SWEDISH TRADE COUNCIL MAKES IT EASIER FOR SWEDISH COMPANIES TO GROW INTERNATIONALLY

Sweden:

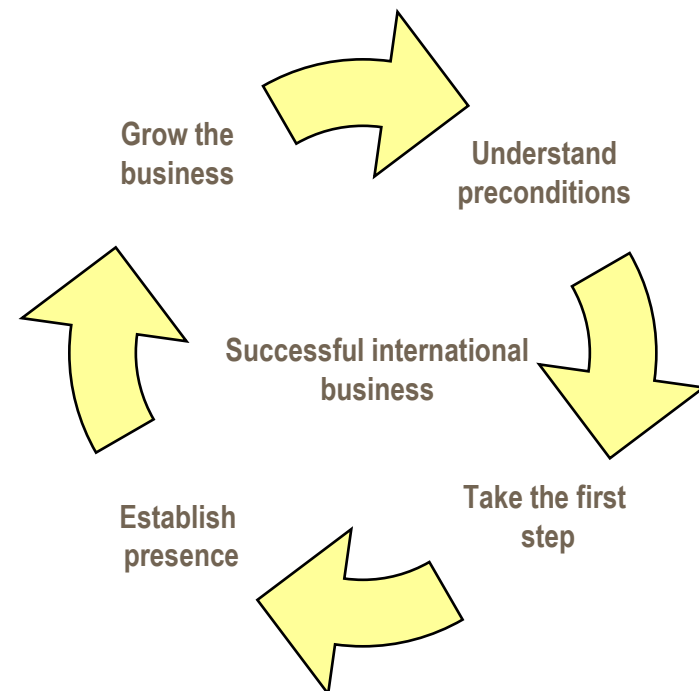
- Headquarters in Stockholm, 80 employees
- 22 regional export advisers
- All Trade Commissioners regularly visit different parts of Sweden

Abroad:

- 60 places, 400 employees in 52 countries
- Through partners and networks we cover more than 100 countries

Argentina:

- Office in Buenos Aires
- 5 employees



Vision of the office:

STC in Buenos Aires is the primary consulting partner for Swedish companies doing business in Argentina

ARGENTINA IN BRIEF

Area: 2 791 810 km²

Inhabitants: 39.3 million

Constitution: Democratic republic

Head of State: President Cristina Fernandez de Kirchner

Languages: Spanish (official), English often spoken in business

Inhabitants per km²: 14/km²

Currency: Peso

GDP 2007: 255 758 MUS\$ (estimated)

GDP per capita 2007: 6 500 USD (estimated)

Inflation 2007: 8.8% (National Bureau of Statistics)

Main exports: Agriculture products, industrialized agriculture products, petroleum

Main imports: machinery, equipment, intermediate products

Swedish Exports to Argentina 2007: 1 687 MSEK (Up to November)

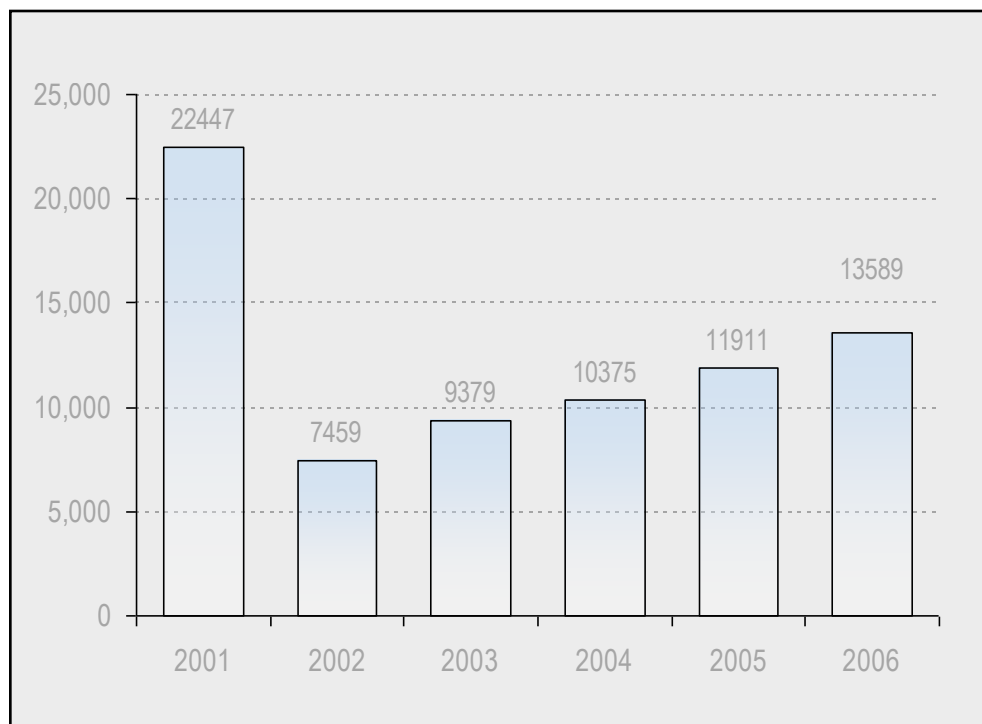
Swedish imports from Argentina 2007: 343 MSEK (Up to November)



HEALTH EXPENDITURE HAS RECOVERED OVER THE LAST YEARS

- After the devaluation argentina's investment in health dropped severely

Argentina's health expenditure (MUSD)



Comments

- Between 2002 and 2006 total health expenditure has grown at a 16% annual cumulative rate, but still in 2006 it still only reached 60% of the 2001 expenditure.
- Health expenditure represents approximately 6.5% of the total Argentine GDP.
- There are 8800 hospitals, clinics and sanitary centres in Argentina, of which 8000 belong to the public system.
- Approximately 78000 available beds in hospitals and clinics
- Public expenditure represents 24% of total health expenditure.

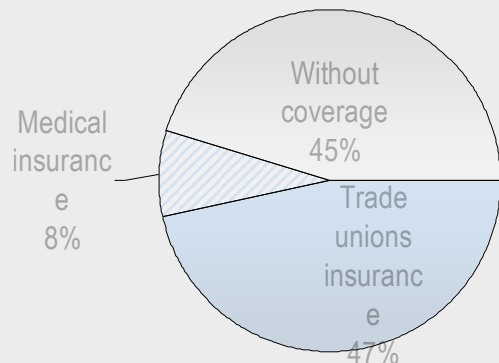
Health expenditure is expected to continue recovering strongly in the coming years

THREE TYPES OF MEDICAL COVERAGE IN ARGENTINA

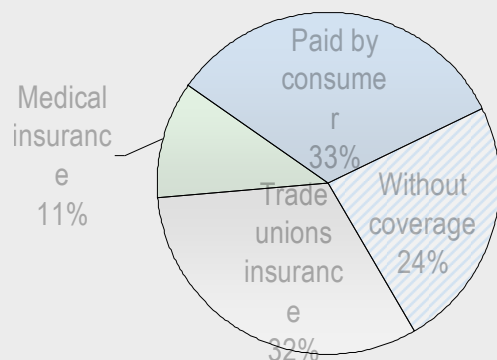
- Private medical insurances, public health system and trade unions medical coverage

Medical coverage in Argentina (2005)

Share of population
Per type of coverage



% of expenditure
Per type of coverage



Characteristics of medical coverage types

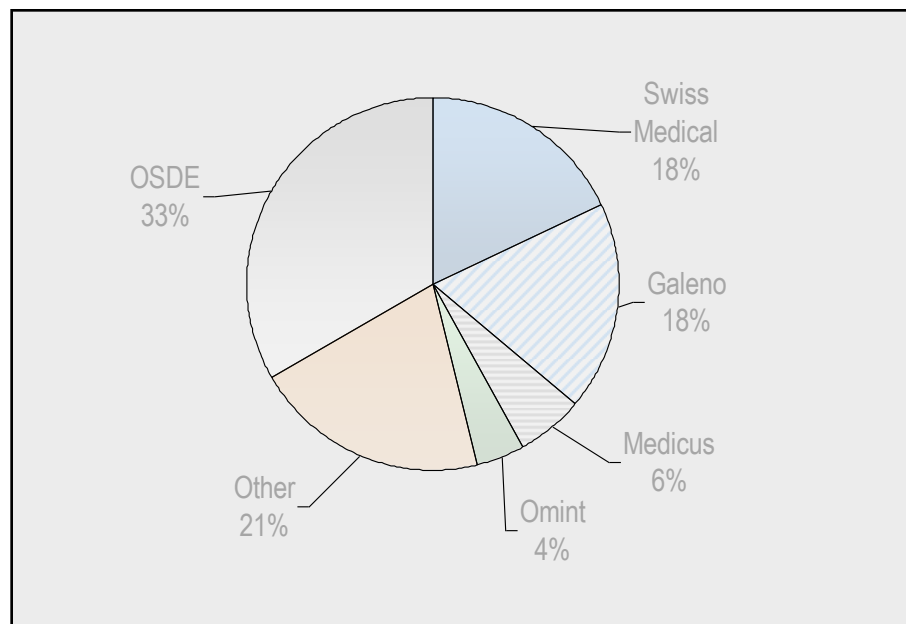
- Trade unions have a medical insurance for their members. This system covers the trade union member and its family. Trade unions cover approximately 50% of total employed population (the rest are workers not registered).
- Private medical insurance is Higher income population normally has a private medical insurance and the most complete medical coverage.
- Population “without medical coverage” is in fact covered by the public health system that is financed by the government. Treatments are free of charge, but the quality and the range of services is limited by the lack of funding.
- An important share of total expenditure is made by consumers. This expenditure covers services not paid by the different types of medical insurances and also to pay for services in the public systems that are not covered by the government.

Trade unions' and private insurances are expected to grow over the next years due to economic growth

PRIVATE MEDICAL INSURANCE: THE MOST PROFITABLE HEALTH SEGMENT

- This system covers mainly middle and high income population

Private medical insurance



3 million customers - 8% of the population.

Comments

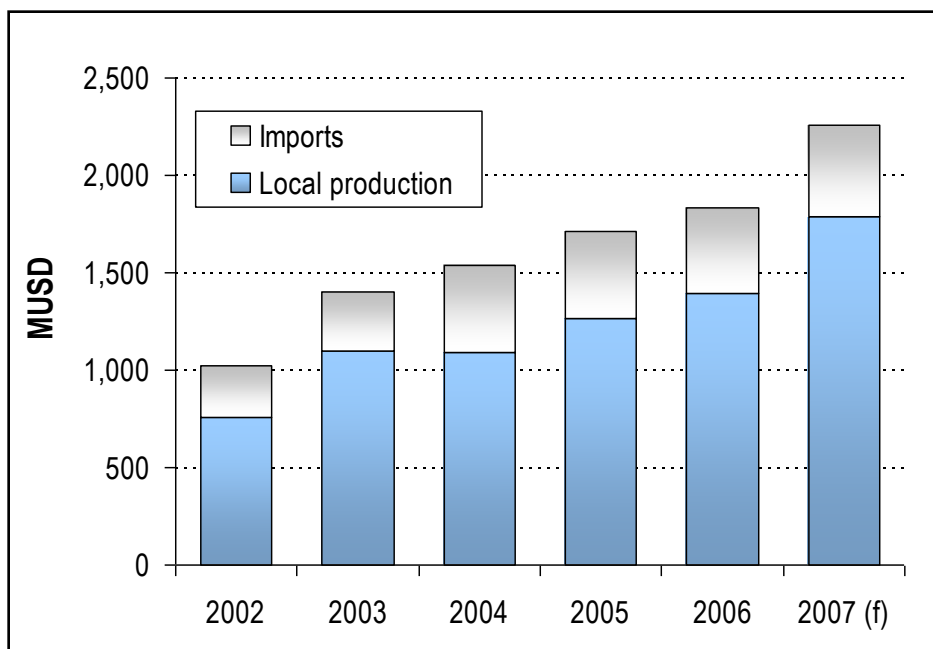
- Private medical insurance is a service used by people that pay on a monthly basis to have a specific medical coverage.
- Fees vary significantly between companies and depends mainly on the type of services covered and the quality of the clinics available.
- This type of insurance covers a wide range of medical services, treatments, drugs (often at a discount) and surgeries. In many cases even plastic surgery is covered.
- Private companies tend to work with independent professionals as contractors; they also have their own clinics. They tend to contract other private clinics as service providers.
- Private insurance companies represent a higher share of expenditure than the population covered, which is a reflection of the difference in the expenditure that each type of medical coverage represents.
- Annual turnover of the six largest medical insurance companies exceeds 1500 MUSD (2005).

Private medical insurance customers - a key segment due to the wide range of services covered

STRONG GROWTH OF PHARMACEUTICAL PRODUCTS SALES

- Both national and international pharmaceutical companies are benefiting from demand growth

Pharmaceutical products sales in Argentina *



* VAT tax not included and wholesale prices.

Ten largest companies represent 42% of total sales.

Argentine pharmaceutical products demand

- Pharmaceutical products sales are growing fast due to the recovery of demand (specially branded products).
- After the Argentine devaluation, consumption of generic products increased considerably its share of total demand, but now this trend is changing as purchasing power of the population recovers.
- Pharmaceutical products price in Argentina tend to be 60-90% higher than for example Spain.

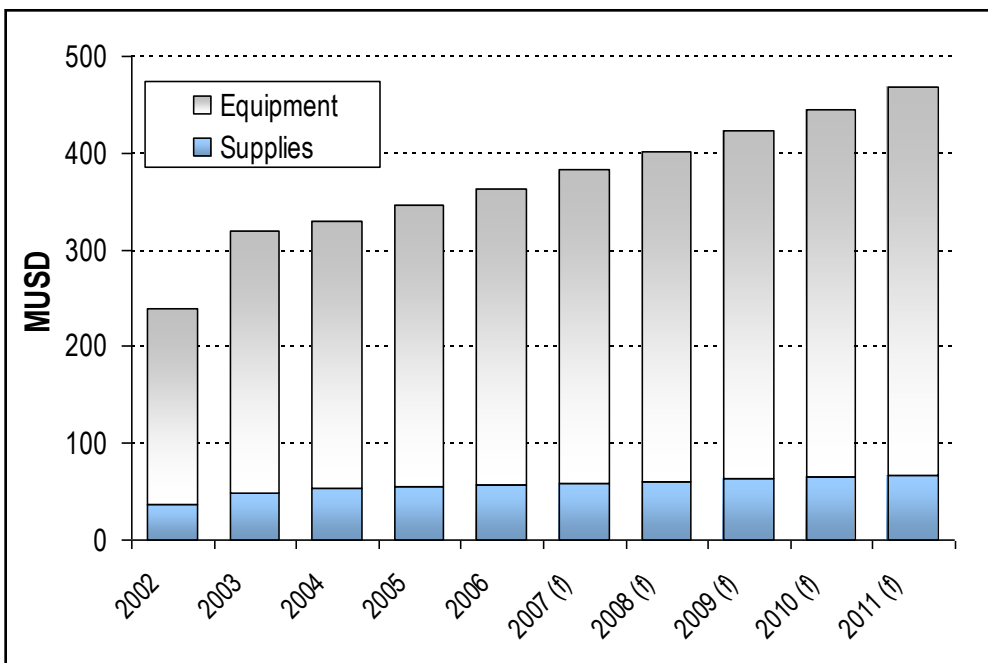
Argentine pharmaceutical industry

- There are approximately 150 pharmaceutical companies in Argentina.
- Pharmaceutical companies have a wide distribution network and a solid marketing structure.
- Large international pharmaceutical companies represent 45% of pharmaceutical industry revenue.

MEDICAL EQUIPMENT AND SUPPLIES - A RECOVERING MARKET

- Medical equipment is driving recovery, supplies grow but not as strongly as equipment

Argentina's medical equipment and supplies market



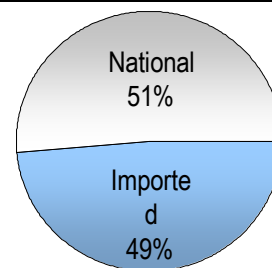
As medical supplies are constantly needed, the segment was less affected by the crisis than equipment.

Medical equipment and supplies market

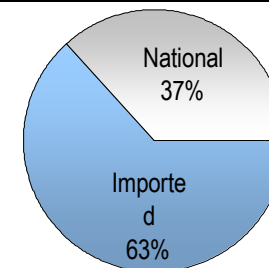
- The market has been rapidly recovering since the Argentine crisis, when it was particularly affected by the devaluation.
- Imports represent a large share of total medical equipment and even larger for medical supplies.
- Medical equipment manufacturers not only supply the local market, but exports are also important. However, exports are not focused on advanced technology segments.

Share of imports over total market (2004)

Equipment



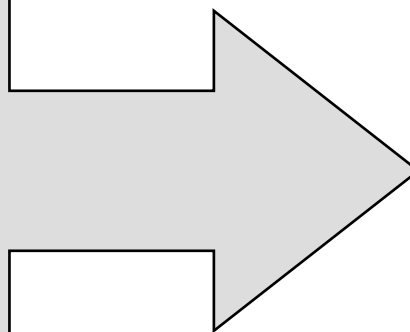
Supplies



Imported medical supplies are highly accepted and many products cannot be manufactured locally

ARGENTINA PROVIDES CONSIDERABLE BUSINESS OPPORTUNITIES

- Fast growing economy, annual GDP growth exceeding 8,5% the past five years
- New government with strong support focusing on external commercial relations
- Large (four times Sweden's) domestic market with increasing purchasing power
- High growth of imports, particularly machinery and equipment
- Latin America's most skilled labor force at low cost



... which has contributed to...

...the fact that more than **40** Swedish companies are registered in Argentina and many more are there as sub suppliers or via distributors.

STC in Argentina is the natural partner for all Swedish companies who want to establish or develop their business in Argentina

USEFUL CONTACTS

Ministerio de Salud

(Health ministry)

Tel: +54 11 43 79 9000

www.msal.gov.ar

ANMAT

(National medical and medical technology regulator)

Tel: +54 11 43 40 0800

www.anmat.gov.ar

CADIME

(Medical diagnosis commerce chamber)

Tel: +54 11 52 35 7200

www.cadime.com.ar

ADECRA

(Clinics and private hospitals association)

Tel: +54 11 43 74 2526

www.adebra.org.ar

INDEC

(National Statistical Office)

Tel: +54 11 43 49 9200

www.indec.gov.ar

ADEMP

(Private medical companies association)

Tel: +54 11 48 16 9391

www.ademp.com.ar

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