

Latin America Market Review & Trends

*An analysis of COVID-19 pandemic impacts and
challenges in Healthcare Environment*

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Latin America Landscape

Pandemic control

In a world that was severely impacted by the COVID pandemic, it is critical to measure the vaccination efforts and their impact to assess the situation of the healthcare landscape.

Approximately 62% of the world population has been fully vaccinated receiving a full scheme (one or two doses, depending on the vaccine). The European Union started vaccination efforts earlier than other regions at the beginning of 2021, followed by South America.

While the speed of vaccination differ across regions, South America appears as a leader with close to 70% of its population fully vaccinated over the European Region (70%) and the US (68%).

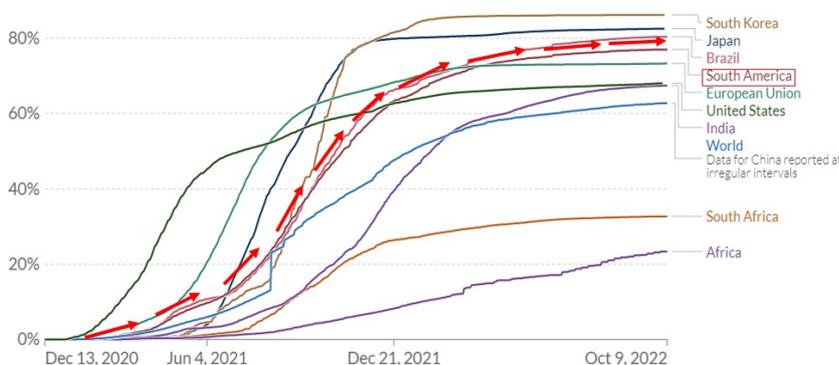
Vaccination rates still vary dramatically by country in LATAM. As we can see on figure 1: Paraguay, Dominican Republic, Venezuela and Bolivia still show less 55% of total

population vaccinated. Chile (91%), Uruguay (84%) and Peru (84%) are on top 3 of South America, followed by Argentina, Costa Rica and Brazil.

The peak caused by omicron variant in January 2022 faded with new cases and confirmed death reaching historical lows. These results were a consequence of the vaccination efforts started in Q1 2021, that minimized virus transmission. However, the global variant circulation indicates that the most recent emerging variants (BQ.1 and XBB) appear to be more contagious than previous lineages. With these variants, cases have been increasing since October 22 so WHO is closely monitoring the situation. These new linages of the virus are not expected to differ significantly from previous Omicron variants in terms of need of public health responses.

Source: COVID-19 Weekly Epidemiological Update – Edition 117 published 9 November 2022

Figure 1: Share of the population fully vaccinated against COVID-19



Source: Official data collated by Our World in Data – October 10th, 2022

Country	Vac. (%)	Country	Vac. (%)
CHI	91	PAN	72
URU	84	COL	71
PER	84	MEX	63
ARG	83	DOM	54
CRC	82	PAR	52
BRA	80	VEN	51
ECU	79	BOL	51

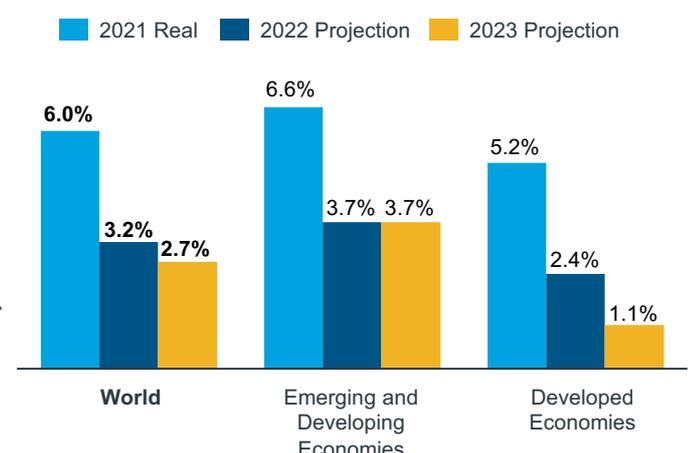
Economic recovery

The world Gross Domestic Product (GDP) recovered presenting a 6.0% growth in 2021. However, it is expected that this growth will decelerate to 3.2% in 2022 and 2.7% in 2023.

Emerging and Developing economies presented a higher GDP growth than Developed ones in 2021. Projections for 2022 and 2023 for them vis a vis countries with Developed Economies are also higher.

Latin America's GDP grew by 6.9% in 2021, only surpassed in growth by emerging and developing countries in Asia. Still, the LATAM region growth is expected to decelerate significantly for 2023 (1.7%) driven by Brazil, Mexico and Chile's projections.

Figure 4: GDP growth



Source: IMF World Economic Outlook - October 2022

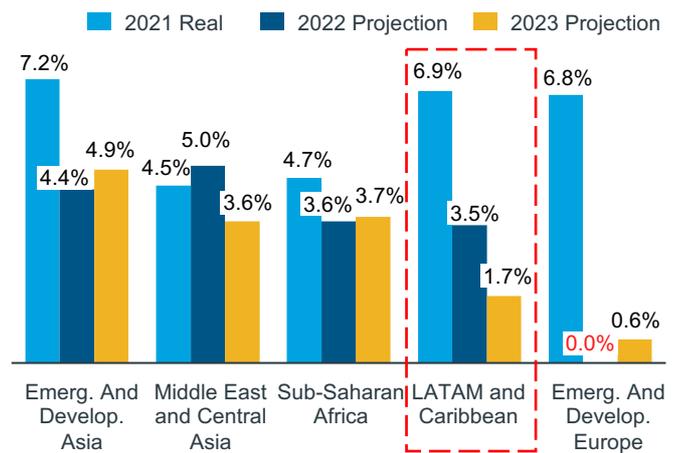
Table 1: GDP growth projections

Country	2022	2023
Brazil	2.8%	1.0%
Mexico	2.1%	1.2%
Chile*	2.0%	-1.0%

Source: IMF World Economic Outlook – IMF DataMapper – October 2022 (Brazil and Mexico) and * April 2022 (Other countries)

Middle East & Central Asia and Sub-Saharan Africa presented an inferior GDP growth than the world, but have a strong recovery projected for 2022 and 2023. While Emerging and Developing Europe countries grew by 6.8% in 2021, their growth rate is expected to significantly drop in 2022 (0%) and in 2023 (0.6%).

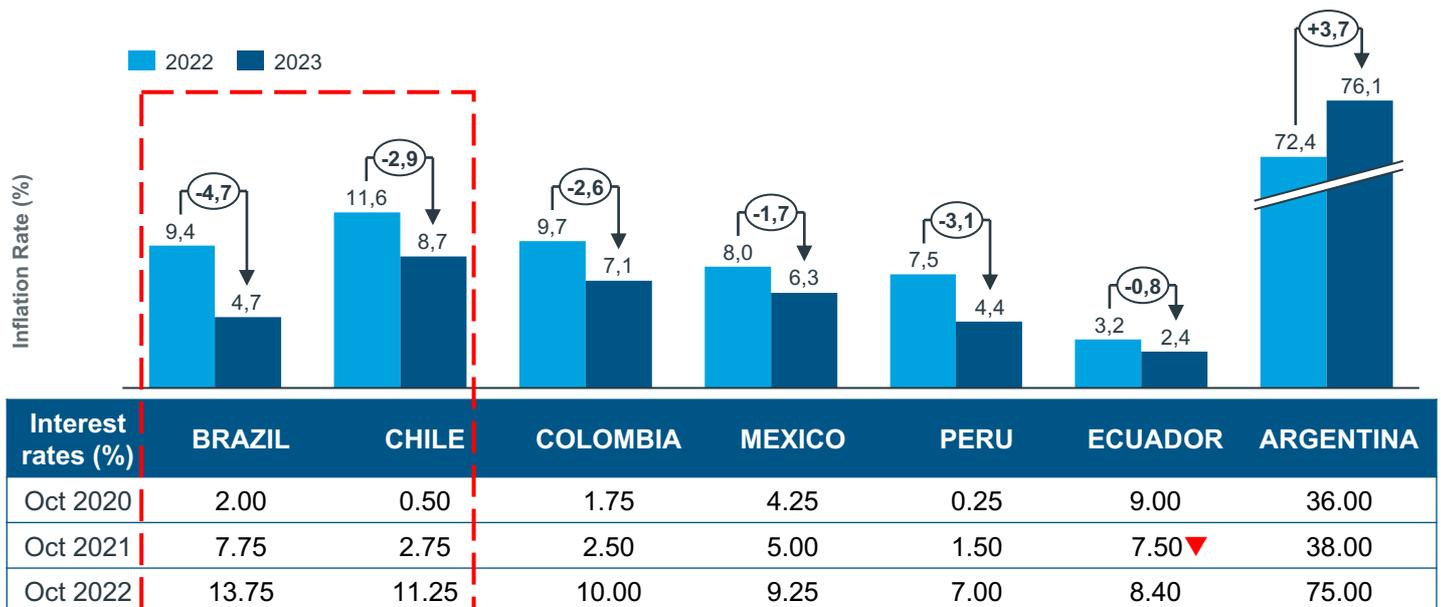
Figure 5: GDP growth by region



Source: IMF World Economic Outlook - October 2022

Inflation & Interest Rates

Figure 6: Yearly expected inflation rate (% per year)¹ & Table 2: Yearly interest rates (% per year)²



¹ Source: IMF World Economic Outlook Oct 2022

² Notes: Interest rate data for Oct-20, Oct-21 and Oct-22

² Source: Trading Economics

Inflation rate

The inflation rate is projected to decrease in all countries except for Argentina. The leading economies in the region – Brazil and Mexico – have an expected inflation rate of 9.4% and 8% respectively for 2022 and the rate is expected to drop for 2023. In the case of Colombia, the inflation rate is close to 10% but is expected to drop 2.6% for 2023.

The expectations for Argentina is that its inflation rate will reach 72% in 2022 and increase in 2023.

Interest rate

There were increases in the interest rates throughout the region during the past 12 months. Brazil increased rate by +5.8% in 2020-21 and +6.0% 2021-22 and Chile's interest rate grew +2.3% in 2021 and +8.5% in 2022. While Argentina maintained the same interest rate for 2020-21, there was a considerable increase of +37.0% in 2021-22. Colombia and Mexico did not present significantly interest rate variations in 2020-21 but increased around +5.0% in 2021-22. Ecuador is the only one who decreased the interest rate between 2020 and 2021.

Table 4: Governments healthcare agenda

	Last election	Winner	Political inclination	Notes on political situation	HC agenda
COL	2022	Petro	Left	Workable majority in congress	<ul style="list-style-type: none"> Eliminate EPS role Invest in primary care centers Increased number of drugs under price control Draft resolution for new pricing scheme (IRP, value-based) Inclusion of drugs in PBS (89% of institutional market value)
CHI	2021	Boric	Left	Opposition in congress	<ul style="list-style-type: none"> Push for single universal health system (ISAPREs to offer only complementary insurance) Legislation of Lei Farmacos 2* Growth of CENABAST in centralized procurement – retail, GES, LRS, municipalities Cancer Law (potential merge of LRS, DAC, GES funding) Law of Orphan Drugs (draft) voted Jul 2022 Likely new HTA body (INETESA)
PER	2021	Castillo	Left	Opposition in congress	<p>Expected slow progress in proposals partly due to President Castillo's lack of Congressional support</p> <ul style="list-style-type: none"> Increase public spending New cancer law
ECU	2021	Lasso	Right	Opposition in congress	<ul style="list-style-type: none"> New Healthcare Law**, rejected in Jul 22, being revisited Increase number of drugs under price control (moving from direct to regulated scheme) Resume public tenders Proposal to outsource public hospital dispensing to private pharmacies (Jul 2022 pilot) Additional funding through international loans
BRA	2022	Lula	Left	Divided Congress	<ul style="list-style-type: none"> Lula may dedicate more funds to HC and revigorate gov't programs (e.g.; industrial complex, PDPs, Farmácia Popular, others) Faster evaluation timelines by ANS ANVISA pushing for regulatory harmonization and faster timelines Potential increase in pricing flexibilization

Source: Latin America Market Review & Trends - 2nd Edition 2022

* Key potential provisions: mandatory INN prescribing, offering of cheapest option by pharmacies, maximum selling price for drugs, pharmacy dispensing fee, full bioequivalence requirements, restrictions on detailing, transparency reporting, ban on OTC advertising, packaging regulations.

** Key provisions include strengthening primary care, health promotion, early diagnosis and disease prevention, integrated care, reproductive and mental health. Also includes provisions for the introduction of comprehensive care of catastrophic diseases, palliative care and the regulation of pharmaceutical production, distribution and dispensing.

Table 3: Next election front-runners healthcare agenda

	Next Election	Front-runner	Political inclination	Notes on political situation	HC agenda
ARG	2023	Opposition Coalition	Center Right	Divided Congress	<ul style="list-style-type: none"> No major proposals for changes to the system. In the case of opposition wins in 2023 elections, some likely move include: <ul style="list-style-type: none"> Universal access facilitation through data linkage among sub-systems Joint purchase mechanisms among public payers (PAMI, IOMA, SSS) Increase tendering process for biosimilar products Increase capitation mechanism for select diseases in PAMI and sub-systems (e.g. SSS) Creation of HTA body for formulary inclusion
MEX	2024	Morena Party	Left	Good support in Congress	<ul style="list-style-type: none"> Push implementation of INSABI and IMSS-Bienestar (federalization of primary and secondary care, a structure outside of IMSS) Continue efforts for centralization of purchases through INSABI / UNOPS despite setbacks and resulting growth in decentralized purchasing Improved adoption of new technologies via IMSS/ISSSTE leveraging on the National Compendium of Supplies (CNIS) and definition of protocols driving adoption Increasing use of retail-based physicians to supplement public system shortages

Source: Latin America Market Review & Trends - 2nd Edition 2022

Trends in drug spend

Table 4: Market size & value growth

Country	USD (Bi)	% of LA	Value Growth	
			FY 2021	2022 YTD Jun
BRA	27.1	44%	+13.6%	+12.8%
MEX	11.5	19%	+12.8%	+13.6%
ARG	7.6	12%	-3.2%	-7.2%
COL	4.7	8%	+21.9%	+18.2%
CA+DR	3.9	7%	+14.9%	+11.2%
ECU	2.0	3%	+10.6%	+6.8%
CHI	1.7	3%	+20.9%	+9.7%
PER	1.5	2%	+9.2%	-1.7%
VEN	0.5	1%	+43.5%	+42.3%
URU	0.4	1%	+7.6%	+9.0%
LATAM	USD 60.9 billion		+11.4%	+9.6%

* FY = Full year/calendar year (12 months), ** YTD = year to date June
 Source: IQVIA MIDAS Jun 2022, IQVIA SISMED Q2 2022. Non-Retail only for Argentina (2020, 2021 and 2022 YTD), Brazil, Colombia, Ecuador, Mexico and Peru. Values at constant exchange rates: BRA 5.77; CA+DR 1.00, CHI 1,082.24; COL 4,787.63; ECU 1.00; MEX 21.33; PER 4.37; URU 41.69, VEN 1.00.
 "Free Market" rates applied in Argentina: 56.14 (2019), 106.59 (2020), 169.03 (2021), 136,76 (YTD Jun 2021), 201.29 (YTD Jun 2022)
 Excludes COVID-19 vaccines.

Market size

The total Latin America pharmaceutical market represents **USD 64 billion** including COVID-19 vaccines. When analyzing the market excluding COVID-19 vaccines effect, the market results in a total of **USD 60.9 billion**. Brazil is the leading market accounting for 44% of the LATAM region. The scenario observed is similar in terms of units.

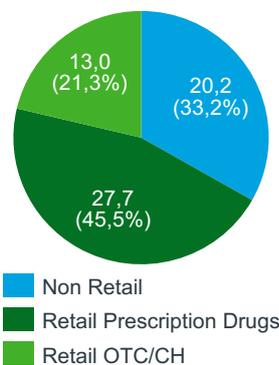
While the regional analysis in Table 4 considers variable exchange rates for Argentina to minimize the inflation influence, when excluding Argentina and Venezuela the regional growth increases:

	FY 2021	2022 YTD Jun
LATAM	+14.1%	+12.5%

Market Channels

The LATAM pharma market is primarily driven by retail dynamics which account for 66.8% of the sales. Almost USD 28 billions come from RX drugs and USD 13 b. from OTC. The Rx channel grew +10.0% (USD) in YTD21-YTD22, with CNS as principal therapy area – with +7.9% growth.

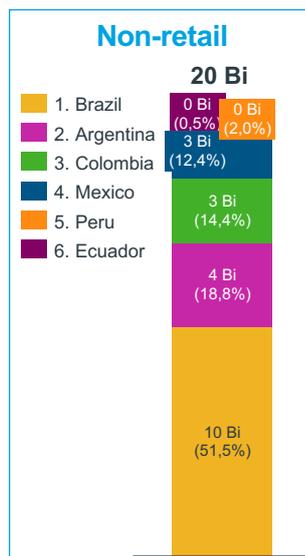
Figure 7: Market split (USD Billions)



Non-retail

Most countries in LATAM present a growth in terms of sales and units of pharmaceutical products commercialized in the nonretail channel with the region growing at 9.1% in values and 11.8% in units in 2021.

In the YTD 2022 analysis, a deceleration in growth is observed at a regional dropping to 10.1% in units and 3.4% in values.



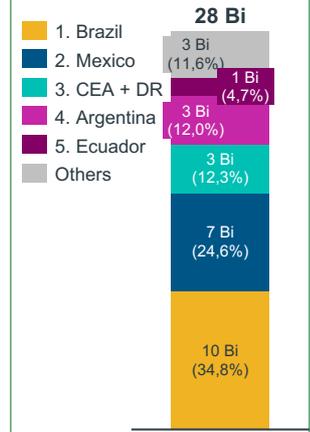
Retail – Prescription Drugs

The RX Retail segment is expanding in almost all countries except Colombia (-0.4%) and Peru (-10.0%). In Colombia, there was a retraction in molecules with high consumption during pandemic (e.g.: ivermectin). In Peru, the sales return to the Non-retail channel after pandemic when the private channel played a significant role.

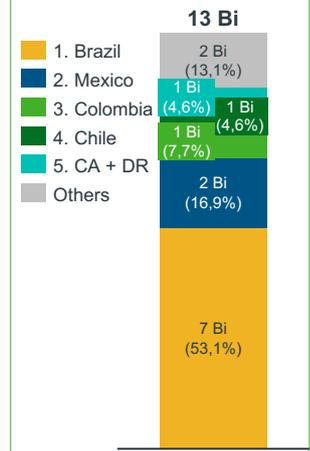
Retail – OTC/CH

The OTC / CH market presented a 12.8% growth in values and 6.7% in units. When analyzing the recent evolution (YTD Jun2022), we are observing an acceleration in the growth rate to 19.5% in values and 13.4% in units.

Retail Prescription Drugs



Retail OTC/CH



Source: IQVIA MIDAS Jun 2022 @ ex-MNF price level, IQVIA SISMED Q2 2022. Non-Retail only for Argentina (2020, 2021 and 2022 YTD), Brazil, Colombia, Ecuador, Mexico and Peru. Values at constant exchange rates: BRA 5.77; CA+DR 1.00, CHI 1,082.24; COL 4,787.63; ECU 1.00; MEX 21.33; PER 4.37; URU 41.69, VEN 1.00. "Free Market" rates applied in Argentina: 56.14 (2019), 106.59 (2020), 169.03 (2021), 136,76 (YTD Jun 2021), 201.29 (YTD Jun 2022) Excludes COVID-19 vaccines.

Key trends impacting the pharmaceutical market

In order to better understand the opportunities for pharmaceutical companies, it is important to assess the key trends and challenges impacting the healthcare systems in the region.



Increasing role of payers and governments: Government agencies are playing a more active role in terms of critical decisions affecting the healthcare environment and the pharmaceutical market. Their decisions are altering the scenario and changing pricing schemes, acquisition processes and increasing their roles in terms of treatment standardization. Companies seeking to succeed in the market will need to develop capabilities in order to interact effectively with these stakeholders.



Growing pressure on healthcare budgets due to need to expand the delivery of care and to innovation in pharma: COVID 19 pandemic has shed the light on the need to strengthen the HC systems in the region and there is a need to increase access to healthcare to segments currently poorly covered or unattended. In addition to this, pharmaceutical companies are developing highly innovative healthcare technologies which have a strong impact in terms of cost per treatment generating pressure on healthcare expenditure.



Requiring value demonstration and cost containment: Due to the burden experienced by the different healthcare systems, payers are increasingly requesting evidence on the value of the new technologies to grant access and incorporation on formularies. Pharmaceutical companies will need to demonstrate the increased benefits of the newer therapeutic options vis a vis the standard of care. In addition, the availability of biosimilars and generics has provided relief to payers allowing the coverage of innovative pharmaceutical products at a lower cost.



Rising patients influence in healthcare scenarios: The empowerment of patients and their increasing influence in the different healthcare systems has shaped the new scenario. The growing role of patients' associations and NGOs that are working to shape the healthcare policies and increase access generate pressure on the healthcare systems



Driving digital transformation: The COVID 19 Pandemic has forced stakeholders within the health system to interact in a different way. Many of the health systems in our region were not ready for the digitalization of health care which was forced due to the restrictions imposed by the pandemic. In addition, the way of interacting with professionals was modified by contact restrictions. All this resulted in changing environment that begins to accept digitization and multichannel contacting of professionals as a trend.

The success of pharmaceutical companies in an increasingly complex scenario will be associated to their capability to adapt to the new landscape and offer value to all the key stakeholders impacting the landscape

About IQVIA

We created the Human Data Science Cloud to access, integrate, enrich, and transform data at scale for advanced analytics, machine learning and AI/ML applications. Now we are making this exclusive capability available to our customers, so they can leverage proven approaches to apply Human Data Science to their businesses and move healthcare forward.

IQVIA ranked first in the ESOMAR's Global Top 50 Insights Companies 2022. The ranking considers companies that work with Digital Data Analytics; Consulting; Market Research; Self- service Platforms and other related areas.

Source: ESOMAR. ESOMAR creates and manages a comprehensive program of industry-specific and thematic events, publications and communications as well as actively advocating self regulation and the worldwide code of practice.

#	Company	2021 Turnover USD (M)
1 st	IQVIA	5,209.4
2 nd	Gartner	4,734.0
3 rd	Salesforce	3,902.0
4 th	Adobe	3,867.0
5 th	Nielsen	3,500.0



For more information, please do not hesitate to contact us

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