

Assignment no: stds-3

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Male Speaker

Mexico's market continues to grow robustly in value terms, but volume growth appears to be lagging. BMI estimates 2007 market growth at 8.7% year-on-year, YoY, reaching a value of US \$13.3 billion. The new five-year forecast for the period 2007 to 2012 sees average annual growth in dollar terms of 5.4% and in local currency terms of 7.4%. According to IMS Health, the market grew 7.5% in value terms YoY over the first seven months of 2007, whilst the number of units sold edged up only 0.7%. Local market sources indicate that volumes remained nearly static, despite record spending by the state sector.

I did a SWOT analysis of Mexico Pharmaceuticals and Healthcare Industry. The slide shows my findings.

Strengths: Mexico is the largest market in Latin America along with Brazil, with estimated 8.9% growth in 2007. Mexico is one of Latin America's most developed markets, and regulatory standards are superior to most of its southern neighbors. Mexico has strong trade links outside Latin America to the U.S., Canada, and EU. Mexico has a competitive and well-developed pharmaceutical industry including around 200 companies and a substantial multinational presence.

Weaknesses: Despite important recent reforms, the enforcement of domestic patent law remains problematic, and counterfeiting is a continuing problem. With nearly half of the population lacking health insurance, Mexico's drug market is particularly sensitive to economic shocks. The Mexican government's drug-pricing policy is focusing on cost containment, while an inefficient supply chain leads to high prices for consumers. The expansion of state health coverage has focused on basic essential drugs, and reimbursement for many hi-tech imported drugs remains limited or nonexistent.

Opportunities: The generics market has strong growth potential as both, the government and consumers looks to the sector to provide cost-effective coverage in place of less reliable copy drugs. New legislation on bioequivalence has recently been approved in Mexico and may push a number of similar or copied products of the market over the next three to five years. Health-sector reform and expansion of programs such as Seguro Popular will drive overall health spending. Further reforms including better data protection rules could further boost investment in the sector.

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