

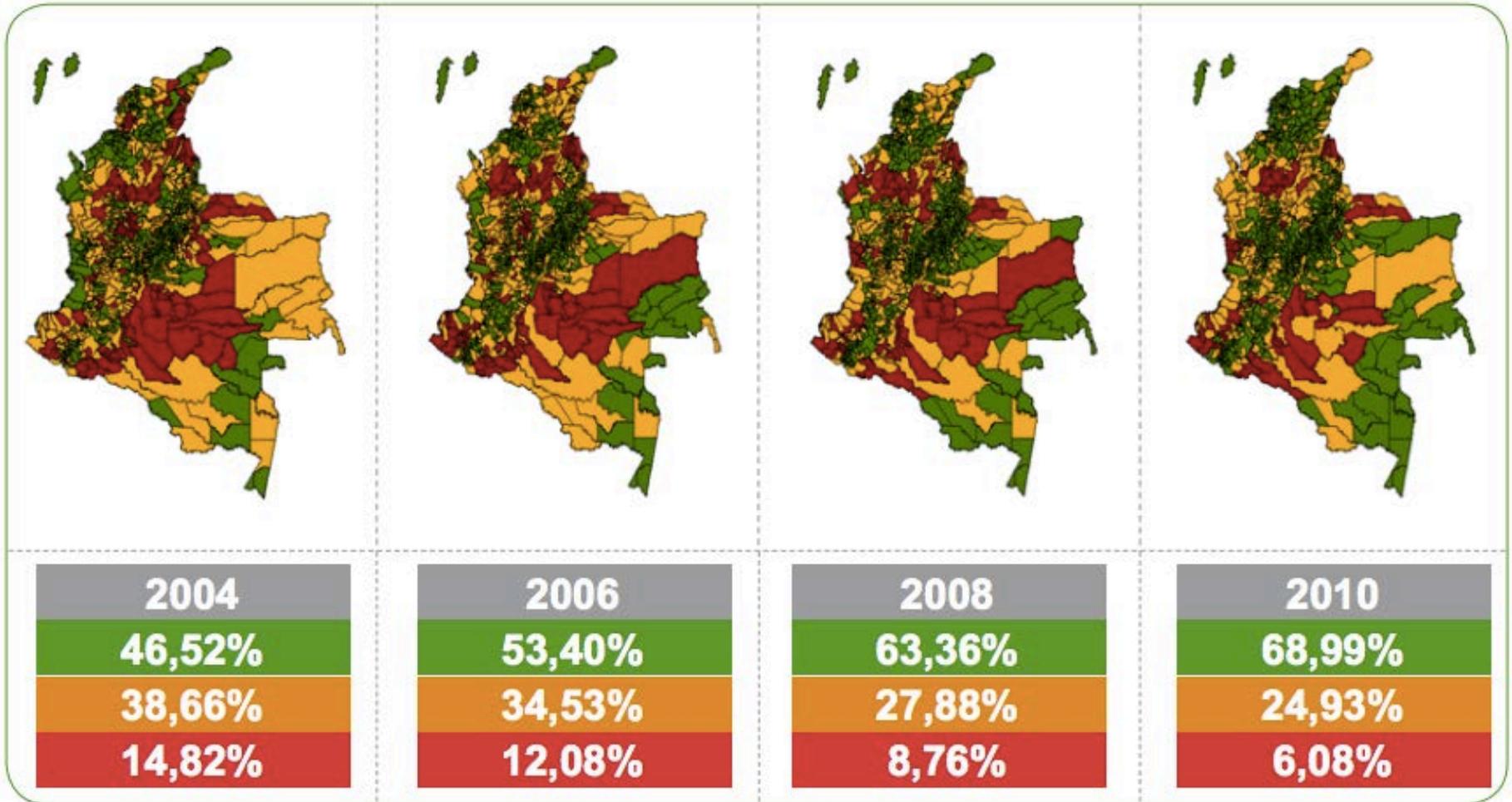
Overview of the Health Market in Colombia



What you should know about Colombia

1. About its **security** and **business environment**
2. About its **market**
3. About the latest **figures and trends in health care and medical equipment**

1 | Positive developments in terms of Security



Fuente: Dirección de Estudios Sectoriales/VPE/MDN

A Favorable Business Environment

STANDARD
& POOR'S

BBB

FitchRatings

BBB

MOODY'S
INVESTORS SERVICE

Baa3



#34 in the world

1 in Latin America

(Perú, México, Chile)



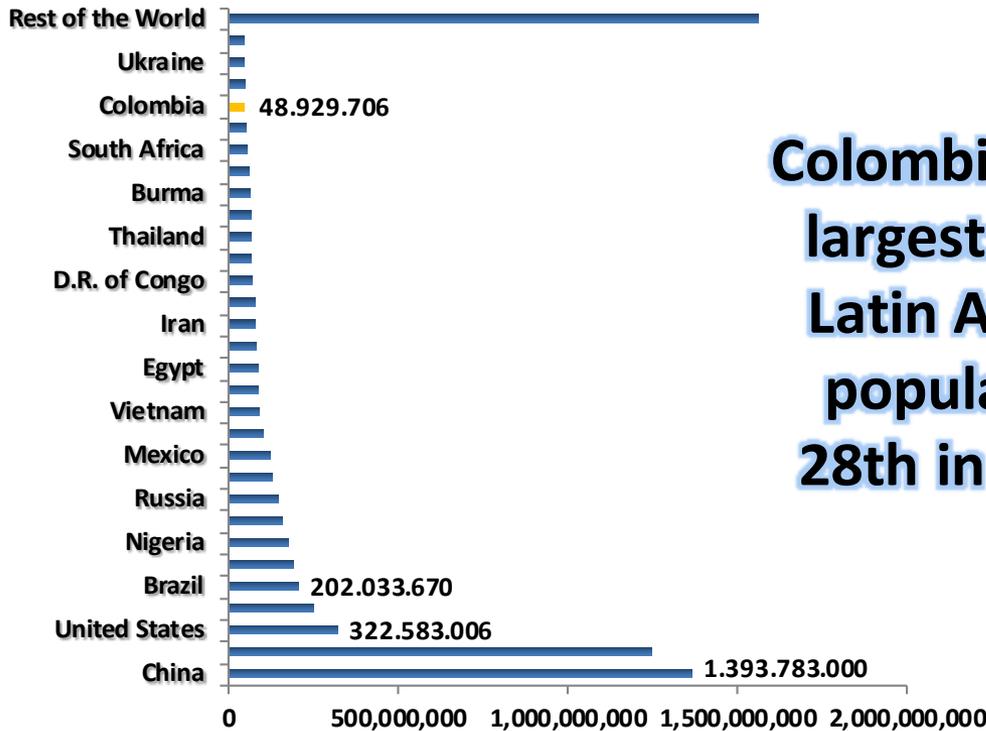
#66 in the world out of 144

7 in Latin America

Within the 30 efficiency-driven economies

*** Security and Business Environment**

2 | A Relevant market



Colombia is the 3rd largest market in Latin America by population and 28th in the world



CARTAGENA:
1 MILLION

BARRANQUILLA
1.4 MILLION

MEDELLÍN
3.7 MILLION

BOGOTÁ
7.7 MILLION

CALI
2.3 MILLION

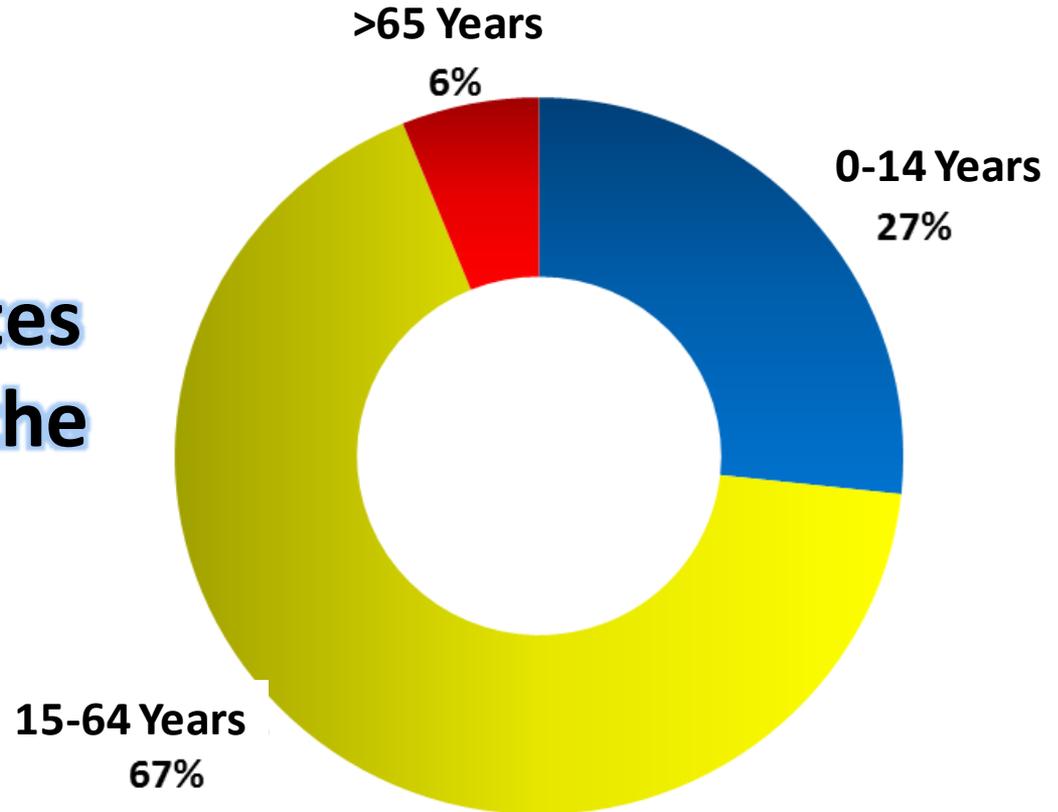
**Five Urban Centers with
over 1 Million
Inhabitants**

**Total
48 Million**

*** A Relevant market**

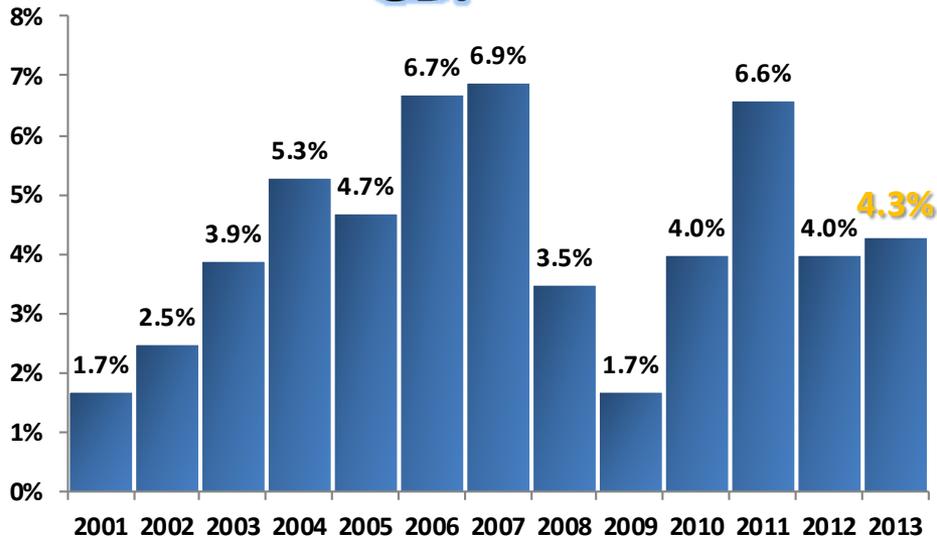
Colombia's Age Groups Breakdown

Young urban population constitutes the largest share of the market

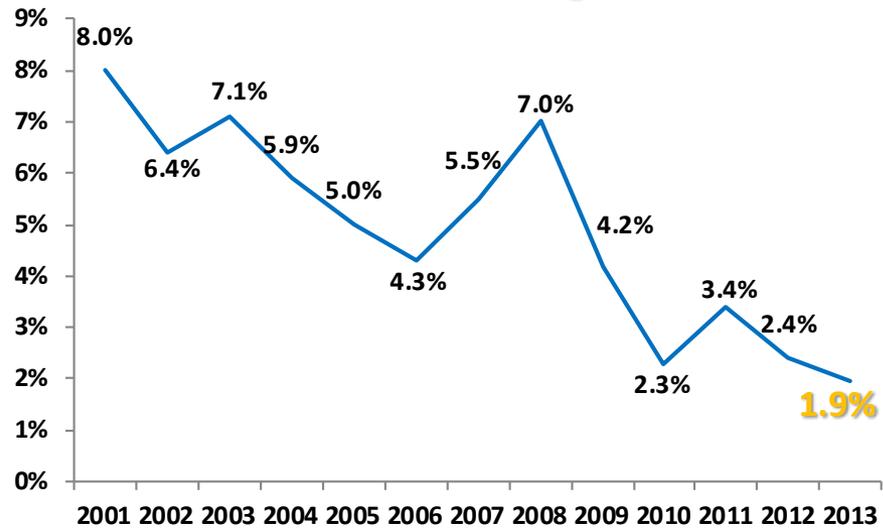


*** A Relevant market**

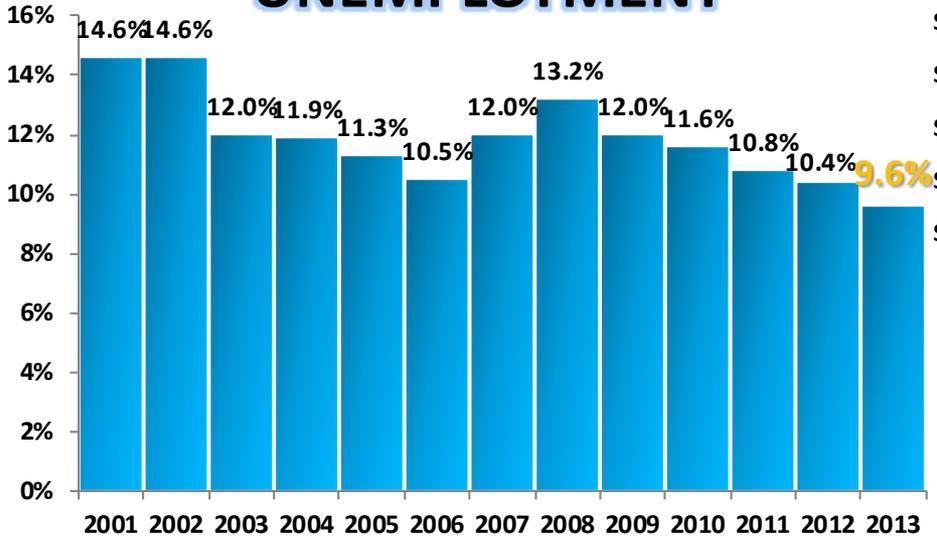
GDP



INFLATION



UNEMPLOYMENT



USD Mill.

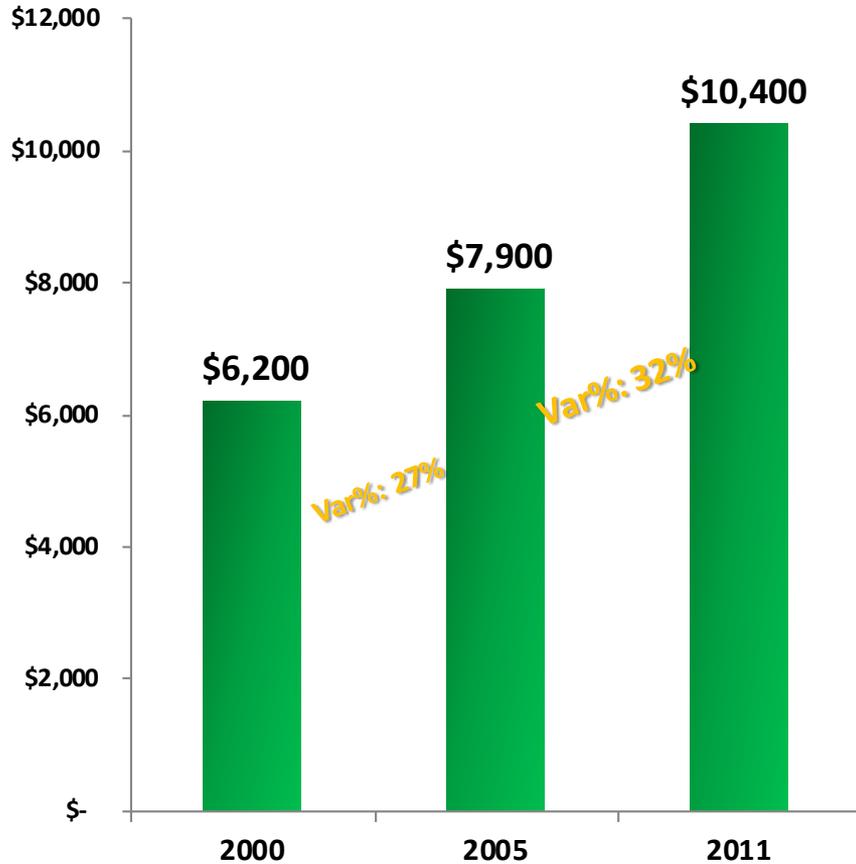
FDI



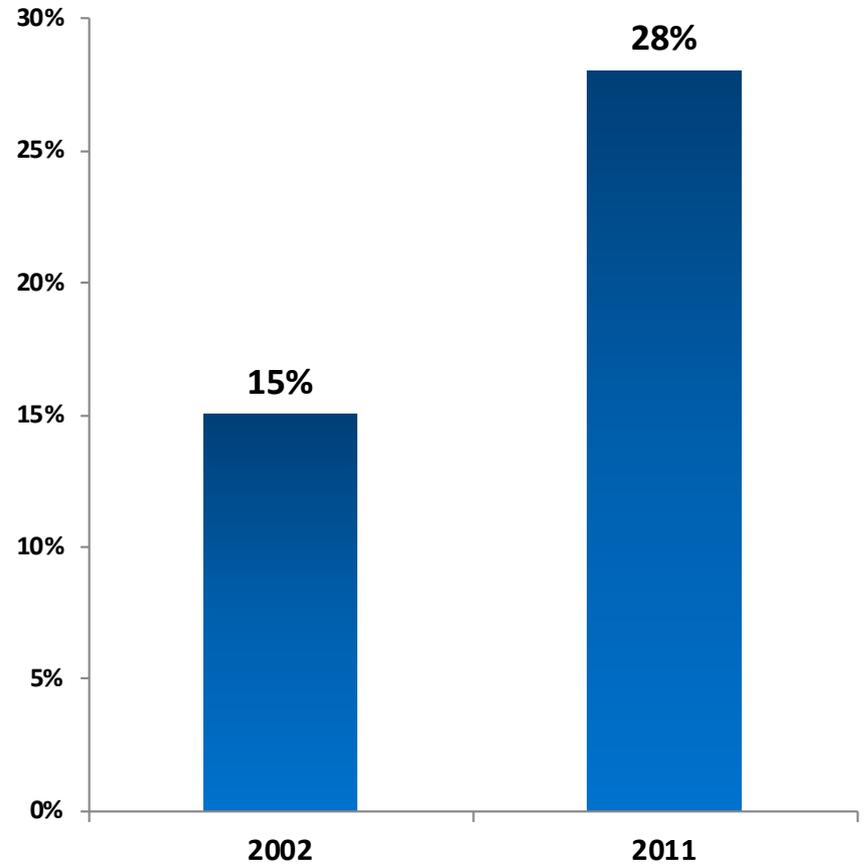
* A Relevant market



Growth in GDP Per Capita



Middle Class as a share of the Colombian population

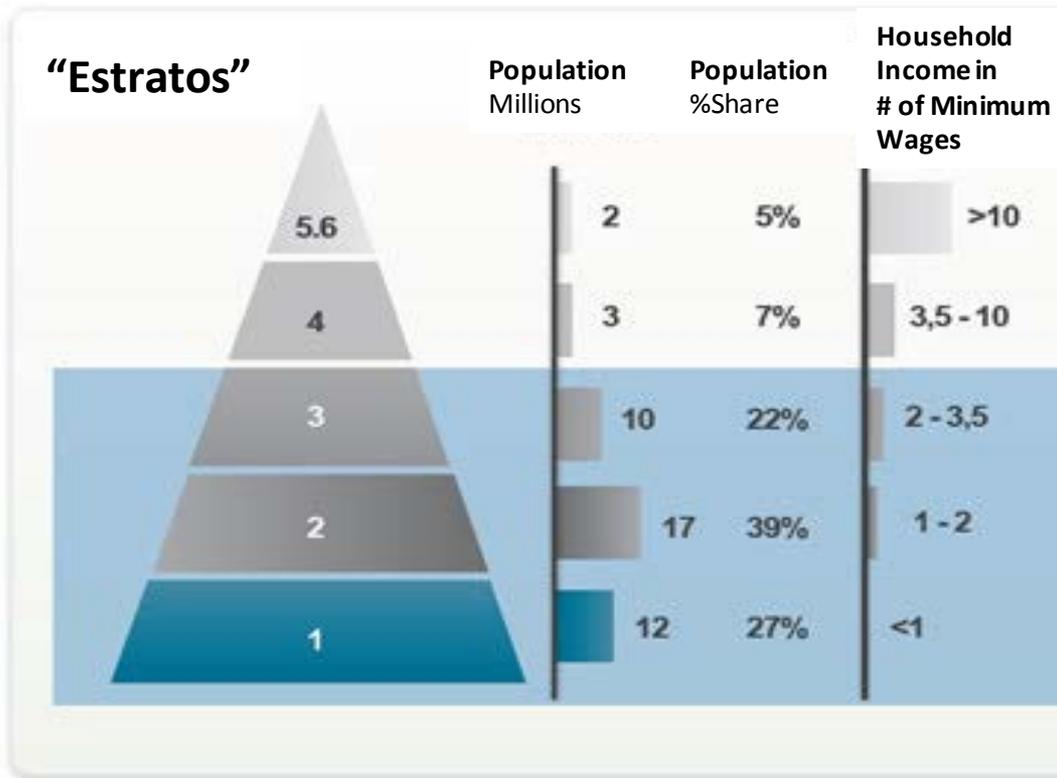


* A Relevant market

Purchasing Power is still widely disparate between various population groups

Average Monthly Household income:

US\$1780
(Approx.)



Source: Ministerio de Tecnologías de la Información y Comunicaciones con datos SUI, DANE
http://www.mintic.gov.co/porta/vivedigital/612/artides-1518_imagen_2.jpg

* **A Relevant market**

Colombian Healthcare System

Currently approximately **80 percent** of the Colombian population is covered by health insurance.

Total health expenditure at US\$26.7 bn in 2013, equal to 7.1% of GDP. Per capita spending is estimated at US\$553. Public spending accounts for around **76% of total health expenditure.**

Healthcare system is complex, and coverage is not yet universal. Currently the Colombian **Congress is working** to develop an updated **health care reform law.**

The country's **healthcare infrastructure is adequate** in the **larger urban areas**, but is in need of modernization.

Healthcare and regulatory developments implemented over the last 3 years will provide **new growth opportunities for medical device companies in the long-term.**

7 of the 20 best hospitals and clinics in Latin America in 2013 were located in Colombia.

Market Entry

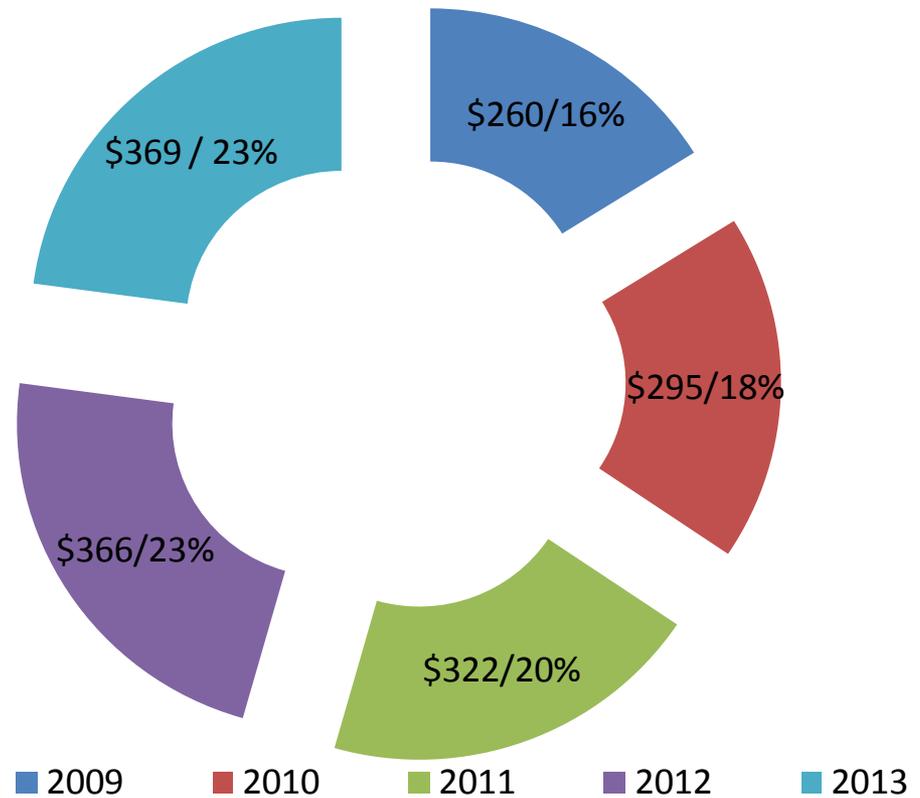
- To successfully penetrate the Colombian market, U.S. firms should offer **competitive pricing and financing**.
- Additionally, modern technology coupled with **efficient post-sales service** and parts support is a winning combination.
- **New-to-market exporters should develop product or service information in Spanish** and check to see whether their competitors already have a presence in the market.
- U.S. equipment suppliers are generally encouraged to find a local representative/distributor, although this is not a legal requirement for doing business in Colombia. **U.S. Companies may find the use of a local sales representative useful given their knowledge of the local market, and their understanding of local regulations and import procedures.**

US MEDICAL DEVICES IMPORTS TO COLOMBIA (USD million)

According to BMI the **medical device market was valued at US\$1.2 bn in 2013**, ranking **4th** in the **Latin American region**.

Of this total, **US\$369 million** was from the **United States**.

The medical device market is projected to register the **third fastest 2013-2018 CAGR** in the region, at **12.0%**.



***World Trade Atlas (HS Codes 9018-9027)



Medical Equipment and the FTA

- The FTA between Colombia and the U.S. went into force on May 15th 2012
- **U.S. imports** enjoy the largest share of the Colombian market, accounting for around **a third of all medical equipment imports.**
- With the implementation of the FTA, tariffs on **96 percent of U.S. medical equipment exports to Colombia went from an average of 7.6 percent (ranging from zero up to 15 percent) to zero.**
- Colombia also has FTAs with our leading medical device producers such as the European Union and Canada.

Key Facts to export Medical Equipment to Colombia

The medical device industry is concentrated around the capital **Bogotá**. Per capita spending on **medical devices** is **average** for the region.

The **medical device market is heavily reliant on imports**, especially in the high tech sectors. **US suppliers dominant**

Currently the **strongest competitors are China, Germany and Japan**. China is quickly increasing market share.

Colombia is the 6th most attractive market in the **Americas** region in which to commercialize a **medical device**, according to BMI

U.S. companies are advised to be on the lookout for relevant **trade events to promote their products and test market.**

Colombia is seriously promoting the country as a health destination (**Health/Medical Tourism**).

*** Colombia**

Colombia promoting the country as a health destination (Health/Medical Tourism).



- **Colombian medicine** is well-known in Latin America and the rest of the world as a pioneer and leader in health services, positioning **the country as one of the most attractive destinations to receive medical treatments.**
- This becomes an **important market opportunity for the U.S.** because the success of this industry requires high quality standards, technology and infrastructure.
- This has led **Colombian hospital and clinic management to upgrade existing facilities**, adding/renewing medical equipment and providing English language training for their staff.

Registration Process



- Access to this market is not easy for newcomers. The market is mature and competitive, with many foreign firms selling medical equipment and medical products. It should be noted that registration procedures can often be challenging and may pose a barrier to entry into this market.
- Classification of devices in **Colombia follows** a four-tiered risk model (**Class I, Class IIa, Class IIb and Class III**). Colombia's device classification scheme is similar to those of the **European Union** and other Global Harmonization Task Force (GHTF) systems.
- If the device falls into a lower-risk category in Colombia (Class I or IIa), the company may qualify for an expedited review process and achieve market entry in a shorter time.

Colombian Pharmaceutical Market

- In **2013 Colombian Government established price controls for pharmaceuticals**
- In February 2014, the Minister of Health announced that as the date, price cuts enforced on 523 active pharmaceutical ingredients (APIs) and that 95% of the drug makers complied with the regulations .
- Most of the local production is dependent on imported active pharmaceutical ingredients (APIs).
- Opportunities exist for manufacturers of anti-retrovirals, given the prevalence of HIV/AIDS in the country.
- Approval of the **US FTA** should **ease market** entry and maintain pressure for **continued regulatory improvement**.
- **Progress in IP legislation** is improving the climate for foreign firms and **reducing the penetration of copy drugs** .