PHARMACEUTICAL SECTOR

MARKET OPPORTUNITIES & MARKET ACCESS IN COLOMBIA

2020

El futuro es de todos

Gobierno de Colombia

PROCOLOMBIA

EXPORTACIONES TURISMO INVERSIÓN MARCA PAÍS

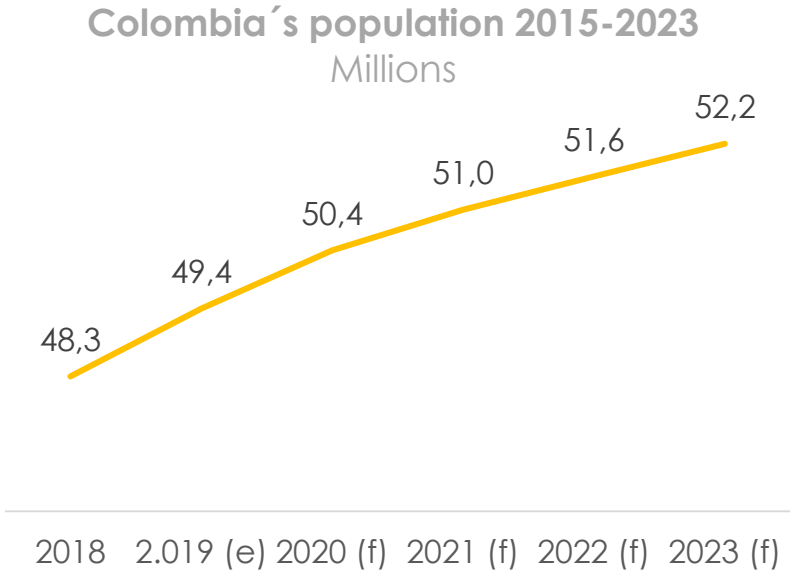
CO COLOMBIA

REASONS TO DO BUSINESSES WITH THE COLOMBIAN PHARMACEUTICAL SECTOR

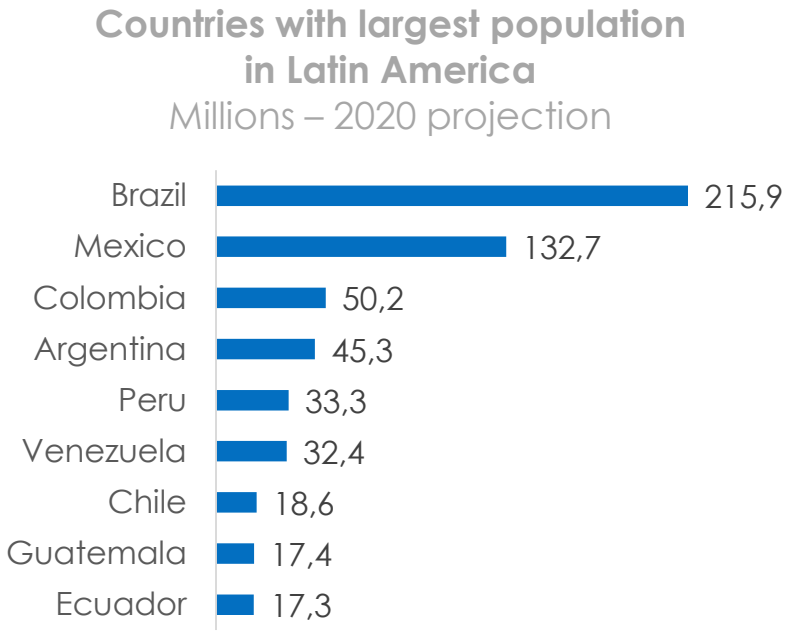
- Colombia has the **third largest population in Latin America** after Mexico and Brazil.
- **95% of the Colombian population is covered** by the healthcare system
- Colombia has **one of the largest public health expenditure** of the region
- In 2019, pharmaceutical products sales reached the USD 4.795 millions.
- Colombia has been selected as an **export hub to take advantage of current FTA** by the main pharmaceutical multinationals.
- In 2018, more than **25% of Colombian exports** in the pharmaceutical sector were carried out by **multinational** companies.

Drivers: National pharmaceutical security + Export platform + JV

COLOMBIA HAS THE **THIRD LARGEST POPULATION IN LATIN AMERICA** AFTER MEXICO AND BRAZIL



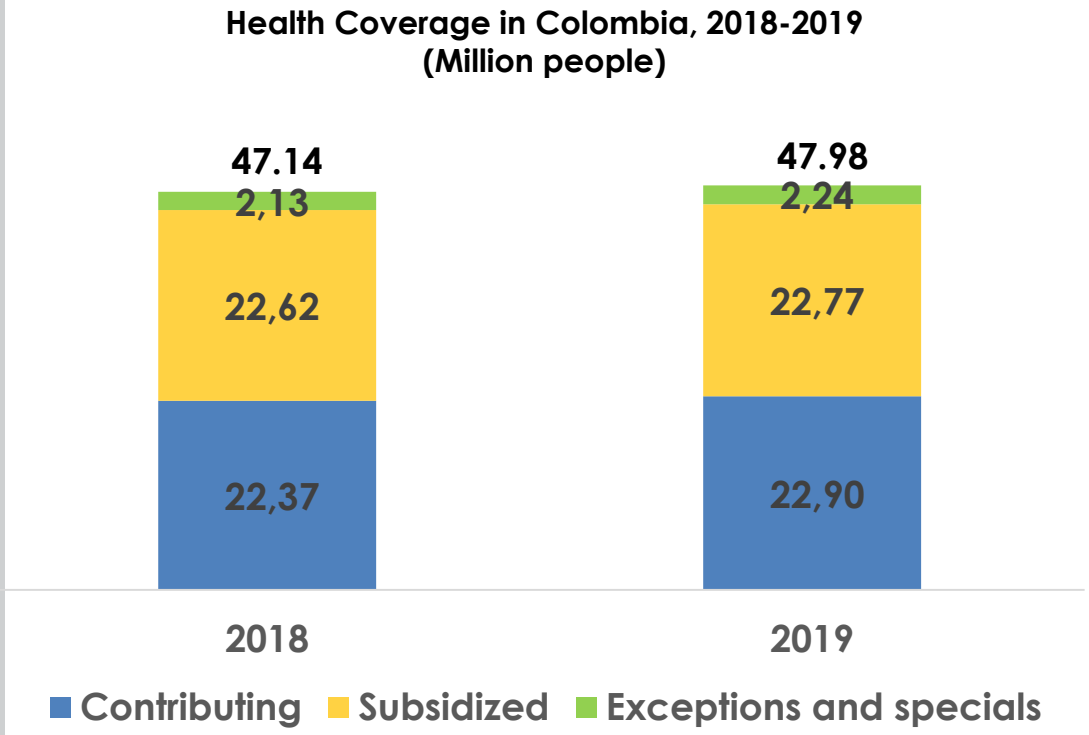
In February 2020, Colombia reached 50 million inhabitants.



Colombia's population is like that of South Korea or Spain.

(e): estimated – (f): forecast.
Source: National Administrative Department of Statistics (DANE), Cepall, 2020

COLOMBIA HAS AN AVERAGE **HEALTH COVERAGE OF 95% OF THE POPULATION.**



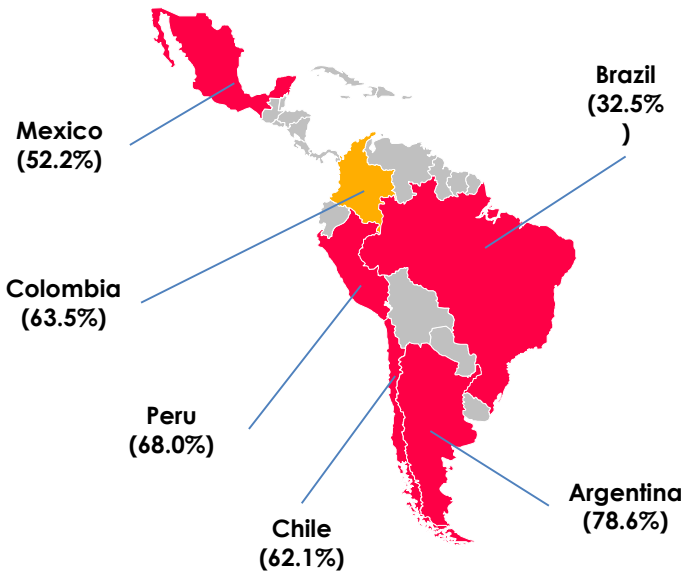
Total population in Colombia: 50.37 million people

Coverage is the ratio of the number of persons affiliated with the health system to the total population estimated by DANE for the entire national territory.

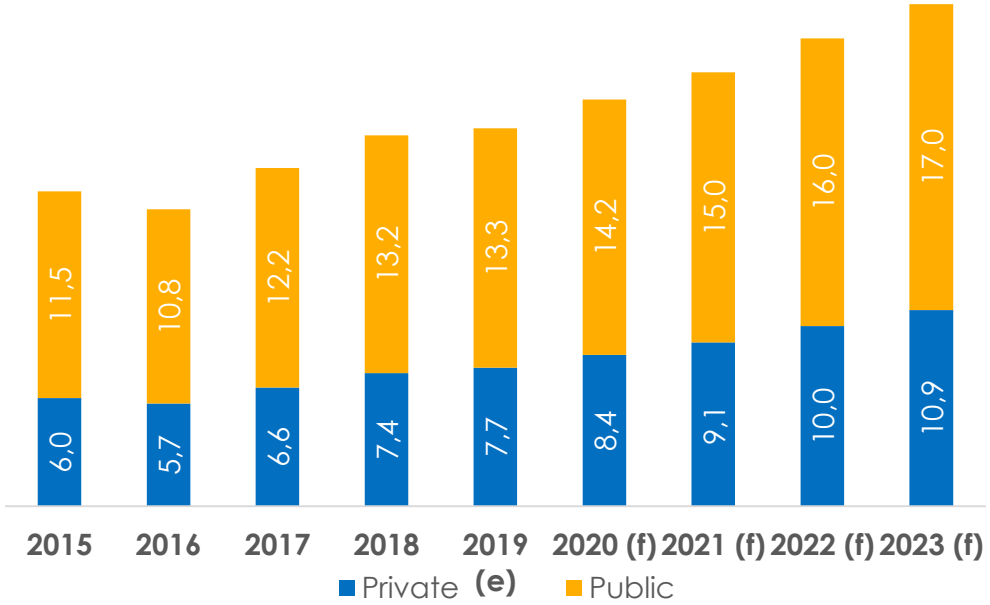
Source: Ministry of Health and Social Protection,2020

COLOMBIA IS THE THIRD COUNTRY IN THE REGION WITH THE **HIGHEST PUBLIC HEALTHCARE EXPENDITURE**

Government healthcare expenditure in Latin America, 2019
(percentage share)



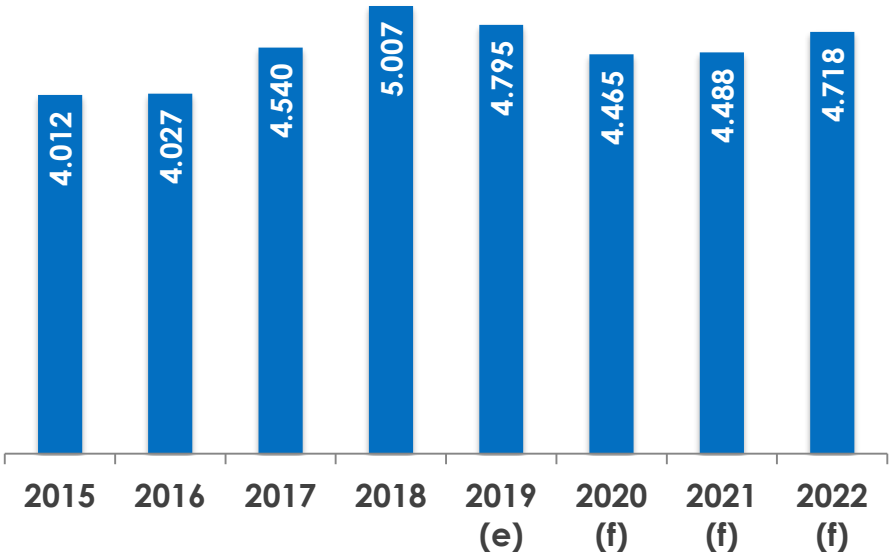
Healthcare expenditure in Colombia, 2015 - 2023
(USD billion)



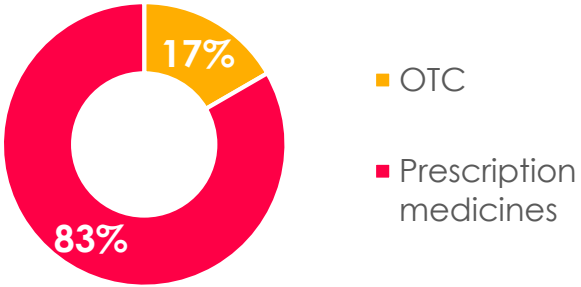
(e): estimated – (f): forecast.
Source: Business Monitor, 2020.

COLOMBIA HAS THE **SECOND HIGHEST PROPORTION OF EXPENDITURE OF GENERIC MEDICINES** OVER PATENTED MEDICINES IN THE REGION

Pharmaceutical sales in Colombia
2015-2022 – USD millions



Pharmaceutical sales by category
2019 (%)



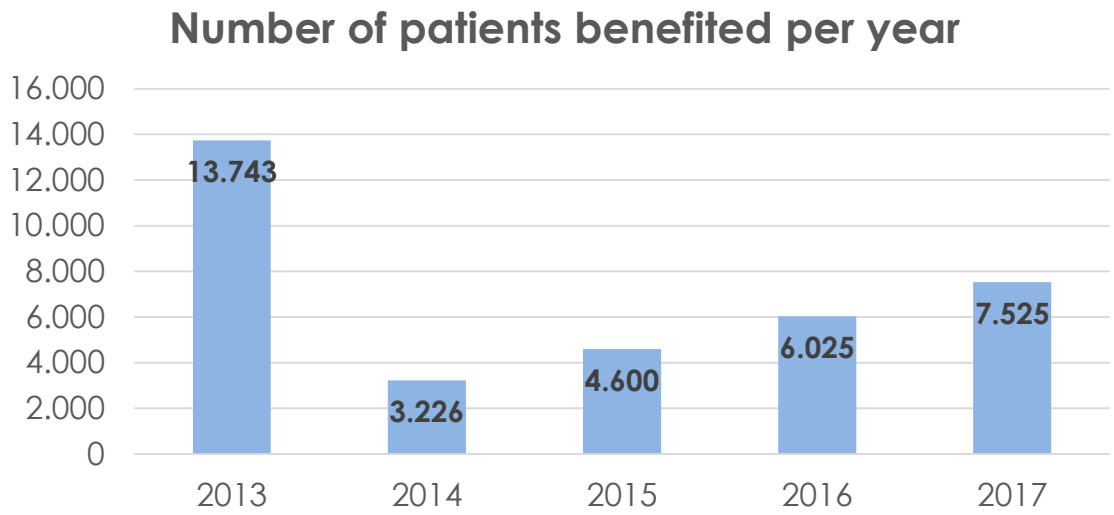
Prescription medicines shares by category
2019 (%)

49,0%
Patented

51,0%
Generics

(e): estimated – (f): forecast.
Source: Business Monitor, 2020

COLOMBIA IS BECOMING AN **IMPORTANT PLAYER IN CLINICAL RESEARCH**



In 2018, up to the moment of carrying out the survey, 4,004 patients have benefited

- **Colombia's government has prioritized clinical research sector**, working on improving regulatory framework around it.
- The National Institute for Food and Drug Surveillance **(Invima) is improving approval times**, making Colombia more attractive for pharmaceutical companies.
- **Important pharmaceutical companies**, developing studies in the fight against COVID-19 pandemic, have chosen Colombia for clinical research for its population diversity and quality in clinical research centers.

BIOTECHNOLOGICAL MEDICINES MAKE UP 35% OF COLOMBIA'S PHARMACEUTICAL MARKET

- Colombia is increasing the use of **biological medicines, specially in the treatment of non-communicable** diseases.

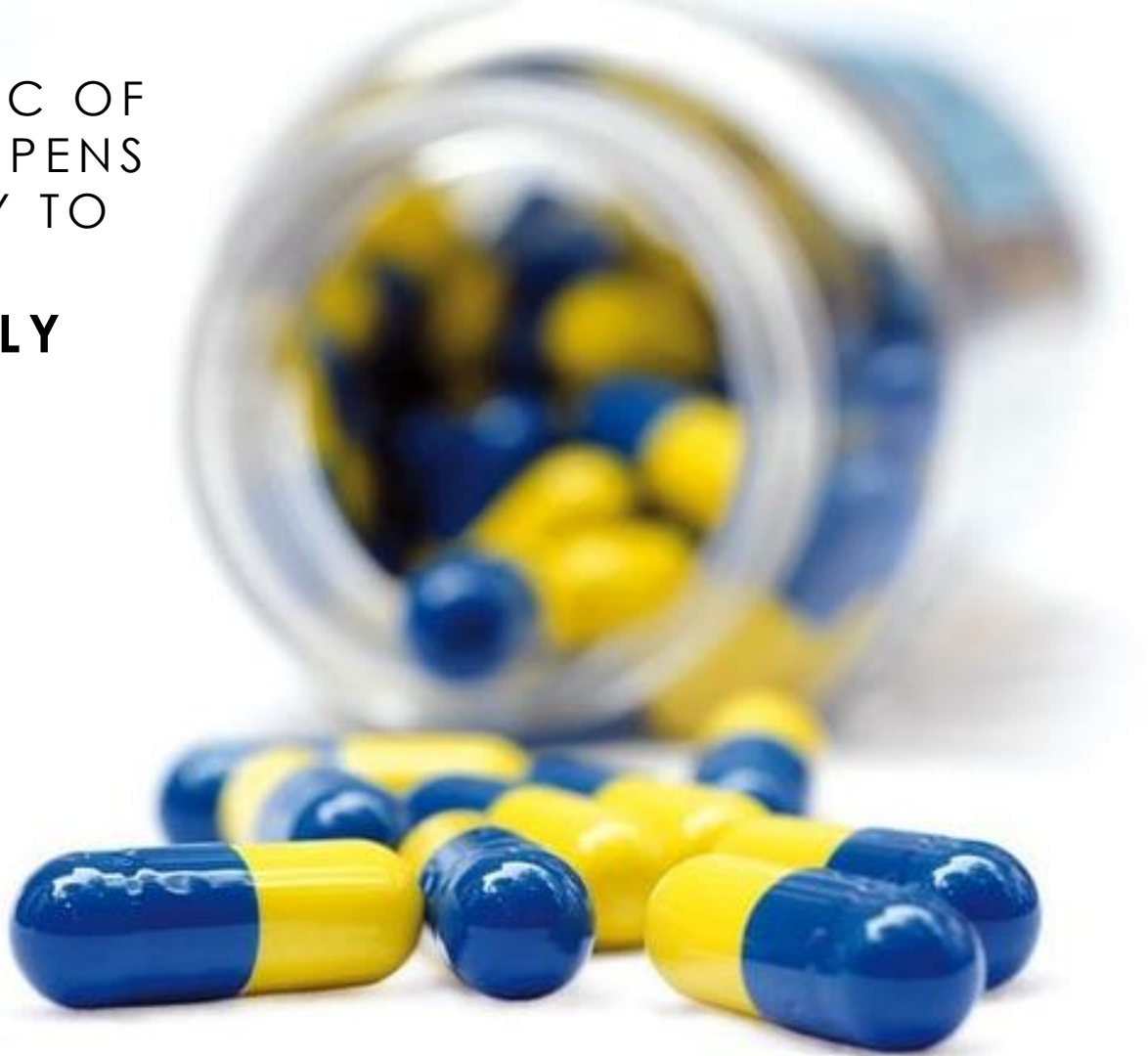
- **Decree 1782 of 2014 establishes the requirements for biotechnological and biosimilar medicines in Colombia, focusing on the rising of expired patents leading to more** competition in the market.

- **Biotechnological and biosimilar medicines are covered by the government health expenditure**.

- Most **biological medicines have price control**, looking to reduce public expenditure.

Source: Business Monitor, 2020. Ministry of Health and Social Protection, 2014. Latest update: May 2020

THE NEW DYNAMIC OF GLOBAL TRADE OPENS THE OPPORTUNITY TO COLOMBIA **FOR REGIONAL SUPPLY**



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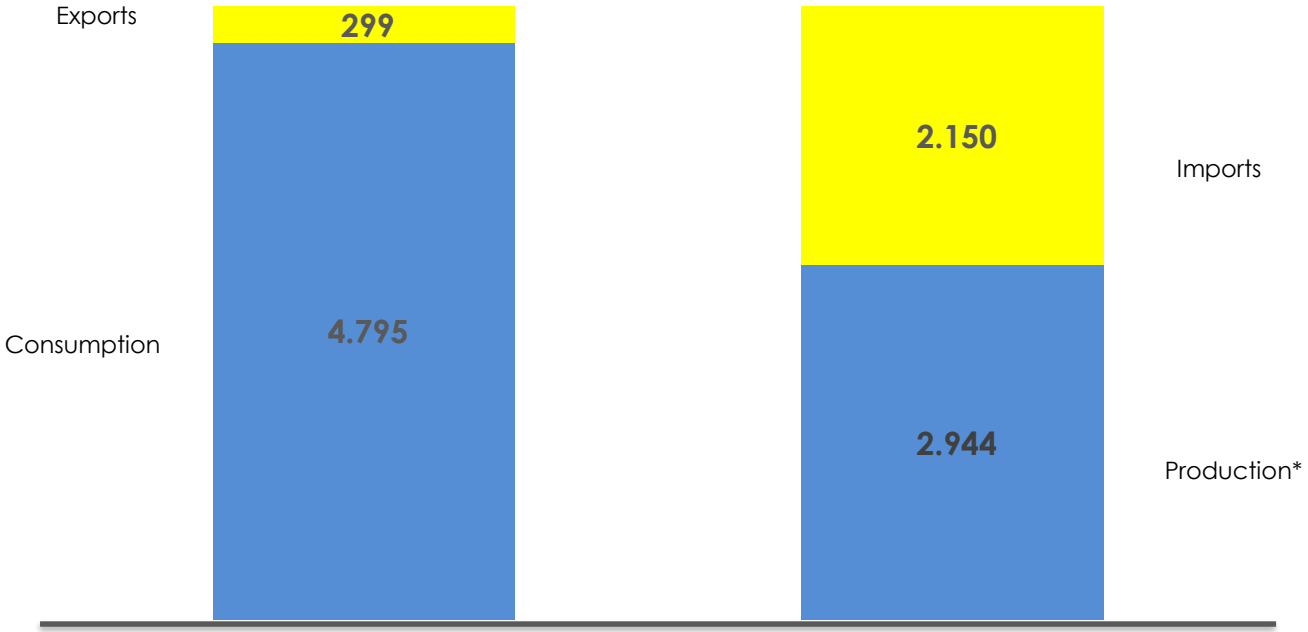
20% OF PHARMACEUTICALS PRODUCED IN COLOMBIA ARE EXPORTED

Pharmaceutical sector in Colombia
2019 – USD millions



*Production calculated.
Source: Business Monitor, 2020. Procolombia's calculations.

THE MAIN EXPORTED PRODUCT ACCOUNTED FOR MORE THAN **50% OF THE OVERALL PHARMACEUTICAL EXPORTS**

Other medicines for human use (3004902900)
FOB 2019: USD 185.0 million
Variation 2018 – 2019: **1.3%**
Share 2019: 51.6%

Gelatin capsules for medicine packaging (9602001000)
FOB 2019: USD 18.3 million
Variation 2018 – 2019: **5.2%**
Share 2019: 5.1%

Other medicines containing vitamins (3004501000)
FOB 2019: USD 31.1 million
Variation 2018 – 2019: **22.0%**
Share 2019: 8.7%

Other medicines containing corticosteroid hormones (3004321900)
FOB 2019: USD 18.2 million
Variation 2018 – 2019: **8.6%**
Share 2019: 5.1%

Other medicines containing antibiotics (3004201900)
FOB 2019: USD 26.5 million
Variation 2018 – 2019: **4.3%**
Share 2019: 7.4%

Medicines containing antibiotics for veterinary use (3004202000)
FOB 2019: USD 12.9 million
Variation 2018 – 2019**: 2.6%**
Share 2019: 3.6%

Source: National Administrative Department of Statistics (DANE), ProColombia's Calculations, 2020

POTENTIAL EXPORT MARKETS FOR COLOMBIAN PHARMACEUTICALS IN AMERICA

1. Panama
2. USA
3. Costa Rica
4. Canada
5. Ecuador
6. Dominican Republic
7. Chile
8. Peru
9. El Salvador
10. Honduras

Source: ProColombia's Calculations, 2020

COLOMBIA IS READY TO ADDRESS THIS RELOCATION CHALLENGE, OFFERING PREFERENTIAL ACCESS TO 97%* OF THE COUNTRIES OF THE REGION

Regional agreements

- Andean Community
- Pacific Alliance
- Chile
- Mexico
- Canada
- United States
- Northern Triangle
- Costa Rica
- Mercosur
- Cuba
- Caricom
- Nicaragua
- Venezuela

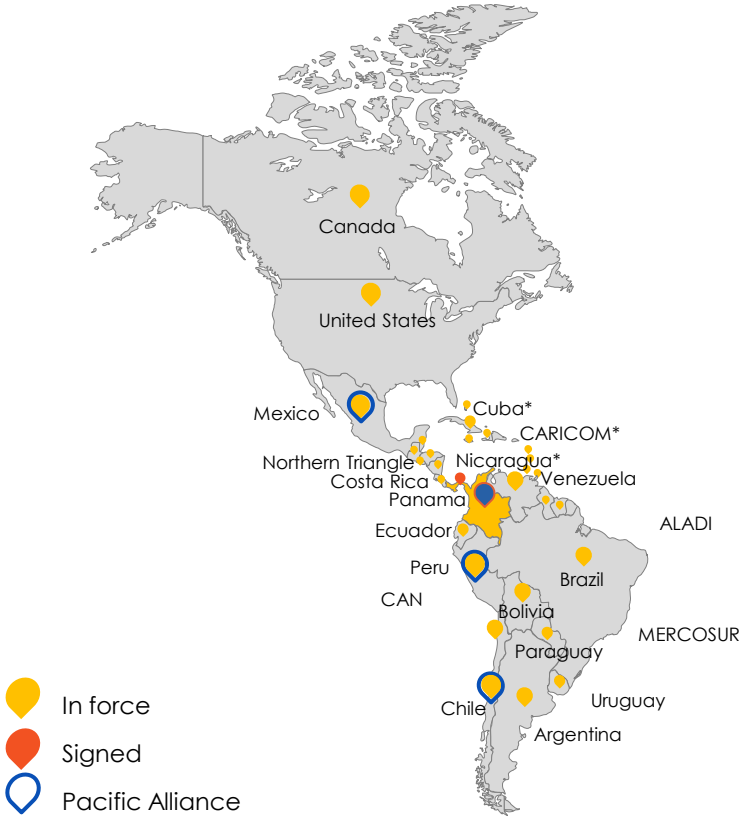
Other agreements

- EFTA
- European Union
- South Korea

Signed agreements

- Panama
- Israel
- United Kingdom

Colombia has 16 free trade agreements in force, which allow preferential access to 60 countries and 1.5 billion consumers



Source: MinCIT
**Non-self-governing terrirories are not included.*

ADDITIONALLY, COLOMBIA IS A MEMBER OF THE **PACIFIC ALLIANCE**

State member

In negotiation to become associate member

THANKS TO THE ABOVE, THE COUNTRY HAS PRIVILEGED ACCESS TO THE **CONTINENT'S LARGEST MARKETS**

Imports 2019
US$ Million

United States
US$ 2,568,396

Population:
329.3 million

Pacific Alliance
US$ 624,189

Population:
227.9 million

Canada
US$ 453,157

Population:
37.5 million

Mercosur
US$ 252,563

Population:
293.5 million

Central America
US$ 106,285

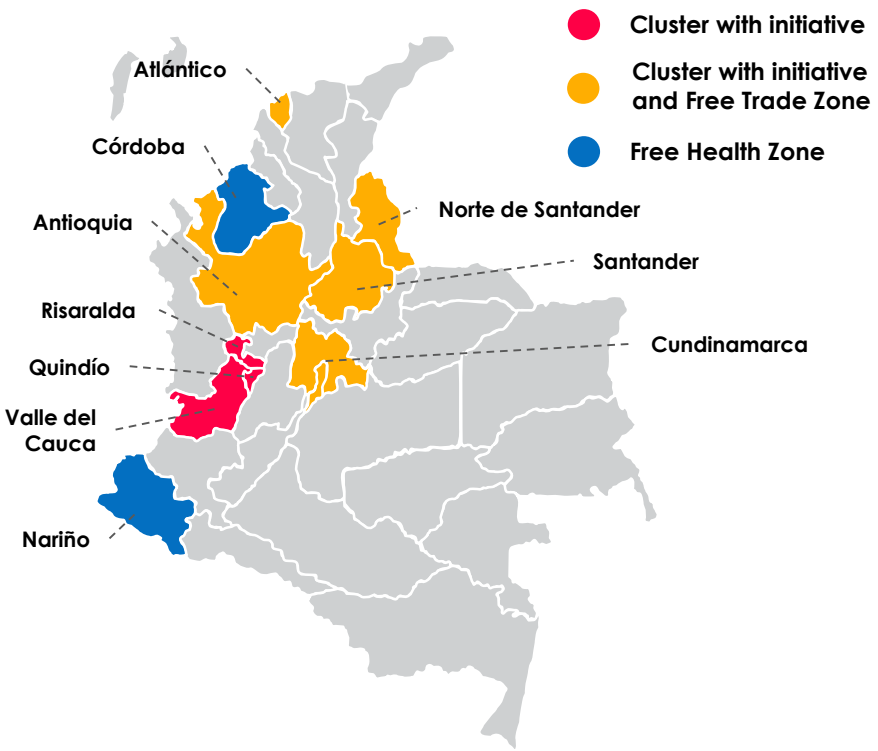
Population:
50.2 million

Source: TradeMap, IMF.

CURRENTLY THERE ARE **14 FREE ZONES AND 8 CLUSTERS FOR THE HEALTH SECTOR** THROUGHOUT THE COUNTRY

Total number of free trade zones:

114



Free Trade Zone	Department
Hispanic America Clinic	Nariño
Los Nogales Clinic	Bogotá
Marly Clinic	Bogotá
Integral Medicine University Clinic	Córdoba
Portoazul Clinic	Atlántico
Diacor Soacha	Cundinamarca
Fosunab	Santander
Fresenius Medical Care	Cundinamarca
Cardiovascular Foundation	Santander
Ctic Foundation	Bogotá
San Vicente De Paul Hospital	Antioquia
Medical Duarte	Norte de Santander
Serena Del Mar	Bogotá
Ciudadela Health	Cundinamarca

Source: Chamber of Users of Free Zones of the ANDI - Cluster Network Colombia / Elaboration: ProColombia, 2020

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COLOMBIA IS ONE OF THE BEST INVESTMENT DESTINATION

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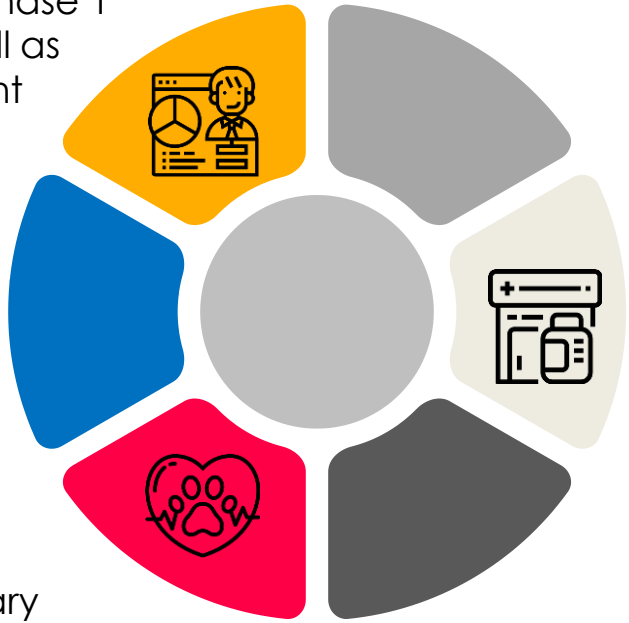
INVESTMENT OPPORTUNITIES IN THE PHARMACEUTICAL SECTOR

Establishing **clinical research centers** with new technologies that allow to carry out phase 1 and 2 researches, as well as clinical studies of different pathologies.



Developing **logistic and production centers** to supply the growing Latin American market.

Investing in **research centers for the development** of veterinary pharmaceutical products.

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CHALLENGES (ON WHICH WE ARE WORKING PERMANENTLY)

- The political risk, security and macroeconomic environment.
- The cultural and geographical distance.
- The ease of doing business.
- Perfect partners identification.
- The gap between the commercial expansion vs. the settlement of a manufacturing operation
- Export promotion strategies for Indian companies established in our country.
- The need to educate the Colombian consumer about generic options and Ayurveda (for example).

Source: Externado de Colombia University (Ms. Soraya Caro)

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THANK YOU

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EXPORTS TOURISM INVESTMENT COUNTRY BRAND

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