

## Clinica

### Brazil's medtech output expectations soar, backed by pro-industry drive

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Brazil is aiming to increase medtech exports by around 40% by 2015, from US\$633m in 2010 to US\$1bn, as well as meet a rapidly escalating domestic demand for healthcare.

The views expressed this week by Franco Pallamolla, president of Brazil's medtech industry association ABIMO, come on the back of a series of government-backed initiatives to support the domestic industry, including pledges to significantly increase domestic healthcare investment.

"Our objective is to be one of the world's five largest producers of high and medium technological density products by 2020," he said.

Mr Pallamolla was speaking in relation to the forthcoming launch of Brazilian Health Devices (BHD) – a mixture of branding exercise and medtech-export promotion programme. The initiative has the support of the national trade and investment agency Apex-Brasil.

BHD is part of a strategy to change what ABIMO believes is an international lack of awareness of the range of supplies and equipment that Brazil manufactures and exports. In the words of Paula Portugal, the head of ABIMO's international projects: "We produce everything from disposable products, to high tech machinery. Brazil has the technology, yet some countries still don't know we make these products."

BHD was established in November 2010 through the rebranding of a medical device and dental products export initiative that dated back to 2002. BHD will be formally launched at this year's Medica trade fair (Düsseldorf, Germany, 16-19 November).

### Investing 3.3% Of Turnover

Brazil's medtech industry is also striving to sustain – and even exceed – corporate investment levels, according to ABIMO. Since 1999, the medtech sector's revenues have grown 320%, and further investment is the key to keep this momentum going, it believes.

In 2010, the average rate of investment was 3.2% of turnover, directed mainly at R&D and technology modernisation. ABIMO expects this rate to grow in 2011, to 3.3% of revenues, or around R\$9.3bn (US\$6bn).

For ABIMO, the sector's success will depend on increasing the number of countries to which Brazilian firms export, which currently stands at 180.

### Domestic Supply Capacity "Must Match Soaring Demand"

But a more tangible boost for Brazil's medtech market is set to be the central government's healthcare investment strategy.

The government is seeking to ensure that supply capacity can grow in line with the demand that will be generated from the major demographic growth that is expected over the coming decades.

"At present, domestic capacity is not able to meet the current demand for new technology," said the health ministry's secretary for science, technology and strategic supplies, Carlos Gadelha.

Speaking at the annual conference of the international federation of health technology assessment agencies (HTAi), held in Rio de Janeiro on 27 June, he said that the country's "main challenge" is finding the way to fund the development of these technologies.

For the government, the solution lies in promoting public-private partnerships (PPPs) that are able to "attract private sector investment wherever the state lacks capacity", said Mr Gadelha.

At the end of June, 24 product-development PPPs were in force, he said, adding that the supply of the 29 healthcare products involved were expected to generate savings of R\$390m per annum.

Last week, the government announced the first results of its drive to cut healthcare product procurement costs. A total of R\$603m were saved through leaner procurement processes across around 80 products, it said. The total spend for these products in the first half of 2011 was around R\$1.7bn.

### Growing Support For Domestic Manufacturers

The government is bending over backwards to provide administrative support too for SMEs, especially, that are seeking to increase capacity to meet domestic market demand.

Manufacturers and distributors of medical devices in Brazil were recently given a new tool for dealing with the complexities of the country's healthcare regulatory system.

Medtech regulatory agency Anvisa, together with the national industrial development agency (ABDI) and the national service of support to small and medium-sized enterprises (Sebrae) published a *Compendium of healthcare regulations on medical devices*, with the aim of offering every regulation affecting the medtech supplies sector in a single document.

The "compendium" was unveiled during the 2011 Hospitalar medtech trade fair, which took place at the end of May in São Paulo.

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