

Contents

Demography.....	2
Introduction	3
Developments in the market	3
Strengths:.....	3
Weaknesses	3
Opportunities.....	4
Market overview	4



Demography

SL. No	Parameter	Description
1	Region	Latin America
2	Country	Costa Rica
3	Capital	San Jose
4	Population	4,872,543 (July 2016 est.)
5	Population growth rate (%)	1.19% (2016 est.)
6	GDP (purchasing power parity)	\$ 79.26 billion (2016 est.)
7	GDP - real growth rate (%)	4.3% (2016 est.)
8	GDP - per capita (PPP)	\$ 16,100 (2016 est.)
9	Exchange rates	One USD is equal to 588.27 of costa Rica colon as on May 24 th 2017
10	Population below poverty line	24.8 %(As per 2011. no updates available)
11	Age structure (%)	0-14 years: 22.8%
		15-24 years: 16.75%
		25-54 years: 43.99%
		55-64 years: 8.9%
		65 years and over: 7.54%
Source: CIA World Fact Book updated to july 2016		

Introduction

Costa Rica is, one of the most attractive pharmaceutical markets in the Central America region. Although regulatory and patent enforcement concerns remain, steps are being taken to address these shortfalls. Broadly speaking, the country's business environment is friendly, with direct foreign investment a key part of the country's economy. Costa Rican healthcare system is strong, and it makes a concerted effort to keep pace with technological advancements to aid the public health. Costa Rica's rapidly ageing population and growing reputation as a medical tourism hotspot will denote an increase to medicine demand going forward.

Pharmaceuticals market stands at \$ 871 million in 2016 and is forecasted to touch \$ 911 in 2017. A five year forecast shows the market would touch \$ 1.09 bn.

Developments in the market

- In October 2016, the CCSS approved the launch of a new cancer center to serve patients at the San Juan de Dios hospital; construction will commence in 2017 and the investment is valued at approximately USD100mn.
- In November 2016, the Costa Rican Social Security Fund (CCSS) invested approximately USD1.46mn to strengthen and expand the maternity services of 16 hospitals across the country.
- In December 2016, AstraZeneca announced it will transfer certain finance roles from its UK-based headquarters to a regional centre in Costa Rica by 2018.

Strengths:

- Pharmaceutical market ranks the third largest in Central America.
- Improving regulatory regime will enhance growth in pharmaceutical demand over the medium to long term.
- Business-friendly environment attractive to multinational investment.
- Proactive government strategies to widen access to healthcare and medicines.

Weaknesses

- Supply Chain is considered inefficient leading to shortages

Opportunities

- Low per capita pharmaceutical spending forces them to go for generics.
- Improved market access through regional regulatory harmonization.
- Rapidly ageing population increases patients on chronic care management which suits India's industry profile.

Market overview

Costa Rica is the tenth largest in the region (LAC). The country's pharmaceutical expenditure per capita is, at USD179 in 2016, is the second largest in the Latin America region. Sales of drugs in 2016 accounted for 1.6% of GDP and 16.9% of total health expenditure. Non communicable disease dominates the epidemiology profile of the country.

Costa Rica has a relatively vibrant competitive landscape compared to other countries in Central America. Costa Rica is an important near-shore production hub and for many multinational pharmaceutical companies such as Abbott, AstraZeneca, Roche, Bayer, GlaxoSmithKline, Pfizer, Merck, Bristol-Myers Squibb and Aspen. Progressive tax arrangements could have contributed to this status of the country in Central America.

Though no authentic data regarding generic size of the country is available.

Opportunities for India's Industry investment

Approximately 12,000 people work in the life sciences sector in Costa Rica, and according to the Costa Rican Investment Promotion Agency (CINDE), employment in 2015 was 13 times higher than it was in 2000. Costa Rica is an important near-shore production hub.

Low labor costs and tax incentives provide a business-friendly environment and make Costa Rica attractive to multinationals seeking to increase their manufacturing competitiveness. In 2011, Costa Rica's average annual manufacturing wage was 18% that of the US. Tax incentives in Costa Rica's Free Trade Zone can reduce multinationals' production costs. Within the zone, companies receive a 100% exemption on import duties on raw materials, components and capital goods; 100% exemption on corporate income tax, export taxes, local sales and excise taxes, and capital taxes; and there are no restrictions on capital or profit repatriation or foreign currency management. Companies also enjoy 0%

taxes for a 10-year period on property taxes, property transfer taxes and operating licenses. According to CINDE, there are a number of additional reasons for life science investment in Costa Rica, including:

Other advantages

- Costa Rica has free trade agreements that provide access to approximately 57 trading partners, including the EU, US, Mexico, Chile, China and Singapore.
- Close Proximity to The US Market: Less than three hours travel time to the US.
- Availability of Industry Parks: There are several industrial parks located throughout the country offering infrastructure for multinationals.
- Educational Workforce Improvements: The government has invested in education programs to develop undergraduate and graduate students with technical skills for life science.
- The ministry of health offers an online registration of Pharmaceutical products.
- Costa Rica is the Latin American headquarters of the FDA, which facilitates information exchange and increased regulatory collaboration for companies that wish to export products to the US.

Even by Risk/benefit ratio Costa Rica is rated higher than regional investment prospects and also on par with global investment prospects.

Statistics:

India's Exports Of Pharmaceuticals to COSTA RICA in \$ mn					
Category	2013-14	2014-15	2015-16	GR%	contbn%
Bulk drugs	1.33	1.19	1.33	11.61	9.34
Formulations	10.82	11.53	11.71	1.52	82.10
Ayush	0.35	0.50	0.77	54.33	5.43
Herbal products	0.00	0.05	0.37	638.24	2.57
Surgicals	0.33	0.06	0.08	0.00	0.57
Total	12.84	13.34	14.26	6.91	100.00

Exports to Costa Rica during April-Jan \$ mn

Category	Fy-16	Fy-17
Ayush	0.66	0.43
Bulk Drugs	1.21	1.02
Formulations	9.25	8.15
Herbals	0.24	0.30
Surgicals	0.03	0.01
Vaccines	0.64	0.18
Grand Total	12.03	10.09

Imports of Formulations of Costa Rica in \$ mn						
Rank	Countries	2012	2013	2015	Gr%	Contbn%
1	Germany	55.84	65.03	94.86	45.86	14.15
2	USA	77.63	54.31	77.18	42.11	11.51
3	Panama	48.43	30.15	72.28	139.76	10.78
4	Mexico	52.24	66.39	61.90	-6.75	9.23
5	Switzerland	64.15	99.14	57.52	-41.98	8.58
6	France	28.11	31.96	36.52	14.26	5.45
7	Guatemala	23.92	21.64	28.66	32.45	4.28
8	Brazil	25.96	22.14	26.81	21.13	4.00
9	Colombia	14.00	17.61	22.05	25.20	3.29
10	Spain	18.21	17.08	20.71	21.24	3.09
11	Italy	15.04	11.45	20.03	74.93	2.99
12	India	17.60	18.03	18.86	4.62	2.81
	World	546.11	581.98	670.41	15.20	100.00
Source: Un comtrade						