FOCUS on ARGENTINA

The Argentine Republic is located in South America, with an area of almost 3.8 million square km. Argentina borders with Uruguay, Brazil, Paraguay, Bolivia and Chile.

Wide plains covered by grasslands and savannahs spread over 54% of the country, contrasting with the highlands and the impressive mountain chain of the Andes, where the Aconcágua (6,959 m) stands out as the highest mountain of the western hemisphere. The remaining area belongs to the Antarctic region.

From the north-western province of Jujuy to the Tierra del Fuego, the landscape offers a great variety of views: desert highlands with valleys and ravines in the Northwest, lakes, woods and glaciers in the Patagonia region, the forests in the Chaco area along the rivers Bermejo, Salado and Pilcomayo. Northeast, the Argentine "Mesopotamia", between the rivers Paraná and Uruguay, is formed by low ridges, lagoons and estuaries. In the middle of the tropical jungle, the Iguaçu Falls are one of the most spectacular phenomena of nature.

The Pampas, in the center of Argentina, is the largest and best-known area of plains. Agricultural and livestock activities are performed in this area, which includes the province of Buenos Aires, the northeast of La Pampa, the south of Córdoba and south of Santa Fe. To the south, the plains give way to small hills in Tandil and de la Ventana, and to the west, to the Córdoba hills. Towards the south, between the Andes and the Atlantic coast, lies the desert plateau of Patagonia. Bordered by sea cliffs, the coast hosts numerous colonies of marine animals, like in Peninsula Valdes, in the Province of Chubut.

Argentina has over 39 million inhabitants, almost half of which live in the Buenos Aires province. The official language is Spanish.

The country is rich in natural resources, especially minerals, such as lead, zinc, tin, copper, iron, manganese, oil, and uranium. Its vast plains and prairies favours farming and breeding, with agriculture accounting for 10% of GDP and about 58% of exports. Agricultural and livestock products are the traditional main voice of Argentine production and exports. Industry contributes for 21% to the national GDP and includes food processing, oil refining, machinery and equipment, textiles, chemicals and petrochemicals.

High-technology goods and services are emerging as significant export sectors. The economy of Argentina was struck by a deep crisis in the period 2001/2002, but recovered in the following years performing an average 8% growth in GDP until 2007.

The Argentine government managed to maintain fiscal surpluses in the latest years by boosting domestic demand, improving tax collection and income distribution, as well as through an exchange rate policy based on undervaluation of the Argentine peso's real exchange rate which contributed to increase exports up to a $13.2 billion trade surplus in 2008.

However, due to the global financial turmoil and drop of both domestic and international demand, the growth rate in 2008 decreased to 6.8% with GDP valued at $326.7 billion. The decline in global commodity prices, the slowdown in domestic and international growth, and some changes in trade policy in late 2008 and in 2009 led to a decline in foreign trade.

In 2008, Argentine exports of goods reached US$ 70.59 billion, growing by 27% year-on-year. This increase was driven by price rises, since aggregate export quantities remained unchanged.

The sale of larger quantities of Industrial manufactures (+17%) compensated for the reduction in the remaining sectors (both agricultural manufactures and fuels/energy fell by 9% in volume, while exports of Primary products by 5%).

According to Aiera, the Association of Importers and Exporters of Argentina, in the first half of 2009 exports fell by 19% from US$ 33,500 to US$ 27,250 million, and imports decreased by 38% from US$ 28,200 to US$ 17,400 million compared to the same period in 2008.

As imports contracted more than exports, the trade balance resulted in a surplus of US$ 9,861 million (+85%). The most relevant markets for Argentine exports are MERCOSUR, the European Union and NAFTA, which concentrate half of export value. As for sales of industrial manufactures, the main destinations are Brazil and the rest of ALADI countries (Bolivia, Colombia, Ecuador, Peru, Venezuela). Percentages for imports are slightly different, but MERCOSUR continues to be the main origin of Argentine imports accounting for nearly 35%, followed by the European Union and NAFTA. These three blocs account for around 66% of Argentine imports.
As regards the other economic indicators, in the first quarter of 2009 unemployment was 8.4%, but poverty levels remained considerably lower compared to the 2001/2002 recession.

In the second quarter, private consumption registered a variation of -1.8% compared to the same period of 2008, while public consumption increased by 6.3%. In the same period, private sector credit slowed to an annual growth rate of 11% compared to 33% of the previous year.
The projected growth for 2009 is 1.5%.
At the aggregate level, Argentine outward foreign direct investments contracted 10% in 2008, but grew by 14% during the first quarter of 2009. However, the crunch and financial restrictions could have a greater impact by the end of the year. Argentine companies have a smaller access to domestic credit in comparison with companies in other countries in the region such as Brazil and Chile.

Trade tariffs and duties: As part of the Mercosur, a Common External Tariff (CET) is applied ranging between 10 and 20%. Capital goods and turnkey plants are applied lower tariffs and, in some cases, they are exempted from import duty. Some other products, such as cars and parts, pay duties of over 35%.
In addition to import duties, all imports pay an advance on Value Added Tax (VAT) at the moment of custom clearance, and Income Tax. The VAT tax rate in Argentina is 21% or 10.5% (depending on the product) of cost and freight. The importer should also pay 3% over the cost and freight value at the moment of clearing from customs. A statistical tax of 0.5% is also levied on all imports from non-Mercosur countries. In both cases, VAT and income tax paid remain as tax credits for the importer.

Economy in figures (2008)

Annual real growth rate (2008)	+6.8%
Area	2,780 km2
Population	40.6 million
GDP (in US$)	326.8 billion
GDP per capita PPP (in US$)	14,413
Foreign Direct Investments (in US$)	8.9 billion
Exports (in US$)	82.1 billion
Imports (in US$)	67.5 billion

Source: ProsperAr

Trade Balance in the first semester 2009 (in million US$)

	2008	2009	Var.%
Export	33,504	27,250	-19%
Import	28,173	17,389	-38%
Balance	5,331	9,861	85%

Source: INDEC

Exports by main destinations in the first semester 2009

MERCOSUR	22%
EU	18%
NAFTA	9%
China	9%
Chile	8%
Rest of ALADI countries	7%
ASEAN	6%
Middle East	5%
Maghreb and Egypt	4%
S. Korea, India, Japan	3%
Rest of the World	10%

Source: INDEC

Imports by main origin in the first semester 2009

MERCOSUR	34%
EU	17%
NAFTA	17%
China	12%
Chile	12%
ASEAN	3%
India	3%
Rest of ALADI countries	2%
South Korea	2%
Japan	1%
Rest of the world	8%

Source: INDEC

Health Care System

Health care in Argentina is based on four main networks: the public healthcare system (national, provincial, municipal), with public funding and provision, the social security system (named "Obras Sociales") designed for fixed salary employees, the private insurance system, which is organized according to actuarial risk estimates, and the national plan for elderly and retirees (PAMI). Over 50% of the healthcare sector is government-run.
The health system is very decentralized at a provincial level. All provinces deliver healthcare through a network of hospitals and out-patients' facilities, but as regards primary care, some provinces have integrally transferred it to the township level. The hospital network provides diagnostic support services both to the public and private sector, but in the main urban areas these services are delivered by autonomous units according to the health plans.
Workers have traditionally played an essential role in Argentina's healthcare financing by constituting the Obras Sociales, a social insurance system financed by contributions from workers and employers. There are approximately 285 health care organizations that offer healthcare plans at the national and provincial level under the "Obras Sociales" program,

providing coverage to about 16 million people. Each branch of Obras Sociales administer their health insurance and agree with the government working conditions. Many of them provide services under contract with the private sector. Such a decentralization in healthcare provision causes a significant variation in the quality of healthcare according to the region, workers union, and industry. For instance, over 50% of the Obras Sociales are concentrated in the Province of Buenos Aires.

The private sector consists of two main groups: 1) professionals who provide independent services to individual patients associated with Obras Sociales or private prepaid medical insurances; 2) healthcare delivery centers, including nonprofit entities.

Regarding private health care service companies known as the "prepaid" system, there are approximately 140 companies, covering over 3 million people, of which 7 companies concentrate 60% of market share.

Overall, healthcare standard are very uneven in the country, from the high levels in Buenos Aires to the limited care available in many parts of the countryside, often limited to basic emergency assistance. In addition to the fact that it is difficult to find quality care outside the major cities, the great number of people living below the poverty line cannot afford to pay even for some public health services.

Incentives in the Biotechnology sector:

As reported by "ProsperAr", government investment promotion agency (Biotechnology, May 2009),
Argentina enjoys a high research capacity and qualified human resources in biosciences. The number of researchers is the highest per active person in Latin America (3.4/1,000 ratio), with about 1,350 researchers and technicians currently working in biosciences. 37 research institutes are involved in biosciences and biotechnology research, including public centers, university centers and private foundations.
A recent trend has been the emerging and consolidation of technological hubs and business incubators in different knowledge-intensive fields. The Argentine government is promoting biotech research, development and production under the regulatory framework provided by Law 26270. Among the measures designed to support the sector, there are faster amortization of the income tax; early reimbursement of VAT paid on the purchase of capital goods, equipment, parts and components; fiscal credit on employer's social security contributions paid (up to 50%), as well as for purchases of research and development services from government-owned research institutes (up to 50%).
Special funding for new undertakings and the development of venture capital funds for technology-based companies in Argentina are also part of the supporting program for technological investment to encourage the growth and creation of innovative firms in all technological fields.
Argentina hosts over 80 biotech companies, also representing the highest per capita rate in the South American region. Their activity ranges from the use of biotechnological supplies in production processes to the manufacture of modern biotechnology products.

Although these applications concern many different fields such as human and animal health, agriculture, fishing and forestry, food processing, industrial processing and natural resource extraction, the health sector is the most relevant one, accounting for almost two thirds of total revenues. The local market is especially focused on the production of pharmaceutical products, human diagnosis products and chemicals. A mix of global players and growing domestic companies are active in the sector, but the majority of firms (80%) are domestic small and medium size companies, focused almost exclusively on biotechnological activities. Annual sales are estimated at US$400 million and employment in the sector at more than 5,000 workers, with health sector accounting for 11% of sales and 24% of biotech exports and a total trade surplus of US$50 million.

Pharmaceuticals have a strong impact on industry, fueled by a well established tradition of biomedicine and a large domestic industry. Local drugs production increased at an annual rate of 16% between 2002 and 2008, and parallel growth was seen in investments during this period.

Dental Market

The Argentine Dental Association (CORA, Confederacion Odontologica de la Republica Argentina), in its editorial "Salud Bucal" claims that attention to dental care is still low in the greatest part of Latin America, stressing the point that Argentina needs significant government interventions and, in particular, a better national planning for dental services provision. Dental expenses are only covered by premium private healthcare plans or by out-of-pocket expense, so there are still high percentages of Argentinians, especially in the internal areas, who do not receive adequate dental care.
It is difficult to ensure adequate dental coverage in all provinces because of the vast territory and the geographical distribution. According to FDI report on Argentina dental workforce, there were about 28,000 dentists in 2000, with a ratio of one dentist for every 1,200 people. The percentage is higher in the Capital Federal, with one dentist every 121 inhabitants, but the dispersion in other provinces is relevant, with one dentist per 2,876 people in the most remote provinces, where salaries and incentives are lower and therefore attract less dentists.
For instance, in the Catamarca province there are only 353 professionals, but the preventive actions carried out in 2008 increased by 50% as compared to 2007, thanks to the implementation of a free program for children aged 6 to 17. This underlines the potential and the need to support the education and to give further incentives to dentists in order to improve the dental care and its distribution among the population.
Most of the dental equipment and supplies for the Argentine market are imported (about 80%). Imports from the EU of dental drill engines and other instruments/appliances totaled 30,580 million Euro in 2008 (Source: Eurostat). The local production is limited to low-tech equipment, basic x-ray devices, lights and furniture, but it is generally considered as quite reliable and durable.
There is also some production of dental units, scalers, ovens, casting machines and polymerization devices. Some local manufacturers import and distribute more advanced equipment from foreign suppliers, but most of imports are conducted through a few specialized large importers and distributors, even if many international manufacturers have a subsidiary or representative in Argentina.

Imports are dominated by the USA. Brazil comes right after as privileged trade partner within the MERCOSUR, which allows duty exemptions, while India, Germany and Pakistan are gaining increased niche market shares for the supply of instruments.
The market for dental equipment and products can be divided into public sector institutions, universities, private sector institutions, private dental practitioners and dental laboratories. Private sector accounts for most of the demand, concentrated in the main cities and especially in Buenos Aires which has the highest number of dentists. The market for implants was the largest one in Latin America in 2008, and is growing faster than in the other countries of the region.
Dental tourism is expanding as well due to the lower prices of treatments, especially diagnostics and implants, combined with highly skilled dental professionals and the possibility to enjoy a visit to the beautiful scenarios of Argentina.
ANMAT, the National Drug, Food and Medical Technology Administration is responsible for the authorization of new manufacturers/importers to operate in Argentina. The importer must be registered with the ANMAT and must obtain and present a product importation certificate from the Ministry of Health and Social Action (Ministerio de Salud y Accion Social). A new regulatory system was introduced in 2004 to harmonize the registration procedures for medical and dental products within the MERCOSUR Customs Union (Argentina, Brazil, Paraguay, Uruguay), as well as the registration of local manufacturing and importing companies. Exporters must therefore make sure that authorizations and certificates provided to their local distributor comply with Mercosur Regulations 3801/04 and 3804/04 and previous ANMAT Regulations 2318 and 2319/02.
Companies interested in exporting to Argentina need to carefully investigate the geographical areas they intend to cover, keeping in mind that about 80% of the population lives in the major cities such as Buenos Aires and immediate suburbs (35%), Cordoba, Rosario and Mendoza. A great percentage of the population is of European descent and consumer preferences are often more similar to the European trends rather than those of the other Latin American countries. At the same time, however, ties with MERCOSUR and in particular with Brazil are very strong and the Argentine economy is deeply influenced from the surrounding regional situation.

The selection of a local distributor has become easier in the last few years since competition has increased and long established trade fairs such as Expodent, organized since 1990 by the Argentine Chamber of Dental Industry and Commerce, are one of the privileged means to find a reliable business partner.
The next edition of Expodent will be held August 4th – 7th, 2010 in Buenos Aires (www.expodent.com.ar)

2008 imports of dental equipment and supplies:

Dental cements & other dental fillings; bone reconstruction cements	$ 3,855,753
Dental floss	$ 913,145
Preparations for oral/dental hygiene	$ 7,557,703
Dental drill engines	$ 2,865,014
Instruments & appliances used in dental sciences (excl. drills)	$ 3,634,867
Dental fittings (excl. artificial teeth)	$ 1,974,455
X-rays apparatus	$ 825,473
Tooth/dental-plate brushes	$10,637,295

Source: UN Comtrade Statistic Database

Sources:

Secretarìa de Turismo (www.turismo.gov.ar)

Official Portal of the Argentine Government (www.argentina.gov.ar)

AIERA, Association of Importers and Exporters of Argentina (www.aiera.org/informes/informe_agosto_2009.pdf)

Fundacion Invertir (www.invertir.com)

Ministry of Economy (www.mecon.gov.ar/basehome/pdf/indicadores.pdf)
Institute for Foreign Trade and Integration (cei.mrecic.gov.ar/revista/15/parte01.pdf)

Ministry of Health (www.msal.gov.ar)

Pan American Health Organization

CORA, Association of Argentine Dentists (ww.cora.org/publicaciones/SALUD_114.pdf)