Chile: Dental Supplies and Equipment

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Summary

In 2006, revenues from the sale of dental supplies and equipment in Chile are estimated at US$ 22.8 million. Local production is practically nonexistent, and imports from the United States represent close to 40% of the market.

Recent government healthcare reform, as well as strong growth in the education of dental professionals and the opening of new facilities, should stimulate future growth in the dental field.

Market Demand

The Chilean dental industry is frequently divided into three distinct sub-sectors: Professionals (private dental offices, clinics, integral medical centers), Institutions (dental centers, hospitals, public service attention centers), and Universities.

An increase in the field of professional dental training at the university level has led to a rapid growth in the University sub-sector during the last three years. In the last 15 years the number of universities offering professional dental training has increased from two (Universidad de Chile and Universidad Catolica) to twelve. These new public and private institutions are currently operating, or are in the process of opening, their own private clinics, offices, and integral medical centers. This increase in dental professionals and number of training facilities will impact the entire industry by increasing patient capacity.

A second trend that is currently affecting the dental industry is the increased social awareness of medical prevention. Until recently, Chilean children rarely visited the dentist until they were at least 12 years old. Due to increased public awareness, the current age for a first time visit has dropped to 4 years old while, at the same time, adult patients are making more frequent visits to their dentist. This is due, in part, to the healthcare reform package implemented by the Chilean government aimed at reducing inequities in the system. Chile's "Universal Access with Explicit Guarantees" (AUGE Program) ensures government funded healthcare coverage for a limited number of illnesses to all Chileans regardless of age, class, and most importantly, their ability to pay. Dental coverage included under AUGE gives free dental care to all children under six and also covers those who suffer from palatine fissures.

Chile's newly elected President Michelle Bachelet announced the planned government expenditure of 23 mobile dental clinics during her tenure.

Market Data

Seventy five percent of the dental supply and equipment market is located in the Santiago Metropolitan Region; the other 25% is spread across the other 12 regions of the country.

Dental Supplies and Equipment Market Size
(US$ Thousands Dollars)

	2004	2005	2006
Total Market	18,766	20,398	22,845
Exports	89,5	40,3	45,1
Imports	18,766	20,398	22,845
Local Production	0	0	0
Imports from U.S.	7,236	7,866	8,809

Source: Customs data and companies interviews

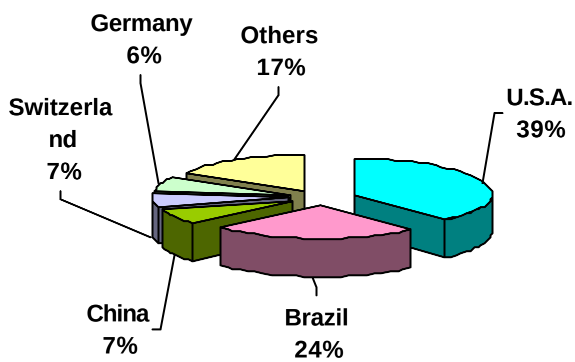
Best Prospects

- Arginate
- Syringes
- Prosthesis
- Composite (composed resin): This product is the most popular in the Chilean market, replacing silver and mercury dental amalgam and representing a significant shift in the industry.

Key Suppliers

Current data indicates that U. S. manufacturers enjoy the largest portion of the Chilean dental market with nearly a 40% market share, followed by Brazil and China with 24% and 7%, respectively. U. S. manufacturers are known for their excellent quality, prestige, and good technology. Leading U. S. suppliers include Johnson & Johnson, Dentsply and 3M.

Origin of Imports (2005)



Source: Chilean Customs Statistics 2005

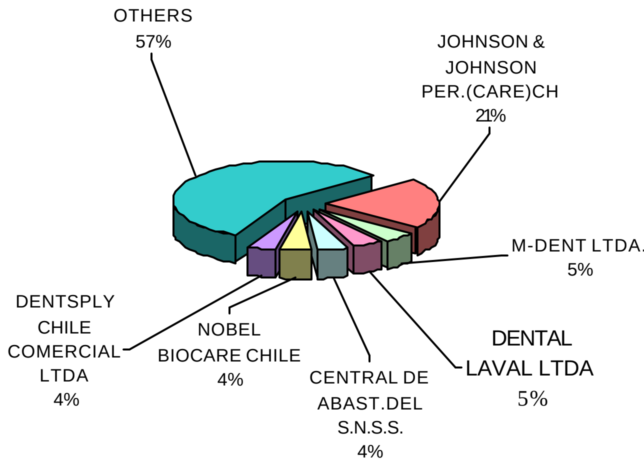
Prospective Buyers

The Chilean public health system provides healthcare to approximately 70% of Chile's population. The Ministry of Health oversees the entire public sector, including dentistry, resulting in the largest purchaser of dental supplies and equipment.

Dental supplies and equipment are imported and then distributed to both public and private institutions. Leading importers include: Johnson & Johnson, M-Dent Ltd., Dental Laval, Nobel Biocare, and Dentsply.

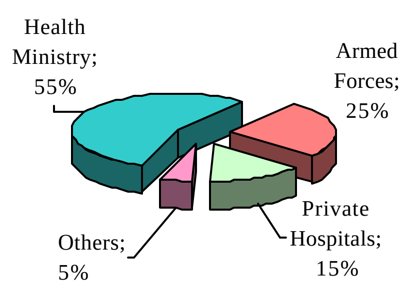
In general, the public sector is more restricted by budget constraints, whereas private sector clients are likely to be more open to better quality and more expensive equipment and supplies.

Main Importers of Dental supplies and equipment (2005)



Source: Chilean Customs Statistics 2005

Main end-users of Dental supplies and equipment (2006)



Source: Companies interviews 2006

Market Entry

After the signing of the Free Trade Agreement between the United States and Chile, most medical equipment imports, including those with HS codes 9018 through 9022, 3005, and 9402, pay no customs duties; however, they are subject to a 19% VAT (Value Added Tax) which is recoverable by the importer/wholesaler.

Market Issues and Obstacles

The best way to enter the Chilean market is through a well-established importer. Considering the small size of the market, personal contacts play an important role when selling to end-users or to the national healthcare system. Government procurement is processed through the ChileCompra system (www.chilecompra.cl) and requires government suppliers to have a local presence. Public purchasing decisions are based more on price than on quality, while the private sector tends to consider quality issues as well.

Importing into Chile is reportedly simple. Regulation of the Chilean healthcare market is administered by the Ministry of Health (MINSAL) and requires that certain medical devices that enter Chile possess proper certification in accordance with Article 101 of the Sanitary Code. Article 3 of these regulations states that parties intending to manufacture, import, distribute, or otherwise enter medical devices into the market must obtain proper certification of conformity by the Institute of Public Health (ISP). Likewise, medical devices must also receive a Certificate of Quality from the ISP before entering the market.

Market Issues & Obstacles

- In the medical field in general, and the dental industry in particular, a successful sales campaign requires personal contact with the client, even though the actual bidding is performed through the ChileCompra on-line system.
- Training is certainly important, especially for new technologies, and the importer/representative should have a knowledgeable sales team.
- Since the industry is 100% import-oriented, supply issues are also important, and importers should consider keeping faster-rotating products in stock and keep short a turn-around time for special order products.
- Because of the relatively small size of the market, importers often have trouble meeting the minimum order quantities of U. S. suppliers, so some flexibility may have to be extended.

Trade Events

Commercial Service Health Care Technologies Trade Mission
Dates: April 30-May 5, 2007
Website: http://www.export.gov/eac/show_detail_trade_events.asp?EventID=22054

ExpoSalud: Latin America's premier medical and dental equipment exhibition held ever two years.
Dates: June 15-17, 2006; June 2008
Website: http://www.exposalud.cl/exposalud/

Salon Dental Chile: Chile's annual dental conference and trade show.
Dates: May 24-26, 2007
Website: http://www.mundodental.cl/salon_dental_chile/home_salon.htm

Resources & Key Contacts

U.S. Department of Commerce, Healthcare Technology Team:
William.Kutson@mail.doc.doc, or Julieanne.Hennessy@mail.doc.gov
The Chilean Ministry of Health: www.minsal.cl
Public Health Institute: www.ispch.cl
Fondo Nacional de Salud (FONASA): www.fonasa.cl
Medical Professional Association: www.colegiomedico.cl

For More Information

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