Laboratorio de Productos Eticos

SERVING THE REGION'S HEALTH

Dr. Oscar Vicente Scavone
President

Paraguay's planned fiscal consolidation programme has "started strongly", while additional revenues from the Itaipu hydroelectric plant will allow the country to fund social investments, Fitch Ratings reported in mid-2024. Government revenue soared by 17% year-on-year in the first four months of 2024 as tax collections rose by 24%. Fitch expects the deficit to narrow further, bolstering investor confidence, with a backdrop of "solid" GDP growth. The government is committed not only to improving spending efficiency and tax administration, but boosting economic growth, continuing the country's impressive path over the past two decades.

Rising incomes are bolstering spending on healthcare, which rose nearly fivefold between 2000 and 2021 from \$104 to \$479 per head, according to the World Bank, with the budget of the Ministry of Public Health and Social Welfare rising at double-digit rates for much of the period. Demand for pharmaceuticals from both healthcare institutions and over-the-counter purchases by consumers is set to rise, providing opportunities for local producers and importers alike.

Founded in 1984, Laboratorio de Productos Eticos (known as Eticos) is a leader in the Paraguayan pharmaceutical sector. Dedicated to meeting the needs of physicians and improving the lives of patients, it has broken new ground on the market since its establishment, delivering products under the most demanding quality standards.

"Laboratorio de Productos Eticos was founded as a Paraguayan family-owned company," says Oscar Vicente Scavone, the company's president and son of its founder. "There was a gap in the market between multinational companies' pharmaceuticals, which were quite expensive at the time, and locally-manufactured products sold at affordable prices. There was nothing in the middle of the market. We changed that, launching the first national pharmaceutical laboratory producing the first Paraguayan-made innovative pharmaceutical products. Through that concept, Eticos was born. From day one, we have been a company based on quality, with a European corporate culture – in products, in pricing, in administration, and in all our commercial activities."

Following the global trend, Eticos is increasingly focused on the fast-growing market for biologics – drugs extracted from living organisms such as small cell cultures and plant or animal cells – as demand for chemically-synthesised drugs slows. Scavone says that biological products currently account for around 40% of the global market, and that this share is likely to grow to 90% in a decade or so. Eticos's product range continues to grow, with 62 new products added in 2023 alone, all produced in Paraguay, in categories including cardiac health, respiratory health, neurology, ophthalmology, gastroenterology, and women's care.

"The foundation of everything we do is that we are company producing quality products to globally-approved standards," says Scavone. "We're also an innovative company offering the latest products on the market as soon as possible, following the R&D of multinationals."

Eticos has a strong track record of working with international partners, with which it works to bring new pharmaceuticals to the Paraguayan market as a first-mover, in segments as diverse as diabetes, oncology, and covid-19. In 2012, Eticos formed a strategic partnership with vertically-integrated Spanish multinational INSUD, allowing the Paraguayan company to bring innovative new pharmaceuticals to the regional market, and develop its manufacturing capacity in areas including dry powders for inhalation and eye drops. In partnership with INSUD subsidiary Mabxience, Eticos was able to introduce biosimilar monoclonal drugs for the treatment of cancer and other chronic degenerative diseases onto the domestic market for the first time, reducing costs to the government health service and broadening access to these medicines for patients. Other partners include Japanese multinational Takeda, Italian biopharmaceutical company Kedrion Biopharma, and European cosmetics brands Biotanique and Bella Aurora.

"We absolutely believe that in the future we have to look for partnerships to accelerate getting access to new products and formulations," says Scavone. "We have already done some projects for technology transfer, and the results are astonishingly fast. What could take eight to ten years to develop locally can be done in only one year through partnerships; the main reason being that new products in the pharmaceutical market are developing so quickly that it's not possible to keep up. So partnerships are definitely the future."

Scavone sees huge potential in building up exports, where the company sees its sales growing fastest, having been the first Paraguayan pharmaceutical business to export its products – it won its first tender in Guatemala in 1990. Eticos can leverage two competitive advantages – firstly, Paraguay's relatively low cost base and favourable business environment, and secondly that the company's products meet approved quality standards to be sold anywhere in Latin America. Scavone sees Paraguay as the ideal springboard for the wider region, with investors able to capitalise on the country's remarkable strengths as business destination and export centre.

"First and foremost, our country is stable," says Scavone. "Our macroeconomic situation is solid, and our currency is stable. The Central Bank of Paraguay takes good care of the country's economy, and is apolitical. This gives certainty that we can invest and make long-term plans, which isn't the case in other countries in the region. So it's a safe business destination. Paraguay has no social differences – there are good relations between people. And Paraguayan people are very productive. We are the most efficient country in the region, with the highest productivity levels."