Thailand: Clinical Laboratory Testing Devices and Equipment

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Summary

Thailand's market for clinical laboratory testing devices and equipment grew by an estimated twenty percent in 2007 and is expected to maintain the same growth rate between 2008 and 2009. Imported clinical laboratory testing equipment and accessories from the United States and Europe are perceived as having superior quality. Products from the United States are very well received and account for 32 percent of total market share. Most international manufacturers of clinical laboratory testing equipment are represented in Thailand. The importation of clinical laboratory testing equipment is controlled by the Thai Food and Drug Administration and prior approval of imports is required. The use of agents or distributors to market the clinical laboratory testing equipment and accessories in Thailand is highly recommended. The agent or distributor generally will handle any regulatory requirements for imports, as well as perform the usual market development functions. U.S. products that have strong sales potential in Thailand include: drug testing kits, HIV test kits, alcohol level test kits, cancer diagnostic test kits, and glucose and cardiac diagnostic test kits.

Market Demand

The market in Thailand continues to have good growth potential for clinical testing devices and accessories. The ongoing threat of avian influenza epidemic, HIV/Aids and Hepatitis A, B and C, will still be the major causes of growth in this market. Uses of illegal and controlled substances in the country also remain a major problem that continuously creates a demand for clinical and analytical drug testing devices.

As a marketing push, major private hospitals are trying to differentiate themselves by creating specialized clinics both within their hospitals and as a stand-alone clinic in prime locations, hotels and shopping malls. Ophthalmology, cardiac and pediatric are the three leading specializations that most private hospitals try to promote. Open up a small general clinic at major hotels in Bangkok is another trend. It is more of a referral clinic as it does not have a physician at all time but maintain a full time nurse on duty.

The promotion of medical tourism by the Royal Thai Government has boosted up the number of international patients to approximately 1.5 million in 2007 (from an approximate of 1.1 million in 2006). This figure also included approximately 200,000 cosmetic surgical patients that Thailand is very famous for. Ministry of Public Health official estimated that, by 2015 the number of international patients should reach 7.5 millions. The relatively competitive price of the treatment, high quality services provided by most private hospitals, and good hospitality contributed to a quick influx of international patients to Thailand. The growing trend of international patients that receive medical treatments in Thailand has significantly boosted the demands for cutting edge clinical and analytical testing, medical and surgical devices and accessories.

Market Data

1. Size of market in units and USD
    a. Instruments — 114
        i. Chemistry
        ii. Hematology
        iii. Microbiology
    b. Reagents — 16
    c. Point of Care Testing — 140
    d. Self testing — N/A

2. Population
    a. Total population (Mil) 66
    b. % having access to quality healthcare 99

3. Reimbursement by %:
    a. Government 74
    b. Insurance 22
    c. Private 4

4. Number of testing facilities

	2006	2007
a. Hospital		
i. Public	972	972
ii. Private	344	333
iii. Government	n/a	n/a
b. Independent labs	10	10
c. Physician Offices	16,547	16,800

5. Disease profiles of population
    a. Trends unique to demographics: Avian Influenza has become an annual epidemic during the country's cold season between October and February. HIV/Aids and Hepatitis A, B and C still remain major diseases in Thailand.
    b. Best growth prospects
        i. Cancer, Diabetes, HIV, Bird Flu, Hepatitis A, B & C, Drug testing devices.

6. Indicate the number of hospitals and number of beds

	2006	2007
Number of Public Hospitals	972	972
Beds	104,296	104,296
Number of Private Hospitals	344	333
Beds	35,806	35,792

Import statistics and trends

	2005	2006	2007
Total Market Size	180	216	270
Total Local Production	56	67	99
Total Exports*	5	5	54
Total Imports*	129	154	225
Imports from the U.S.	47	59	87

Remark: All figures are in US$ million.
The above statistics are unofficial estimates.
The exchange rate is 30baht/dollar

Imported clinical laboratory testing equipment and supplies from the US and Europe are regarded as having high quality and reliability. Products from China, India and local manufacturers are low quality and less reliable despite having a low price. Price and quality are key competitive factors in the Thai market. For a tender, price will be crucial to the deal and most public healthcare centers have to use the bidding process if the procurement value goes over approximately $14,000. Quality will be a key issue in a private healthcare center's buying decision as they can buy direct without having to bid.

Personal relationships with physicians, nurses and laboratory heads is also an important competitive factor. At times, better technology products may not be the only driving force for potential buyers to make a decision. A personal relationship always forms part of a purchasing decision. It is important to develop a personal relationship with the end-users (i.e. the head nurses and laboratory heads) over time. In both public and private hospitals, they are the group of people that make most of the buying decisions on clinical and analytical laboratory testing equipment, medical devices, accessories and supplies needed in their respective institutions. They also use suppliers of clinical laboratory and medical devices to keep track of new technologies and the improvement of existing technologies and products.

Price sensitivity is high when the quality and technology is obviously similar between products. Price competition is not limited to small ticket items such as disposable diagnostic test kits, but also to high-ticket items such as heart valves. Disposable test kits both clinical and diagnostic, appear to have high price sensitivity. (Many times, it will be difficult to differentiate one product from the others in terms of quality and technology. In those cases, price becomes more important.) In such cases where it may be difficult to differentiate one product from another in terms of quality and technology, price will often be the deciding factor.

Best Prospects

The best sales prospects for the laboratory analytical testing equipment from the U.S. include:

-Gas Analyzers
-Spectrometers
-Chromatographs
-Incubators
-Freezers
-Stirrers
-Centrifuges

Key Suppliers

The analytical instrument market in Thailand is largely supplied by imports, which constitutes approximately 90 percent of the total market. Domestic production is limited to low technology. Products from the U.S. led the import market with a share of 39 percent ($87 million). They receive a high degree of acceptance from the end users in Thailand. Major international manufacturers of laboratory and scientific analytical and testing equipment are well represented here in Thailand. Other international suppliers include Germany at 23 percent market share ($51 million), Japan at 8 percent market share ($19 million), France at 4 percent share ($9 million), UK at 4 percent share ($9 million), China at 3 percent share ($7 million), and other countries (Denmark, Italy, Switzerland, Spain and Australia) at 19 percent.

Prospective Buyers

Number of facilities (2007)-

a. Hospitals	
i. Public	972
ii. Private	333
b. Clinics (private)	16,894
c. Laboratories	10 (independent)

Public hospitals are the predominant end users of clinical laboratory and medical equipment and accessories in Thailand. Out of the total 972 hospitals, around 100 of them are large regional healthcare centers and medical schools. Most of these hospitals have 500 patient beds or more, and are located through-out all of Thailand's 76 provinces. These 100 public healthcare centers are equipped with state of the art clinical, analytical laboratory testing and medical equipment. The remaining 872 hospitals are mostly medium and small healthcare centers with less than 500 beds. The director of each public hospital is authorized to make a buying decision not exceeding $14,000 (THB500,000) per order. If the total cost of the order goes over that amount, he or she has to call for bidding tender.

Number of private hospitals went down to 333 hospitals in 2007 from a total of 354 in 2006 due mainly to mergers and acquisitions by leading chains of hospital. Leading the chain is the Bangkok General Hospital group that had over 20 hospitals, mostly small and medium size, located in Bangkok and several major cities in Thailand. Generally, private hospitals in Thailand are small and medium size with a range of 150 to 350 beds. There are about 14 hospitals that have 400 beds or more. Bumrungrad remains the largest private hospital with 554 beds. Managing Director and Medical Director at each of the private hospital generally will have full authority in the buying decision of devices, accessories, and supplies for their hospital.

Market Entry

Use of distributor and/or agent as a distribution channel is very affective in Thailand. Distributors and/or agents have established relationships with healthcare providers, public and private. Generally, they also handle customs clearing and warehousing. Some major international manufacturers have office in Thailand, to help maintain promotion activities. Most of them still use local distributors/agents to market their products. It is also necessary to have a local presence as the Thai Food and Drug Administration requires a local address to register all healthcare products in Thailand.

The use of a local distributor to communicate directly with the end-user in both the public and private sector is an appropriate mean to enter the market. The local distributor is a key sale and marketing factor. Personal relationships with end-users have great influence in the buying decision. Reliable after-sale service is another influential factor to the buying decision.

Market Access & Obstacles

Importation of clinical laboratory devices and equipment into Thailand:

The Medical Devices Control Division, Food and Drug Administration, Ministry of Public Health, controls importation of medical devices and clinical laboratory equipment into Thailand. Prior approval of importation and device registration through this office is required. Any devices that are not allowed to be marketed or sold in the manufacturing country will not receive permission to be registered, imported and marketed in Thailand. In addition, the Thai Government does not allow importation of devises that do not have a Certificate to Foreign Government (Certificate of Free Sale), therefore used or refurbished medical devices and equipment are banned from importation.

The Thai FDA will accept medical devices that pass the following standards; USFDA (U.S. Food and Drug Administration - United States), CE Mark (European), PAB (Pharmaceutical Affair Bureau - Japan), TGA (Therapeutic Good Administration - Australia), and SPAC (State Bureau of Pharmaceutical Administration of China - China).

To register the medical device with the Thai FDA, either a notarized Certificate to Foreign Government (issued by the U.S. FDA) or a notarized Certificate of Free Sale (issued by the State office) is required. The authenticity of this certificate must be attested to by either the Thai Consulate in the U.S. (in Washington, DC), or the Commercial Service of the U.S. Embassy in Bangkok, Thailand.

It generally takes less than one month to complete the registration process. The product registration is generally valid for 2 years, the validity may be shorter or longer depends on the validity of the Certificate to Foreign Government and the Certificate of Free Sale. Registration rights belong to the applicant, (normally the agent or distributor for the foreign manufacturer). Should a foreign manufacturer change the Thai agent/distributor, a new Thai representative needs to re-register the product.

Official contacts for import authorization and registration of medical devices are:

Food and Drug Administration
Ministry of Public Health
Royal Thai Government
Tivanont Road
Muang, Nonthaburi 11000
Thailand
Phone: 662-590-7003
Fax: 662-591-8636
E-mail: pipat@fda.moph.go.th
Dr. Pipat Yingseree - Secretary General

Medical Device Control Division
Food and Drug Administration
Ministry of Public Health
Tivanont Road
Muang, Nonthaburi 11000
Thailand
Phone: 662-591-8479, 590-7245
Fax: 662-591-8480
E-mail: puyuwade@fda.moph.go.th
Ms. Yuwadee Pattanawong – Director

Trade Events

Name:	HospiMedica Thailand 2009
Date:	September, 2009
Venue:	Queen Sirikit National Convention Center, Bangkok, Thailand
Website:	http://www.hospimedica-thaland.com

Resources & Contacts

Thai Medical Device Suppliers Association
6th Fl., Dr. Gerhard Link Bldg.
33 Soi Lertnava, Krungthepkreetha Road
Huamark, Bangkapi
Bangkok 10240, Thailand
Phone: 662-379-4296
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Website: www.thaimed.co.th
Ms. Mulika Lektrakul – Manager
Mr. Bernd R. Dombrowe - President

For More Information

The U.S. Commercial Service in Bangkok, Thailand can be contacted via e-mail at: nphupoks@mail.doc.gov ; Phone: 662-205-5090; Fax: 662-255-2915; or visit our website: www.buyusa.gov/thailand/en/

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