6. Medical Equipment

Overview

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	2002 (actual)	2003 (actual)	2004 (estimated)
Total Market Size	168.0	183.0	193.5
Total Local Production	2.0	3.0	3.5
Total Exports	0	0	0
Total Imports	166.0	180.0	190.0
Imports from the U.S.	33.2	40.5	47.0

The above statistics are in US$ millions and are unofficial estimates.

The Vietnam medical equipment industry is generally underdeveloped despite government's effort to upgrade the healthcare system's facilities. A large population (82 million), growing fairly rapidly, is prompting greater demand for healthcare services. The demographic trends fueling greater healthcare needs are being supplemented by robust Vietnamese economic growth (7-8% annually), allowing greater financial resources to be used to fund health care service improvements.

Experts have warned that Vietnam's health system will not be able to cope with rising demand for services unless it receives substantial government and private investment. World Bank statistics suggest that the national health budget accounts for only 1.5 percent of GDP and 5.1 percent of the State budget. Such a small allocation has hardly made a dent in the demand to upgrade existing facilities.

In 2002, there were 917 hospitals and 122,412 beds in the Vietnam. These figures rose to 1,028 and 126,772, respectively, in 2004. Hospitals in Vietnam are generally overcrowded, with a bed utilization rate of 17.0 per 10,000 inhabitants (according to the World Bank). The Ministry of Health (MOH) controls 18 percent of the Vietnam's hospitals. The Provincial Departments of Health manage and operate 270 provincial hospitals. The remaining are district hospitals, which fall under the jurisdiction of the local district governments.

Besides the MOH, the Ministry of Police (MOP), Ministry of Defense (MOD) and Ministry of Labor, Invalids and Social Affairs (MOLISA) also own hospitals. Currently there are over 30 hospitals belonging to these three ministries, averaging 400 to 500 beds per hospital.

Best Products/Services

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Vietnam's market for healthcare products grew by an estimated 10 percent in 2004. Local production of medical devices in Vietnam is limited to less sophisticated devices, including reagents, simple disposable test kits, disposable syringes, artificial limbs, orthopedic accessories, and hospital furniture. About 90 percent of products used in this sector are imported. There is a strong potential to increase the U.S. share in this sector, which is a small but growing market. Healthcare devices and accessories from the United States are very well received and account for

25 percent of total imports. Most international manufacturers of medical devices are represented in the market. Major competitors come from Japan, Germany, and Europe.

Best sales prospects of medical equipment include Imaging equipment (X-ray, ultrasound, internal probing); emergency equipment; laboratory equipment; operating theaters and sterilizing equipment; and ambulance equipment.

Opportunities

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Vietnam's Ministry of Health (MOH) has launched an ambitious strategy to upgrade healthcare by the year 2010, to equip health care units at every level throughout the country. Investment in the health care sector is projected to increase 50 per cent from 2004 levels, with these expenditures focused mainly on upgrading local district medical networks and provincial hospitals, and to provide people in remote rural areas wider access to medical care. From 2005 to 2010, the government will spend about $1.8 billion to build 57 new hospitals, of which over $1 billion will be used to purchase medical equipment.

A more open policy toward private-sector and foreign involvement in the healthcare sector is also spurring development of privately-owned hospitals. Although private facilities are typically out of reach to all but the wealthier Vietnamese, the number of private hospitals has grown from 6 in 1999 to 30 in 2004, each has around $2 million in invested capital. These private facilities appear more open to purchasing new equipment and employing advanced techniques that will allow them to differentiate themselves in the market.

The Vietnamese Government is seeking to encourage foreign investment into the healthcare sector. Incentives are being offered for construction of hospitals and production of pharmaceuticals and medical equipment. Low taxes are applied to imports of medical equipment.

Since most medical institutions in Vietnam are non-profit organizations, commercial loans and other credits are not widely available. Most medical equipment is purchased utilizing financial support from two primary sources: 1) the central government budget through the Ministry of Health, and provincial budgets (20%); and 2) foreign aid, especially from NGOs and multilateral donors (80%).

Resources

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Information on Vietnam's healthcare system and projects are available at the following websites:
Vietnam's Ministry of Health: www.moh.gov.vn
The World Bank: www.worldbank.org/vn
The ADB: http://www.adb.org/VietNam/projects.asp