

8. Medical Equipment

	2004 (actual)	2005 (actual)	2006 (estimated)
Total Market Size	183.0	186.5	195.0
Total Local Production	3.0	3.5	4.0
Total Exports	0	0	0
Total Imports	180.0	183.0	191.0
Imports from the U.S.	40.5	45.5	50.0

Vietnam represents a potentially large opportunity for U.S. exporters of medical equipment, with a population of 83 million and GDP growth of 7 percent annually. According to the Vietnam Ministry of Health (MOH), the health care system consists of 13,051 facilities with 185,759 beds. These hospitals are generally overcrowded with a bed utilization rate of 15 per 10,000 inhabitants. Many hospitals are lacking in specialized medical equipment, presenting problems for both patients and physicians. Budget allocations from the government and international aid groups are the main sources of funding for Vietnamese hospitals, but these sources do not fully cover system demands. The average budget expenditure for health care is \$5 per capita in Vietnam, \$8 in Laos, \$7 in Indonesia, \$44 in Thailand, and \$63 in Malaysia.

According to industry estimates, the market for medical equipment will be worth \$195 million in 2006 and is growing by 10 percent each year. Since local production is small, the market relies almost entirely on imports. Top foreign suppliers include Germany, Japan and the United States, each accounting for 30 percent of the market. Vietnam also imports medical equipment from France, Italy, Korea, and Taiwan.

U.S. medical equipment enjoys a strong reputation for high quality and reliability in Vietnam. In 2006, imports from the U.S. are expected to reach \$50 million. The best sales prospects for U.S. manufacturers of medical equipment are imaging diagnostic equipment (i.e., X-ray machines, CT Scanners, Color Ultrasound machines, Magnetic Resonance Imaging machines), laboratory equipment, operating theaters and sterilizing equipment, patient monitoring equipment and emergency equipment.

Buyers of medical equipment can be grouped into four categories:

1. Government-funded hospitals, clinics, and health care centers purchase the largest quantity of medical equipment. With financial support from the government, they tend to look for advanced and brand name equipment.
2. Wholly foreign-owned and joint-venture hospitals, clinics, and health care centers are significant buyers, although they often procure directly from their sponsoring country;
3. 26 local private hospitals nationwide that are keen to upgrade to advanced equipment; and
4. Five medical education and research institutions that are open to experimenting with new, innovative methods and systems. These end-users present an excellent strategic opportunity to market U.S. equipment in Vietnam, given their desire to explore new technologies.

Imports of medical equipment face low import duties and no quota restrictions. Only Vietnamese companies are eligible to distribute medical equipment in Vietnam. Foreign suppliers sell their products through local distributors or agents. The agents provide immediate access to an established marketing network and in-depth knowledge about pertinent regulations. Buyers and end-users expect a local representative to handle after-sales service and stock spare parts. It is essential that U.S. companies seeking to import and market medical equipment in Vietnam have a local partner with strong technical skills and good connections with the Ministry of Health (MOH), hospitals and other health care facilities.

Most imports of used and refurbished medical equipment are strictly controlled by the MOH. Decision 2019/1997/QĐ-BKH-CNMT dated December 1, 1997, stipulates that the Ministry of Science, Technology, and Environment (MOSTE) must inspect and certify all imports of used medical equipment. Such used medical equipment must retain at least 80 percent of its life expectancy and must have fuel or electricity consumption ratings that do not exceed 110 percent of the consumption of newer versions of the equipment.

According to the MOH, from 2005 to 2010, the government is expected to spend \$1.8 billion to build and equip 57 new hospitals, of which over \$1 billion will be spent on medical equipment. In 2005, the Vietnamese Government plans to spend \$33 million on health care equipment, a 24 percent increase over 2004 spending levels in the health care sector. Foreign aid and loans will be used to upgrade provincial hospitals, district clinics and communal health centers, as well as fund epidemic prevention drives and medical check-ups for the poor. These projects address safe blood transfusion, HIV/AIDS prevention and care, and the need to upgrade central hospitals in the city of Hue, health care for people in the Central Highlands and poor people in the mountainous northern provinces.

The above projects offer export opportunities to U.S. medical equipment suppliers, architects, and consultancy and training services providers.

Resources

For more information, please contact the following addresses or visit the following websites:

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