



Sales Opportunities in China's Medical Sector are Thriving

DIAGNOSE YOUR COMPANY'S MARKET POTENTIAL WITH THE U.S. COMMERCIAL SERVICE

Beyond Beijing and Shanghai

- While Shanghai and Beijing are established markets, significant opportunities exist in rapidly growing second-tier cities.
- Fourteen of China's rapidly growing second-tier cities together account for just eight percent of China's population, but 53 percent of China's total volume of imports.
- Top regional markets for medical devices are Tianjin, Nanjing, Shenzhen, and Chongqing—the first three ranking among the wealthiest second-tier cities in China. Hospitals in these cities have better financial resources, increased purchasing power and are more receptive to foreign products.
- Local, specialized distributors are key. Distributors are usually highly product/department-oriented, and focus on products for which they have strong relationships with the hospital department that uses those products. Therefore each regional market may have hundreds of small distributors, most with less than five employees.
- To find out more about China's emerging markets, visit: www.export.gov/china/atc.asp

Looking for new medical sector sales opportunities?

Consider China's medical equipment and devices sector. Estimated at \$13 billion and growing approximately 15 percent annually, the Chinese medical equipment and devices market is the world's third largest behind the United States and Japan. Significant opportunities for U.S. firms exist in the middle market for advanced yet competitively priced equipment. The U.S. Commercial Service can help you find and leverage these opportunities.

Why China

- Increasing economic affluence, a large and aging population, WTO accession, and a government focus on improving access to healthcare.
- By 2025, China is expected to have over 198 million people aged over 65, representing a significant potential demand for medical devices catering to the elderly.
- The market penetration of basic medical equipment in China's hospitals is very low compared to developed countries. There is a need for "affordable" technology that Chinese manufacturers cannot yet offer.
- U.S. products are highly regarded in the market and are viewed as being of superior quality and technologically advanced, especially for large equipment such as CT, X-ray, and MRI apparatus.

Regulatory Environment

- Since 2003, all manufacturing, import and distribution of medical equipment is regulated by the State Food and Drug Administration of China (SFDA), streamlining the process for foreign companies. Medical equipment and devices require a registration certificate from SFDA before they can be sold in China.
- The government has a centralized procurement process that requires hospitals to go through a Provincial or City Procurement Center, depending on the purchase value.



Rx for Success in the China Medical Devices Market

- 1. Select the “right” distributors.** There are thousands of medical equipment distributors in China and quality may vary considerably. Select distributors carefully, based on solid track record, credit history, product specialization, and always conduct thorough due diligence before making a final selection.
- 2. Stand out from your competitors.** There is increasing competition between foreign brands, all targeting a limited group of prospective buyers. Find ways to differentiate your product and offer clear competitive advantages such as price-quality ratio, service level, and user friendliness. To gain access to regional markets, first establish a solid brand awareness and track record in more developed markets like Shanghai and Beijing.
- 3. Invest in marketing, promotion and after-sales service.** Successful differentiation and branding, demands strong marketing. This includes active participation in trade shows, advertising in industry trade magazines, and customization in approach to China’s unique characteristics. After-sales service is also an increasingly important factor for hospitals looking for end-user training, maintenance and repairs.
- 4. Protect your intellectual property (IP).** IP protection remains an important concern for exporters, as competition may come from domestically manufactured “copies” which are far lower in price. Bolster your IP plan, have a strategy, register your trademark and patent to ensure rights can be enforced. For more tips, visit: www.StopFakes.gov.
- 5. Contact the U.S. Commercial Service for export assistance.** Visit www.export.gov or call 800-USA-TRADE to find the trade specialist nearest you. For China-specific export information, visit the China Business Information Center at: www.export.gov/china.



Reach New Customers Worldwide with the U.S. Commercial Service

With its network of offices across the United States and in more than 80 countries, the U.S. Commercial Service of the U.S. Department of Commerce’s International Trade Administration utilizes its global presence and international marketing expertise to help U.S. companies sell their products and services worldwide. Our global network of trade specialists will help you target the best markets with our world-class market research, promote your products and services to qualified buyers, meet the best distributors and agents for your products and services, and overcome potential challenges or trade barriers.



CS-23-6/2007