



Vietnam Market for Medical Equipment

By U.S. Commercial Service – Vietnam
June 2014

Overview

	2011 (actual)	2012 (actual)	2013 (actual)	2014 (estimated)
Total Market Size	192	195	250	265
Total Local Production	7	8	9	10
Total Exports	0	0	0	0
Total Imports	185	187	241	255
Imports from the U.S.	39.4	42	60	65

Source: U.S. Census and Euro Cham Report

The above statistics are in \$ million and are unofficial estimates.

Vietnam represents a potentially large healthcare, medical equipment and device market. Identified as one of the national development priorities, the Vietnamese public healthcare sector has received increasing government budget allocations as well as interest from the private sector. Healthcare experts estimated that the market size was \$265 million in 2014. The market growth was approximately 12 percent during 2009-2011; but is currently only growing at 5-6 percent.

The Vietnam healthcare sector is currently facing the following challenges:

1. Most of them were constructed long ago and face chronic overcrowding. Hospitals in major cities like Ho Chi Minh and Hanoi often do not have the capacity to serve both local patients and those from other provinces.
2. Much of the existing medical equipment in public hospitals in Vietnam is outdated and needs replacement. Many hospitals lack sufficient equipment for surgery and intensive care units.
3. Vietnamese public hospitals rely largely on State budget to upgrade their facilities, equipment and services. The total budget for the health sector has increased, but it is still too low to meet the demands in the country.
4. A shortage of qualified medical staff is common in many hospitals. Doctors and nurses work under stressful conditions and wages are relatively low.

Due to low quality service on the ground, around 30,000 Vietnamese people go abroad for better check-ups and treatment, spending more than \$1 billion every year, an indication that domestic consumers are keen to seek out higher quality services, out of pocket.

Best Products/Services

The Vietnamese healthcare system currently has an estimated 1,062 state hospitals, 100 local private hospitals and 15 foreign invested hospitals with a total of 145,000 beds. There are over

200 new hospitals at some stage of the planning process with slightly over half of these projects located in Southern Vietnam.

The best opportunities for medical devices in Vietnam are those which help fight liver cancer, diabetes, orthopedics and cardiovascular diseases. Devices which will be strong areas of growth include operating theaters, emergency equipment, sterilizing equipment, patient monitoring equipment and imaging diagnostic equipment such as CT scanners, color ultrasound machines, MRIs and X-ray machines.

Over 95 percent of the market is made up of foreign goods. The main sources are from the U.S., Germany and Japan. In addition, Taiwan, Italy, France and South Korea also account for significant shares. Local production is extremely limited in terms of value, but volume levels suggest the foundation for ascent up the value chain. There are presently 50 domestic firms making approximately 600 products officially licensed by MOH. They tend to produce products such as hospital beds, scalpels, cabinets, scissors, and disposable supplies. They also tend to offer limited or no warranty or after-sales services, especially in isolated areas.

Opportunities

The Government of Vietnam has approved a national master plan to develop the healthcare network for years up to 2020. These cover public health/preventative medicine and primary care systems as well as medicine manufacture and supply. According to this plan, by 2020, 25 hospital beds and at least eight physicians and two pharmacists should be available for every 10,000 people.

There are four main classes of medical device purchasers. The largest are government-funded hospitals, which accounts for 70 percent of the market. Foreign-owned hospitals and clinics are also large purchasers; however, these facilities usually purchase supplies from their sponsoring country. Local private hospitals will exhibit the strongest growth, while research and educational institutions will also account for some demand. A number of medical education and research institutions are open to experimenting with new, innovative methods and systems. These end-users present an excellent strategic opportunity to develop partnerships, given their desire to explore new technologies.

Vietnam receives a large amount of international aid in the form of loans and donated medical equipment. A number of small projects are currently taking place in Vietnam, including those funded by the World Bank and the EU.

Market Access

The Vietnamese government encourages import of medical equipment because local production cannot meet demands of the healthcare system. Imported medical equipment faces low import duties and no quota restrictions. However, medical devices are subject to regulation and licensing requirements set by the MOH. By regulation, only companies with a legal business entity registered in Vietnam and that have an import license are eligible to distribute medical equipment in Vietnam. To fulfill this requirement, foreign suppliers often sell their products through local distributors or agents. Good representatives provide immediate access to an established marketing network and in-depth knowledge of pertinent regulations.

MOH determines the guidelines for medical device purchase for all health systems in Vietnam. Within the MOH, the Department of Medical Equipment and Health Works (“DMEHW”) is in charge of medical devices. The Ministry of Science and Technology (“MOST”) performs some regulatory functions for domestically made medical devices.

Import License

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The registration process for medical devices manufactured within Vietnam is different than those that are imported. Devices which are imported are not required to be registered. Instead, a product specific import license is utilized. In June 2011, the MOH issued the Circular 24 to provide updated guidance on import of medical equipment in Vietnam. U.S. exporters should be aware of Article 5 that requires a Certificate of Free Sale to be copied and certified by the embassy of Vietnam in producing countries.

Most imports of used and refurbished medical equipment are strictly controlled by the MOH. Decision 2019/1997/QĐ-BKHCNMT dated December 1, 1997, stipulates that the Ministry of Science, Technology, and Environment (MOSTE) must inspect and certify all imports of used medical equipment. Because of the restriction, local companies are generally not willing to deal with foreign suppliers of used and refurbished equipment. In practical terms, MOH accepts used equipment for donation purposes only.

However, regulations remain loose. Many enterprises can easily import used or refurbished machines to make a profit. The Vietnam Medical Association reported that except for central hospitals, many healthcare centers were using out-of-date medical devices for check-ups and treatment. A legal base is, therefore, needed to tighten control over medical products which stipulated the responsibilities of those involved.

Recently, MOH has submitted the Draft Decree on importing medical equipment to the Government Office. The Decree, which is expected to come into effect in Jan, 2015, is aimed to tighten inspections and supervision of medical devices imported into Vietnam. All devices imported into Vietnam are required to be new, and importers need a license to operate in the field. The MOH will also build a center in charge of supervising the quality of foreign-made medical equipment before it is imported into Viet Nam.

Resources

U.S. suppliers of medical equipment interested to export to the Vietnamese market are encouraged to attend the following trade shows:

VIETNAM MEDI-PHARM EXPO 2014. The 14th Vietnam International Hospital, Medical and Pharmaceutical Exhibition will be held from 21 – 23 Aug., 2014 at Tan Binh Exhibition &

Convention Centre (TBECC), 446 Hoang Van Thu Str., Tan Binh Dist., and Ho Chi Minh City, Vietnam.

Vietnam's healthcare information 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>
- ¹Circular 24/2011/TT-BYT: Circular guide to the import of brand new medical devices
<http://asemconnectvietnam.gov.vn/lawdetail.aspx?lawid=1969>

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