Medical, Health and Cosmetics Products in Vietnam

Medical Equipment in Vietnam

U.S. Commercial Service Vietnam

Overview

With a population of 86 million and strong GDP growth in recent years, Vietnam represents a potentially very large health care, medical equipment and device market. Demographically, Vietnam is a young country with over 50 percent of the population under the age of 30. Identified as one of the national development priorities, the Vietnamese public health care sector has received increasing budget allocations along with incentives from the government. Multilateral Development Banks such as the World Bank are also providing much-needed financing and technical assistance to expand health care capacity in Vietnam.

The Vietnamese health care system presently has 1,062 state hospitals (not including clinics), 77 private hospitals and 15 foreign-invested hospitals with a total of 145,000 beds. On one hand, The Ministry of Health (MOH) points to the considerable progress that Vietnam has made in developing preventive medicine and treatment over the last ten years. On the other hand, state-owned hospitals generally face a number of challenges, including the following:

1. Many hospitals in large cities were constructed long ago and face chronic overcrowding. They do not have the capacity to serve both local patients and those from other provinces. Public hospitals in Vietnam frequently do not have the funds necessary to upgrade their facilities, equipment and services;

2. Half of the existing medical equipment in Vietnam is obsolete and badly needing replacement. Many hospitals lack sufficient equipment for surgery and intensive care units. More than 70 percent of hospitals lack a CT scanner, 35 percent of the equipment has been used for more than 20 years, and nearly 40 percent of the equipment has been used from 10 to 20 years; and

3. A shortage of qualified medical staff is common in many hospitals. Doctors and nurses often work under stressful conditions with relatively low salaries compared to other industries.

Best Prospects/Services

The Vietnamese health care system needs a wide variety of medical equipment. 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.

Domestic production of medical hardware is still in early stages with manufacturers small in number and size. They tend to produce products such as hospital beds, scalpels, cabinets, scissors, and disposable medical supplies.

The market relies almost exclusively on imports. Top foreign suppliers of medical equipment to Vietnam include Germany, Japan and the United States, each accounting for about 30 percent of the market. Vietnam also imports medical equipment from France, Italy, Korea, Taiwan, and China.

Opportunities

Although U.S.-made equipment enjoys a reputation for high quality and reliability, challenges to U.S. sellers to date have included price sensitivity and the need to develop flexible marketing and distribution strategies encompassing training and after sales services. 2009 imports from the U.S. are estimated at $18 million.

Vietnam’s health care sector is familiar with U.S.-made medical equipment and recognizes its merits. Many hospitals in the South are still using some equipment dating from before 1975. Soon after the U.S. trade embargo was lifted in 1994, local distributors and end-users began sourcing from American suppliers. Despite U.S. suppliers entering the medical equipment market later than their Japanese and European competitors, American-made products have their own distinct advantages in quality, advanced technology and well-known brand names. Many end-users consider U.S.-made equipment their top choice, although cost and (in the case of some suppliers) lack of established after-sales service may be drawbacks.

Buyers of medical equipment can be grouped into four categories:

1. Government-funded hospitals, clinics, and health care centers that purchase the largest quantity of medical equipment. With financial allocations 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 or affiliated country;

3. Local private hospitals nationwide that have developed in recent years. They are generally ready to upgrade advanced equipment; and
4. A number of 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 develop partnerships.

Imports of medical equipment face low import duties and no quota restrictions. However, medical devices are subject to regulation and licensing requirements set by the Ministry of Health. 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. 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 export medical equipment to Vietnam have a local partner with strong technical skills and good relationships with MOH, hospitals and other health care facilities. CS Vietnam can help introduce U.S. companies to potential partners and distributors in Vietnam.

Most imports of used and refurbished medical equipment are strictly controlled by the MOH. Decision 2019/1997/QD-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. 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. In reality, MOH accepts used equipment for donation purposes only.

The Government of Vietnam has approved a conceptual plan to develop the health care network through 2020. This covers public health/preventative medicine and primary care systems as well as medicine manufacture and supply. These plans aim for 25 hospital beds and at least eight physicians and two pharmacists to be available for every 10,000 people.

MOH’s strategy is to equip fully and simultaneously health care units at every level throughout the country, especially at the grass roots level. The program also calls for investment in the development and training of medical personnel, to improve the quality of diagnosis and treatment. The MOH’s two key initiatives in this regard are the Program for Upgrading Medical Equipment and the Program for Hi-Tech Centers. The program for upgrading medical equipment focuses on 1) imaging equipment (X-ray, ultrasound, internal probing); 2) emergency equipment; 3) laboratory equipment; and 4) operating theaters and sterilizing equipment. The High-Tech Medical Center Zones program aims to develop advanced and specialized health-care facilities in Hanoi, Ho Chi Minh City (HCMC) and the Central Region.
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