



# Vietnam Market for Medical Equipment

By U.S. Commercial Service – Vietnam  
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## Overview

	2009 (actual)	2010 (actual)	2011 (actual)	2012 (estimated)
Total Market Size	179	190	192	195
Total Local Production	5	6	7	7
Total Exports	0	0	0	0
Total Imports	174	184	185	188
Imports from the U.S.	34.7	39.5	39.4	40

Sources: U.S. Census export data and local industry sources

The above statistics are in US\$ 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 increasingly received government budget allocations as well as interest from the private sector. Multi-lateral Development Banks such as the World Bank are also providing much-needed financing and technical assistance to expand healthcare capacity in Vietnam. This sector also relies on Official Development Assistance (ODA) and donations by philanthropic organizations.

Vietnam presently has more than 13,400 hospitals and health clinics; in which, more than 1,000 facilities are State owned. However, according to the Vietnamese Ministry of Health (MOH), around 30,000 Vietnamese people go abroad for better check-ups and treatment each year, spending more than US\$1 billion every year, an indication that domestic consumers are keen to seek out higher quality services, out of pocket.

On the one hand, the 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, they also acknowledge that many public hospitals face the following challenges:

1. Many hospitals in large cities were constructed long ago and face chronic overcrowding. Hospitals in major cities 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 out-dated and needing replacement. Many hospitals lack sufficient equipment for surgery and intensive care units. According the MOH, more than 70 percent of hospitals lack a CT scanner, 35 percent of the equipment have been used for more than 20 years, and nearly 40 percent of the equipment have been used from 10 to 20 years.
3. Vietnamese public hospitals rely largely on the 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 system. As State-owned facilities, public hospitals only charge patients subsidized fees that represent only a portion of operating costs.

4. A shortage of qualified medical staff is common in many hospitals. Doctors and nurses work under stressful conditions and wages are relatively low. The MOH has started to raise the wages of healthcare professionals in 2012.

### **Best Products/Services**

The Vietnamese healthcare system needs a wide variety of medical equipment for such areas as cardiovascular, liver cancer, diabetes, and orthopedics. The best sales prospects for this market include imaging diagnostic equipment (i.e., X-ray machines, CT Scanners, Color Ultrasound machines, Magnetic Resonance Imaging machines), operating theaters and sterilizing equipment, patient monitoring equipment and emergency equipment.

Domestic production of medical hardware is still in early stages and manufacturers are small in number and size. 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.

The market relies almost exclusively on imports. Top foreign suppliers of high-end medical equipment to Vietnam include Germany, Japan and the United States. Vietnam also imports medical equipment from France, Italy, Korea, Taiwan, and China.

### **Opportunities**

Buyers of medical equipment can be grouped into four categories:

1. Government-funded hospitals, clinics, and healthcare centers that purchase the largest quantity of medical equipment and play a key role in the healthcare system. With financial allocations from the Government, they tend to look for advanced, brand-name equipment.
2. Wholly foreign-owned and joint-venture hospitals, clinics, and healthcare centers are significant buyers, although they often procure directly from their sponsoring or affiliated country.
3. Local private hospitals, including those with foreign partners, have emerged in the last few years as the private sector looks to address local needs. Private hospitals and clinics tend to be small, although a number of larger projects are being developed. A recent study by Deloitte projects the private expenditure on healthcare will account for 70% of total healthcare expenditures by 2014 due to poor state service provision.
4. 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.

### **Equipment Importation**

Although US-made equipment enjoys a reputation for high quality and reliability, challenges to US sellers to date have included price and the need to develop flexible marketing and distribution strategies encompassing training and after-sales service.

The Vietnamese government encourages medical equipment imports 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 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. For those firms that do not establish their own legal entity in Vietnam, 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 healthcare facilities. CS Vietnam can help introduce U.S. companies to potential partners and distributors in Vietnam.

### **New regulation on importing medical equipment**

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 in addition to requiring Vietnam-based importers to produce a letter of authorization from the foreign manufacturer authorizing the product to be sold to Vietnam. Local SME importers generally find the process is time consuming because of unclear and complicated paperwork.

### **Used equipment**

Most imports of used and refurbished medical equipment are strictly controlled by the MOH. Decision 2019/1997/QĐ-BKHCHNMT 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. 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.

### **National Plan**

The Government of Vietnam has approved a national master plan to develop the healthcare network for the 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.

## **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 2012**

Date: May 9 – 12, 2012

Venue: Friendship Cultural Palace – 91 Tran Hung Dao St., Hanoi, Vietnam

<http://www.medipharmvietnam.com>

### **Medica Vietnam**

Date: Dec 24-27, 2012

Venue: Tan Binh Exhibition & Convention Centre, Ho Chi Minh City, Vietnam

<http://www.biztradeshows.com/trade-events/medica-vietnam.html>

**U.S. Eximbank**

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Vietnam's healthcare useful information is available at the following websites:

**Vietnam's Ministry of Health:** [www.moh.gov.vn](http://www.moh.gov.vn)

**The World Bank:** [www.worldbank.org.vn](http://www.worldbank.org.vn)

**The ADB:** <http://www.adb.org/VietNam/projects.asp>

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