



SAUDI ARABIA HEALTH CARE MARKET OVERVIEW

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United States - Saudi Arabia Strategic Relationship



Saudi Arabia - Cities

22 Domestic Destinations



Why Saudi Arabia

- Largest economy in the Middle East
- Economic performance in 2013 was exceptional
- Largest proven oil reserves in the world at 261.8 billion barrels
- Good government and private sector growth
- A budget surplus of \$54.9 billion was recorded in 2013
- Real GDP Growth 3.8 percent in 2013
- Oil production about 10 million barrels per day
- Saudi Riyal pegged to the U.S. dollar - Exchange Rate
- 1 USD = 3.75 Saudi Riyals



Saudi Arabia

- Population growing an average 2.5% each year
- 47% under 18, strong growth in the working-age population
- Expatriate population growth will slow down
- Women's participation in the labour force will continue to increase
- Saudization policy to remain (NITAQAT)
- Emphasis on expansion outside the main cities

Key Players

- Government Sector
 - Major ministries (Ministry of Health, Ministry of Interior, Defense, Education etc.)
 - Saudi Aramco
- Public Sector
 - Saudi Basic Industries Corporation (SABIC)
 - Saudi Arabian Mining company (Maaden)
 - Saudi Electricity Company (SEC)
 - Saudi Telecommunication Company (STC)
- Private Sector
 - The private sector in Saudi market is dominated by family owned companies
 - Most of the major companies deal with multiple industrial & commercial sectors

Saudi Arabia and the Region

- Saudi Arabia's Government budget for 2013 was nearly US 213.3 billion, the largest in the Kingdom's history.
- Saudi Arabia's GDP is US 686.1 billion according to the World Trade Organization (2011, purchase power parity)
- Saudi Arabia's population stands at 29 million-the largest country in the gulf region
- Per capita health care spending is over USD 901.



Health Care Statistics- World Health Organization

Life expectancy at birth m/f (years) **74/80**

Probability of dying under five (per 1 000 live births) **9**

Probability of dying between 15 and 60 years m/f (per 1 000 population) **71/52**

Total expenditure on health per capita (Intl \$, 2011) **901**

Total expenditure on health as % of GDP (2011) **3.7**

Health Trends

- The Saudi health-care sector remains the largest in the region in terms of expenditures, size, activity, and potential. Annual spending on health care was estimated at \$26.4 billion in 2012, more than 85 percent accounted for by the Saudi government. The government has allocated \$28 billion for the health and social development sectors in the 2014. The funds will be allocated for the construction of 17 new hospitals and completion of 137 hospitals and primary health care centers.
- In March 2011, the King provided the MOH with \$4.27 billion in additional funding to build and expand various medical cities across Saudi Arabia. Other government organizations also plan to enhance their health care services including 20 teaching hospitals for the Ministry of Higher Education, two medical cities for the Ministry of Interior, an HIS for the Ministry of Defense and Aviation, and another HIS for the Medical Services department at the Royal Commission for Jubail & Yanbu.

Market Drivers

- Saudi Arabia like other countries in the Gulf continue to exhibit life style change trends within its morbidity statistics.

For example:

- Over 30% of the Saudi population is classified as overweight
- Asthma affects 10-15% of children
- More than 22% of the populations are regular smokers
- Heart diseases increasing an average 5.3% annually
- An estimated 17% of the population is diabetic.

Market Trends Response

With an annual population growth rate of 2.5% to 3%, Saudi Arabia would require an additional average annual investment of \$587 million in hospital bed capacity to keep pace with demand. Hospital beds currently exceed 60,000 for all hospitals in the Kingdom.

The high budgetary allocation--\$28 billion for the healthcare sector is attributed to the need to ensure health service delivery due to new health projects, expansion and growth of existing hospitals and clinics, the aging population, and increased morbidity due to lifestyle diseases common in the GCC and developed countries.

Saudi Arabia – Medical Devices

- Saudi Arabia known to procure in excess of USD 1.7 billion in medical/surgical equipment in 2013. This accounts for nearly 50% of all medical/surgical equipment spending in the GCC
- Best Prospects:
 - Hospital equipment, medical disposables, OR equipment, Rehabilitation, Pathology/laboratory instruments, Radiologic equipment, Diagnostics
 - Primary healthcare interests are in Oncology, Cardiology, Orthopedics, Trauma, Diabetes care, Nephrology, as well as lifestyle management of asthma, obesity and other common ailments

Saudi Arabia - Pharmaceuticals

- The accounting and research firm Deloitte reports that the Saudi pharmaceutical market will continue to experience 4.7 percent per annum and reach USD 4.7 billion by 2016.
- Like other countries of the GCC, Saudi Arabia is faced by demographic shift relating to an aging population and changes to the morbidity statistics attributed to changes in lifestyle.
- It is estimated that the demographic shift would result in the 45-65 age group and the 65+ age group to grow by an average of 6% through 2020.
- Increased spending on health care, an aging population, and continued treatment of “life style” diseases would assure exporters that the pharmaceuticals/ life sciences market will continue to be robust

Regulatory Environment

- All medical devices, pharmaceuticals, and biologics must be approved by the Saudi Food and Drug Authority
- Similar to the U.S. FDA's Centers for Devices, Pharmaceuticals/Biologics, and Food Safety/Applied Nutrition. U.S. exporters must have an importing representative registered with the Saudi FDA for post market surveillance and reporting of adverse incidents etc.
- The Saudi Food and Drug Authority maintains an open source directory of all companies, consultants and organizations that are registered with the SFDA for the importation of medical devices. Website is as follows:

<https://mdel.sfda.gov.sa/PublicModule/LicensedApplicants.aspx>  @DiscoverForums

Major Projects

- US \$1.2 billion development of the King Khaled Medical City project in Dammam covering a total area of 700,000 square meters and will include a 1,500-bed hospital, residential complex, research center and an international academy
- US \$1.1 billion King Faisal Medical City, Southern Province, 1350 bed capacity
- Prince Mohammed bin Abdulaziz Medical City, Northern Province, 1000 bed capacity
- King Abdullah Medical City, Mecca, 1350 bed capacity
- Jeddah HealthCare Park, 263 bed tertiary care hospital, 60 bed hospital for Bone & Joint and a standalone diabetes and hypertension specialized medical center. Part of Prince Sultan Cultural Center

Contacts



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