



VIETNAM MEDICAL MARKET

The World Bank's recent market research has forecast that by 2020, Vietnam's health care market will grow threefold since 2010. It also shows that Vietnam's health care market will soon surpass regional countries like Malaysia, Thailand and Indonesia.

Economic growth and population are boosting the demand for health care services across Vietnam, especially the two economic centers of Hanoi and Ho Chi Minh City. The government is funding provincial public hospitals to upgrade facilities and open new departments to meet specialized treatment. These developments are creating new opportunities for medical devices in Vietnam.



Vietnam's medical and medical equipment market has great potential. According to Business Monitor International (BMI), the health care cost of Vietnamese people is estimated at about US \$ 16.1 billion in 2017, accounting for 7.5% of GDP. BMI forecasts that health spending will increase to US \$ 22.7 billion by 2021, recording an annual compound growth rate (CAGR) of 12.5% from 2017 to 2021.

In the period 2011-2015, Vietnam is one of the fastest growing pharmaceutical markets in Asia. Experts say this growth will continue in the next 20 years. The overall market value of the industry in 2015 is about USD 4.2 billion and is expected to reach USD 10 billion by 2020.

Before being sold in Vietnam, drugs must be registered with the Ministry of Health. The Ministry of Health will issue marketing licenses, usually valid for 5 years. After 5 years, the product must be re-registered. Per capita spending on pharmaceuticals was \$ 44 in 2015. It is estimated to double to 85 USD by 2020 and quadruple to 163 USD by 2025.

The government encourages the import of medical equipment because domestic production is not sufficient to meet demand. Imported medical equipments are offered low import tax rates and have no quota restrictions. However, these devices must comply with regulatory and licensing requirements of the Ministry of Health. Only companies that have business entities registered in Vietnam and have an import license are eligible to distribute medical equipments.



Economic growth, income, population and urbanization process, along with aging of the population are the main reasons for the rapid growth of pharmaceutical demand in Vietnam. On the other hand, some negative impacts such as pollution, unsanitary food safety or unsafe living and working conditions also make people pay more for medicines. BMI advised: if Vietnam wants to modernize its health care system to create more business opportunities in the upcoming years, the first area to improve is the hospital network.



Modernizing hospitals will require large investments and funding, Vietnam needs to mobilize various sources of investment: both public, private and foreign sectors. Currently, the health industry and domestic health care services still fail to fully meet the needs of the people. The International Journal of Environmental Research and Public Health estimates that about 40,000 Vietnamese patients go abroad to seek medical care and treatment each year.