

VIETNAM HEALTHCARE REPORT

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Prepared by Business Centre
British Chamber of Commerce Vietnam



**British
Chambers of
Commerce**

International Affiliate

BritCham HCMC Office

25 Le Duan, Ben Nghe Ward,
District 1, Ho Chi Minh City
T: +84 28 3829 8430 (Ext. 122)
E: enquiries@britchamvn.com

BritCham Hanoi Office

4th Flr, Belvedere Building, 28A
Tran Hung Dao, Hoan Kiem, Hanoi
T: +84 24 3633 0244
E: enquiries@britchamvn.com



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OUR TEAM



What we do ?

The British Chamber of Commerce (BritCham) was officially established in Ho Chi Minh in 1998 with its Ha Noi office founded in 2007. BritCham Vietnam aims to support and develop Vietnam-UK business links while raising the profile of Vietnam in the British business community and vice versa. As an accredited British Chamber, Britcham in association with the Department for International Trade (DIT), is committed to promote strong business links between Vietnam and the UK.



BUSINESS MATCHING:

Partner search and one-to-one meetings with potential clients, agents/distributors or outsourcing partners



BUSINESS DEVELOPMENT REPRESENTATIVE:

Provide a professional business development representative to act locally on your behalf, strengthen existing engagements with the Vietnam market on a long term basis and develop further business relationships within the market.



INWARD INVESTMENT FACILITATION:

Business Registration, Site Selection, Factory/Office Set-up & Operations Support, HR & Financial Management



BUSINESS SERVICES EVENTS:

Organise trade missions, product launches and seminars/workshops



MARKET STUDIES:

Sector reports, competitor analysis and local prospect background research



EXPORT OPPORTUNITIES:

Explore your export opportunities to Vietnam through DIT's portal opportunities.export.great.gov.uk



WEBINARS:

Online dialogues with experts within industries to forecast new trends in doing business in Vietnam



BACK-OFFICE SUPPORTS:

Due Diligence, Marketing Materials & Company Documents Translation

CONTACT US



OUR ADVOCACY WORKS

BCAC

The BRITISH CORPORATE ADVOCACY COUNCIL, comprising of the Heads of some of the largest British companies operating in Vietnam, continue to provide support to BritCham Vietnam in its engagement of key business issues and was instrumental in the support to gain the full VBF membership.

Members

DIAGEO

KPMG

DRAGON
CAPITAL

HSBC

Jardines

PRUDENTIAL

Standard
Chartered



BRITISH EDUCATION BUSINESS GROUP – BEBG is a proposed working group of BritCham Vietnam and its British Corporate Advocacy Council, to work alongside the British Embassy, Department for International Trade and British Council.

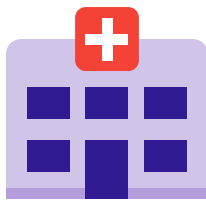
VIETNAM'S HEALTHCARE OVERVIEW



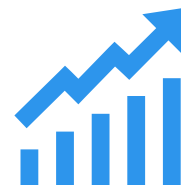
Healthcare
spending 17.2 billion USD



Healthcare
expenditure as
share of GDP 5.92%



Market
size 5.1 million USD



Net medical trend
cost rates 6.93%



Number of new
businesses 901

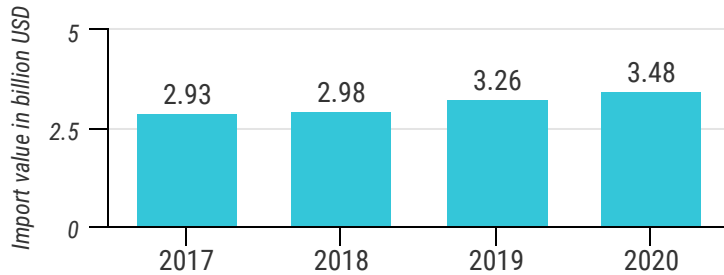


Life
expectancy 75.4 years

VIETNAM'S HEALTHCARE OVERVIEW

Pharmaceuticals

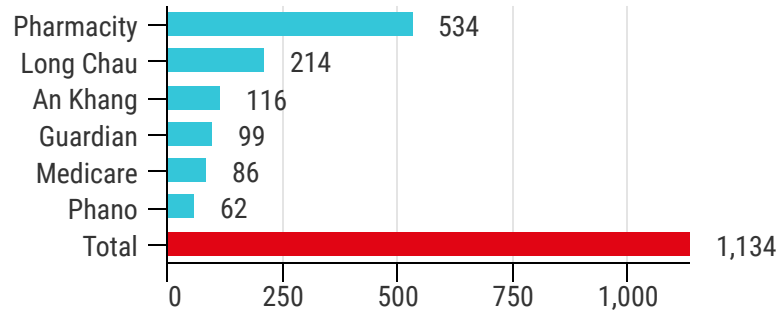
Import value of pharmaceutical and medicinal products in Vietnam from 2015 to 2020



Only **53%** of the country's demand is met by the domestic pharmaceutical industry.

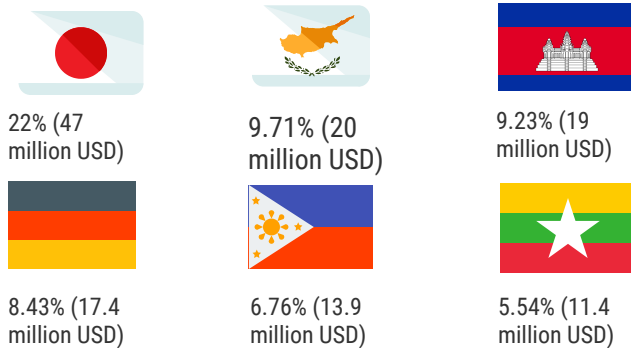
Source: Statista, Fitch Solutions, 2021

Leading drug store brands in Vietnam in 2021, by number of stores



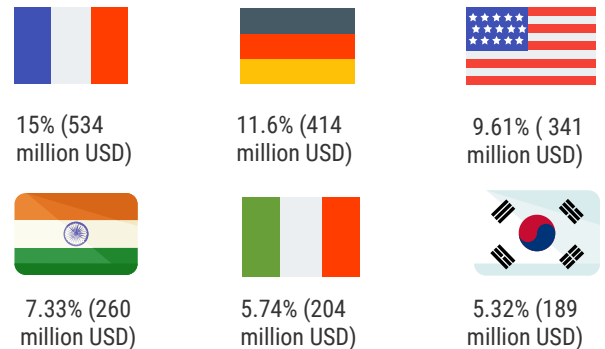
Source: Statista, 2021

Where does Vietnam export Pharmaceutical products (2020)?



Source: TrendEconomy, 2021

Where does Vietnam import Pharmaceutical products from (2020)?



Source: TrendEconomy, 2021

Leading companies sales revenue (2019)



VIETNAM'S HEALTHCARE OVERVIEW

Medical devices



In 2019, the Vietnam Medical Device value was estimated at 1.4 billion USD, ranking 9th in Asia-Pacific region.

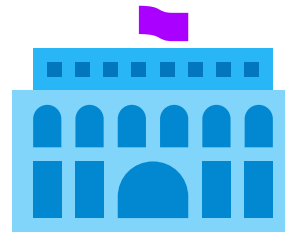
90%

OF **MEDICAL DEVICES** IN VIETNAM IS IMPORTED

Japan, Germany, the US, China, and Singapore make up 55%.

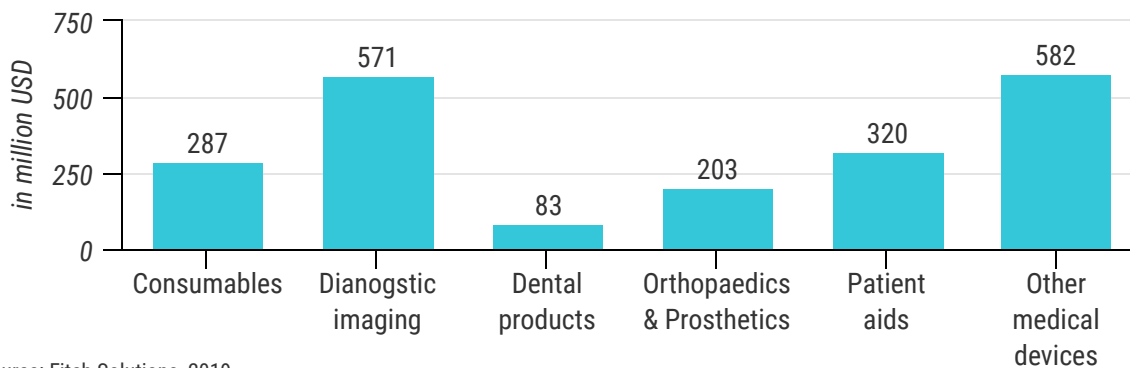


According to Fitch Solutions (2019), the Vietnam medical device market will increase at a 2018-2023 CAGR of 9.9% in USD terms, reaching USD 2 billion in 2023.



The market is concentrated in the major cities of Hanoi, Haiphong and Ho Chi Minh City.

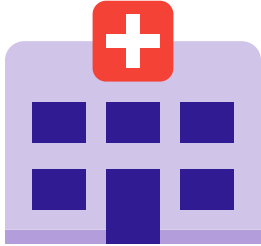
Medical device market by product area, forecast 2023



Source: Fitch Solutions, 2019

VIETNAM'S HEALTHCARE OVERVIEW

Hospitals



There are 1,400 hospitals in total nationwide, where private hospitals account for 17%.

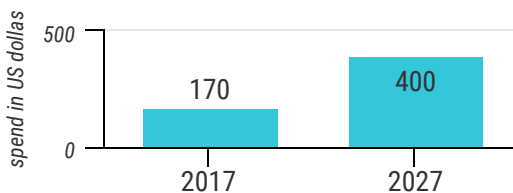


There were 96.2 thousand doctors across all health establishments in Vietnam in 2019.



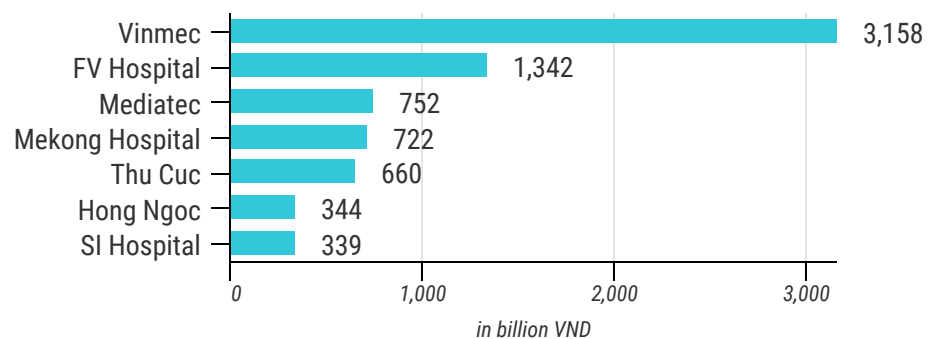
In 2020, 86.88 million Vietnamese people participated in health insurance, indicating a significant rise from 2019.

Healthcare spending per capita in Vietnam in 2017 with a forecast for 2027



Source: Statista, 2017

Revenue of private hospitals in Vietnam in 2019



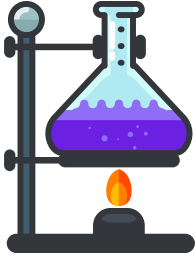
Source: Nhipcaudautu, 2019

Foreign investment

A consortium led by Singapore's sovereign wealth fund GIC has recently invested USD 203.1 million in VMC which is the parent of private hospital developer and operator of Vinmec. VinaCapital has also invested USD 26.7 million in Thu Cuc International General Hospital.

OPPORTUNITIES

UKVFTA



Under UKVFTA, Vietnam commits to withdraw existing clinical trials requirements that are not in line with international standards such as the International Conference on Harmonization of Technical Requirements for Registration.



Other commitments in pharmaceuticals and medical devices ensure the use of international standards, practices and guidelines that are recognised for trade between the UK and Vietnam and set by the WHO and OECD.



More than 71% of UK pharmaceutical products benefit from tariff elimination immediately.

Digital healthcare trend



On April 18, 2020, Ministry of Health and Ministry of Information and Communications cooperated to launch a telemedicine program which was developed by Viettel.

On June 22, 2020, the MoH approved a five-year project on remote medical examination and treatment for 24 hospitals.



Private hospitals also invest in digital infrastructure to meet the demand of their higher-income patients. They usually use products and services from leading IT companies such as SAP and Oracle.



Many startups have also contributed to this trend. Med247 - a Vietnamese startup, for example, has launched a hybrid platform that combines traditional health models with telemedicine technology through app for patients and doctors to bring affordable healthcare to all.

OPPORTUNITIES

Demographics



Over the last two decades, the population of Vietnam has expanded from 72 million people in 1995 to over 97 million people in 2020 which has increased the market size.



The population of Vietnam officially entered an 'ageing phase' in 2017 and is among the most rapidly ageing countries in the world, which will force authorities to spend more money, to improve healthcare services to take better care for senior citizens. People over 60 years of age accounted for 6.5% of the population in 2017, which is projected to reach 61% in 2050.

Legal framework



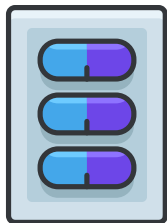
The Vietnamese Ministry of Health (MoH) has published a draft decree (**Official Dispatch No. 2271/BYT-TB-CT**) to replace Decree No. 36/2016/ND-CP and its amendments, in order to establish the legal framework for regulating medical devices in Vietnam and unify medical device regulations.



The government has also enacted **Decision 4888/QĐ-BYT - National agenda for e-health adoption** and other policies to guide and support digital healthcare, including Circular No. 53, 2014, Directive No.16, 2017, Circular No. 54, dated 2017, Circular No. 49, 2017 and Decision No. 4888, 2019.

CHALLENGES

Pharmaceuticals



Illegal copying, fake and low-quality drugs remain commonplace despite Vietnam's efforts to enhance IP protection after signing in CPTPP and EVFTA. Part of the problem is because the government has few resources to tackle the problem.



ETC channel accounts for 70% pharmaceutical market share. However, because people hesitate to go to hospitals during the coronavirus outbreak, the pharmaceutical revenue through this channel declines significantly.



The Ministry of Health's (MoH) Drug Administration of Vietnam (DAV) issued Circular No.15/2020/TT-BYT to lower medicine prices, especially brand-name drugs, which motivated multinational corporation to cut down prices to be competitive.

Medical devices



Medical devices still need to be subject to regulation and licensing requirements set by the MOH. Starting in 2017, all medical devices imported into Vietnam have to register for marketing authorization (MA) licenses.



Under Vietnamese law, only business entities registered in Vietnam that have an import license are eligible to distribute medical devices within Vietnam. Therefore, when entering Vietnamese market, foreign medical device suppliers must establish a local office or appoint a local distributor.



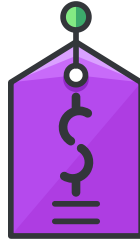
This market has witnessed increasingly intense competition between foreign firms. Above 400 businesses from 25 countries have shown interests in this market by participating in Vietnam Medi-Pharm Expo in 2020.

CHALLENGES

Hospitals



Legal framework for investing in the health sector is still not very detailed and clear.



The prices for healthcare services are low, indicating the risks of losing capital for foreign investors.



There are no guidelines in the preparation as well as support for PPP healthcare projects.



FUTURE PROSPECT

Vietnam - India cooperation

According to Fitch Solutions (2021), Vietnam and India will have multiple chances to cooperate in pharmaceuticals. In July 2021, large pharmaceutical companies in India have expressed their interests to open a pharmaceutical industrial park in Vietnam, with an initial investment of about USD 500 million.

Digital healthcare

Telemedicine, AI and Big Data adoption in healthcare have received tremendous support from the government. Foreign investors are also motivated to join. Thus, this trend may continue and enable Vietnam to achieve its goal "health for all".

M&As

Several notable mergers and acquisitions have taken place in this sector between domestic and foreign firms, including SK Investment (South Korea) - Imexpharm (Vietnam), STADA Service Holdings B.V (Germany) - Pymepharco (Vietnam), ASKA Pharmaceutical (Japan) - Hataphar (Vietnam) and Taisho (Japan) - DHG (Vietnam). More M&As are expected to happen in the near future as an increasing number of foreign investors are seeking opportunities for their investment into the Vietnamese market.

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