

FOCUS on SPAIN

The territory of Spain includes most of the Iberian Peninsula, the Balearic Islands in the Mediterranean Sea, the Canary Islands in the Atlantic Ocean, the North African cities of Ceuta and Melilla and some other small islands. Spain became a full member of the European Economic Community in 1986.

Spain is organized into 17 Autonomous Communities or Regions, with 6 of them (Catalonia, the Basque Country, Galicia, Valencia, Navarra and the Balearic Islands) having their regional languages recognized officially together with Spanish (or "Castilian").

Each Region is financially autonomous but also receives part of the general State budget. All these regions present a rich variety of cultures, each with its own history, with a high density of artistic works and monuments that make Spain the country with the highest number of UNESCO World Heritage listings.

The Spanish population has started increasing again in the last decade, reaching 46,6 million, with over 5 million of foreign residents. About 31% of the population live in the capitals of the provinces. Spain is also one of the youngest European nations, with 15.3% of the population under 16 years old, 68% aged between 16 and 64 and 16.7% over 65.

| Basic country indicators, 2009 | |
|--------------------------------|--------------------|
| Population | 46,661,950 |
| GDP | € 671,442 billions |
| GDP per capita | € 14,537 |
| Real growth in GDP | -3.7% |

Source: IMF - International Monetary Fund

Economy overview

Spain is the 9th largest economy in the world by GDP, the 6th largest receiver of foreign direct investment (FDI), the 8th largest issuer of FDI and the 6th largest exporter of commercial services. Last year's worldwide downturn affected the Spanish economy after some years of sustained growth. The Ministry of Economy forecasts that GDP growth will be ranging between 0 and -0.6% in 2010. As the crisis also hit hard the labour environment causing a steep rise in unemployment figures, the government is planning to introduce labor-market reforms aiming to contain the effects of this downturn trend and to promote job creation especially for younger people.

Spanish economy is quite diversified, with great contribution given by the manufacturing sector and services. These two sectors account for 85% of GDP (the services' sector alone contributes 68%), while agriculture's share is less than 3%. Tourism plays an important role as Spain is the second country in the world for number of international tourists (almost 60 millions a year).

Madrid and Barcelona are the two main cities and trade hubs, concentrating most of the economic activities. The technological and industrial infrastructure has benefited from the establishment of 72 technological parks hosting over 2,600 companies, mainly operating in telecommunications and IT.





Economy in figures 2008-2010

| GDP by demand components (% change vs previous year) | 2008 | 2009 | 2010 |
|---|------|-------|------|
| Domestic consumption | 0.9- | -2.3 | 0.2 |
| Final consumption of households & NPISH (Non-profit institutions serving households) | 0.6 | -4.1 | -0.4 |
| Final consumption of public administrations | 5.5 | 2.9 | 1.8 |
| Gross capital investment | -3.9 | -14.1 | -4.6 |
| Gross fixed capital | -4.4 | -14.2 | -4.7 |
| Equipments | -1.8 | -21.3 | -2.4 |
| Other products | -4.3 | -9.6 | 1.0 |
| Construction | -5.5 | -12.5 | -7.5 |
| Domestic demand | -0.5 | -5.6 | -1.0 |
| Exports of goods and services | -1.0 | -16.2 | 2.1 |
| Imports of goods and services | -4.9 | -20.5 | -0.6 |
| Net foreign balance (contribution to GDP growth) | 1.4 | 2.3 | 0.7 |
| GDP | 0.9 | -3.6 | -0.3 |

Source: INE (National Institute for Statistics) and Ministry of Economy

According to the State Agency "Invest in Spain", the country's rank as for investment climate is among the highest in the world, being the 6th largest recipient of FDI inflows and 3rd in the EU. The Agency claims that 502 greenfield and reinvestment projects were made in 2008, 155 of which belonged to high added value sectors such as ICT, environment, biotechnology and health sciences, aeronautics and renewable energies. Policies in support of investment in R&D are particularly strong in Spain, targeting small and middle enterprises for 99%. The Ministry of Industry, Tourism and Trade has increased the R&D budget by 10% to face the effects of the economic crisis, and the trend is common to the corporate sector too, which has been increasing R&D spending by 15% in recent years. The government provides financial and fiscal aid to innovation projects, namely by subsidizing part of the costs, by flexibility in repayment of loans and by tax rebates and deductions. Incentives are also targeting the investment in less developed areas in an effort to redistribute the economic activity more evenly throughout the whole country's territory.

Over 11,000 foreign companies already operate in Spain, attracted by a market of 46 million consumers. Spain is also a privileged gate for non-EU Mediterranean countries, as well as for Latin America considering the strong historical, linguistic and cultural ties, and enjoys top air and maritime connections thanks to 47 airports and 44 ports on both the Atlantic and Mediterranean sides, making it the 4th country in the world for sea freight transportation.

As regards foreign trade, Spain's main trading partners are the EU countries, with 69% of total exports and sales, and 58% of all imports. Asia and Africa account respectively for 6.9% and 6.1% of total exports and for 17.4% and 8.1% of total imports, and are therefore emerging as competitors with respect to the important role traditionally played by Latin and North America. Spain is the 17th exporter and the 12th importer in the world as far as trading of goods is concerned, but trade in services brings the country to the 7th place in exports and 9th in imports.

Trade composition in 2008

| Imports | | Exports | |
|---|-------|---|-------|
| Capital goods | 20.6% | Capital goods | 20.4% |
| Energy products | 16.5% | Automobile industry | 17.1% |
| Chemical products | 15.5% | Food | 16.2% |
| Automobile industry | 12.5% | Chemical products | 14.8% |
| Food | 11.2% | Semi-manufactured non-chemical products | 11.4% |
| Consumer goods | 11% | Consumer goods | 9.3% |
| Semi-manufactured non-chemical products | 6.8% | Energy products | 4.5% |
| Durable consumer goods | 3% | Other goods | 2.3% |
| Raw materials | 2.5% | Durable consumer goods | 2.1% |
| Other goods | 0.4% | Raw materials | 1.9% |

Source: www.investinspain.org (data from Ministry of Industry, Tourism and Trade)

Healthcare system and medical equipment market

The Spanish National Health System is based on the principle of granting equal access to healthcare to all citizens. It is structured on a two-level basis, with a first level of primary healthcare centres delivering basic services extensively for common health problems, and taking care of promotion and disease prevention, and a second level of specialist care involving more sophisticated diagnostic and treatment resources that is available by referral from primary healthcare professionals, both in out-patient centres and hospitals.

Every Spanish citizen has a Personal Health Card allowing access to healthcare services. General taxation provides about 94% of healthcare financing, together with additional private funds, and is mainly distributed to the Autonomous Communities, with only small percentages to the central government and local councils.

Total expenditure on health in Spain accounts for about 8% of GDP. Public health expenditure accounts for 70% of the total expenditure on health and private expenditure for 30%, mainly coming from household tax contributions with minor shares from private health insurances and non-profit organizations.

According to the Ministry of Health and Consumer Affairs, Spain has 2,913 primary health care centres facilities and over 10 000 medical centres in small towns, mostly in rural areas, served by health professionals from primary care centres, to provide basic services to the local population. 72% of the 131,310 hospital beds belong to the National Health System, with 301 hospitals.

Registered Healthcare Professionals in Spain (2007)

| | Total number | Density per 1,000 population |
|-------------|--------------|------------------------------|
| Doctors | 208,098 | 4.6 |
| Dentists | 24,515 | 0.5 |
| Pharmacists | 61,300 | 1.4 |
| Nurses | 243,000 | 5.3 |

Source: National Institute of Statistics (INE)

Figures provided by the Ministry of Health show that the NHS employs 20% of its workforce in primary care and 80% in specialist care. The primary healthcare network has about 33,500 doctors, over 80% out of which are general practitioners (family and community medicine) and the remaining are paediatricians.

A total of 61,958 specialist doctors work in the NHS hospitals and specialist care centres. 27% work in internal medicine and other specialised medical fields, 21.4% in other departments (clinical laboratory, microbiology, radiodiagnosis, etc.) and 16.8% in general surgery and surgical specialties.

According to a report published by the Spanish Institute for Foreign Trade ("The medical equipment and healthcare technology sector in Spain", 2008, ICEX - Instituto Espanol de Comercio Exterior), the Spanish market for healthcare technology is valued €7.4 billion, employing about 32,000 people either directly or indirectly. There are about 720 medical equipment companies, 520 of which are manufacturers. Small and medium enterprises represent 90% of the companies, and have been standing out in recent years in high-tech sectors such as electromedicine and surgical instruments, but a small number of large companies account for 57% of total production value.

Manufacturing activities are concentrated in the areas of Catalonia (42%), Madrid (30%), Valencia (11%) and the Basque Country (6%). The above mentioned report lists diagnostics, orthopedics and consumables as the most important sectors in the Spanish medical market, accounting for 70% of its value. Electromedical equipment and medical and dental furniture also account for a great share.

As it happens in many other European countries, the Spanish percentage of aged population is growing although the high number of young people, and this has an influence on the present and future demand for medical services. Spanish large population and its high life expectancy make Spain is the 5th largest market for medical equipment in the EU and the 9th in the world. Foreign companies contribute for about 80% to the supply of healthcare products in Spain, either through subsidiaries of multinationals (especially German and American) or through importers and distributors. The Spanish market for instruments, electromedical equipment and dental equipment is mainly supplied by Germany, France, Netherlands and the US.

The domestic production of medical equipment is mainly export-oriented, focusing on x-ray equipment and disposables.

Importation of medical products and equipment is regulated by the EU directives. According to a market analysis conducted by the US Commercial Service, larger distributors usually cover the whole Spanish territory and also Andorra and Portugal, while smaller enterprises operate mostly at regional level.





Spanish figures for the dental sector: a comprehensive outlook

Dental workforce (2008)

| | |
|--|------------|
| Total inhabitants | 46,200,000 |
| Total number of practicing dentists (public and private) | 24,000 |
| Number of new graduated dentists (state examined) in 2008 | 1,300 |
| Number of dentist training institutions | 17 |
| Number of active dental offices (public and private) | 18,300 |
| Total number of dental laboratories (dentists' and commercial laboratories) | 5,000 |
| Number of active dental technicians (laboratory owners & employees in dentists' and commercial laboratories, etc.) | 7,500 |

Source: FENIN

Market figures (2008)

| | |
|--|-------------|
| Total sales value of all dental equipment that requires installation (excl. computers for administrative purposes; in Euro; VAT excluded) delivered to dentists/laboratories | 55,000,000 |
| Total sales value of all other equipment (in Euro; VAT excl.) (excl. computers) delivered to dentists/laboratories | 10,000,000 |
| Total sales value (retail) of sundries/consumables (excluding precious metal) delivered (in Euro; VAT excluded) | |
| a) to dentists | 130,000,000 |
| b) to laboratories | 33,000,000 |
| Total sales value (retail) of teeth delivered to dentists and laboratories (in Euro; VAT excluded) | 9,800,000 |
| Total sales value of metal-implants (in Euro; VAT excluded) | 80,000,000 |
| Total value of after-sales technical services incl. Spare parts (in Euro; VAT excluded) | 7,000,000 |

Source: FENIN

Distribution network

| | |
|---|-----|
| Total number of dental dealers | 350 |
| Of those dealers are: | |
| a) full service dental dealers (equipment; sundries; teeth; tech. service) | 70 |
| b) mail order houses | 18 |
| c) specialized dealers (concentrated on particular segments e.g. implants or orthodontic items) | 70 |
| d) any others | 55 |
| % of the total business in Spain (dentist and laboratory) is delivered by: | |
| solely full service | 30% |
| solely mail orders, tele-sales, catalogues houses | 25% |
| specialized dealers | 12% |
| any other | 17% |
| manufacturers direct | 15% |
| supplied from outside the country directly to the dentists bypassing the local dealer net | 1% |

Source: FENIN

The Dental Sector

Oral health in Spain is almost completely provided by private practitioners under payment of a fee covering the total cost of treatment. A limited dental coverage is offered in primary healthcare units regionally managed, providing emergency care such as extractions or drugs prescriptions and referral to specialist care such as oral surgery. Prevention and paediatric dentistry programs are also principally run by regions.

There is a national insurance scheme for government employees covering examinations, extractions and prophylaxis, and private insurance companies provide similar plans adding x-ray diagnostics to this package. Some of them offer comprehensive dental care for higher premiums, but these plans are only chosen by about 18% of the population.

According to the most recent data provided by FENIN, the Spanish Federation of Healthcare Technology companies, the total number of practicing dentists in both public and private sector is 24,000. About 1,300 new dentists graduated in 2008, in 17 training institutions throughout the country.

Dental services are provided through a network of 18,300 public and private dental offices. Moreover, 5,000 dentists' and commercial laboratories are active, with 7,500 dental technicians operating either as owners or employees.

As regards the latest dental market figures available, registered in 2008, total sales value for dental equipment reached € 65 million, while the total sales value for sundries and consumables, excluding precious metals, was € 130 million for sales to dentists and € 33 millions for sales to laboratories. More specifically, total sales of teeth delivered to both dentists and laboratories was € 9.8 million, while metal implants reached € 80 million. The total value of after-sales technical services, including spare parts, amounted to € 7 million.

The distribution network consists of 350 dental dealers, of which 70 are full service dental dealers providing also technical services; 18 are mail order houses; 70 are specialized dealers concentrated on particular segments such as implants or orthodontics.

Considering the total dental business in Spain (including both dentists and laboratories), 30% of dental supplies is delivered by solely full service dealers, 25% is supplied through mail orders, tele-sales and catalogue houses, 12% by specialized dealers, 15% directly by manufacturers and 17% by other unspecified suppliers. Only 1% of dental and laboratory consumables and equipment are supplied from outside Spain directly to dentists, bypassing the local dealer net.

As the Spanish market is fragmented in different regional markets joined by the two hubs of Madrid and Barcelona, most of the dental companies wishing to appoint their representative in Spain focus on these two areas.

Dental trade events:

The most important trade fair in the dental sector is Expodental, held biennially in Madrid. The 2008 edition registered 36,200 professionals from 63 different countries and 267 exhibiting companies, 43 of which were foreign exhibitors.

2010 edition will take place March 11 – 13, at the Feria de Madrid – Juan Carlos I fairgrounds.

Website: www.expodental.ifema.es

All dental figures are provided by:

FENIN – Spanish Federation of Health Care Technology Companies
Created in 1977, FENIN is the business association responsible for representing, promoting and defending the interests of the healthcare technology sector.

The Federation represents 80% of the companies in the sector. Its members include manufacturers, importers, distributors and exporters at a national and international level.

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Other sources:

The EU at a glance (http://europa.eu/abc/european_countries)

Invest in Spain - State Department for Trade of the Ministry of Industry, Tourism and Trade (www.investinspain.org)

Spanish Institute for Foreign Trade
(www.spainbusiness.com // www.icex.es)

Ministry of Health and Social Welfare (www.msps.es)

Ministry of Health and Consumer Affairs (www.msc.es)

Council of European Dentists Manual of Dental Practice
(www.eudental.eu)

