

Focus on THAILAND

Basic Facts

Population:	67 million
Surface area:	513.115 km ²
Density:	120 inhabitants per km ²
Capital:	Bangkok
Government:	Constitutional Monarchy
Official language:	Thai
Main urban areas:	Bangkok, Chiang Mai, Nakhon Ratchasima
Currency:	Baht (THB)
GDP:	\$269.6 billion (2009 est.)
GDP per capita:	\$8,100 (2009 est.)
Member of:	APEC, ASEAN, ONU, WTO, ASEM

Thailand is the third largest country among the Southeast Asian nations, after Indonesia and Myanmar.

The country can be roughly divided into five main regions: North, Northeast, East, Central, and South, all characterized by different natural landscapes ranging from mountains and forests in the north, to central cultivated plains and a wonderful coastline in the south. Thai population amounts to nearly 67 million, with about 7 million living in Bangkok.

In 2009 Thai economy contracted by 2.3%. This result, more positive than expected, was due to the recovery of private consumption, exports, tourism and public expenditure. Private investments, however, remain lower than before the break of the crisis, but the encouraging signals are coming from the growth in private consumption and in the manufacturing sector (35.7% on 2008).







The recovery of the tourism sector is equally important, after the drop in the number of visitors registered in the second half of 2008 due to the political crisis that broke out during that Autumn. 14,16 million tourists visited Thailand in the course of 2009.

Thai government estimated that the national GDP will grow by 4% in 2010, instead of around 3% as previously forecasted. Government is therefore planning to increase public expenditure to support the economy and improve the country's infrastructures, bringing the total sum for 2010-11 to over 2,000 billion baht.

Two initiatives were adopted in 2009 to support consumption and manufacturing: the first introduced subsidies for low-income households in sectors such as electricity and transportation expenses, while the second destined 1,450 billion baht (about EUR 29 billion) to investment in infrastructures, education and healthcare for 3 years. By now, over 30 billion baht have been spent and 22,000 projects for a total of 200 billion baht have been approved.

While ASEAN is working to establish trade agreements with the countries belonging to the East Asia Summit (China, India, Korea, Japan, Australia and New Zealand), such a process is still far from conclusion with the EU. Trade negotiations are currently conducted only on a country-basis, and Thailand, together with Singapore and Vietnam, is one of the selected countries for this purpose.

Foreign investments are regulated by the Foreign Business Act (2000) under which investments in some sectors are subject to limitations such as a ceiling in the percentage of capital held by foreigners. Some of these limitations are removed as part of the incentives given to investments in sectors considered as particularly necessary or interesting for country development. Investment projects approved by the Board of Investment of Thailand (under the Ministry of Industry) in priority sectors such as alternative energy, high-tech, ecology products, infrastructures, tourism and agriculture, enjoy tax and custom duties exemptions and reductions, together with deduction of expenses including transportation, water and electricity.

Thailand was one of the founding members of ASEAN and contributed to the development of the ASEAN Free Trade Area (AFTA) which entered into force on 1 January 2010 for the six original members (Thailand, Singapore, Malaysia, Indonesia, Philippines, and Brunei) eliminating import duties on products manufactured in ASEAN countries; in the so-called CLMV countries (Cambodia, Laos, Myanmar and Vietnam), newer members, this measure will come into force in 2015.

As regards foreign trade, last year Thailand experienced a contraction in both exports and imports, by 14% and 25.4% respectively compared to 2008. In the last part of 2009, however, the level of exports partly compensated the drop registered in trade flows towards traditional partners such as USA, Japan and ASEAN. China is now the second main trade partner of Thailand. Imports fell even more than exports, losing 25.4% on 2008. Japan and China remain the main suppliers, followed by Malaysia, USA and other ASEAN countries. In Europe, Germany accounts for most of Thai imports.

The growth of the last decade, before 2009, brought living standards close to those of Western countries, but the crisis interrupted the upward trend in consumption, which began rising again only in the last few weeks of 2009. The solution of the current political crisis is however crucial to restore former levels of growth and to support the domestic demand.

Healthcare system

Public Health Facilities

Health facilities in Bangkok, 2008

5 medical school hospitals
 26 general hospitals
 14 specialized hospitals and institutions
 68 health centres
 77 health centre branches
 1:223 beds-to-population ratio (2007)
 1:867 physicians-to-population ratio (2007)

Health facilities in the rest of the territory, 2008

6 regional-level medical-school hospitals
 25 regional-level hospitals
 47 specialized hospitals
 70 provincial-level general hospitals operated by MOPH
 59 hospitals operated by the Ministry of Defense
 1 Police Hospital
 730 community hospitals at district level
 214 municipal health centres
 9,762 health centers at sub-district (tambon) level
 66,223 rural primary health centres
 3,108 urban primary health centres
 (about) 1,000,000 health facilities at village level operated by health volunteers under supervision of sub-district health centers personnel
 1:468 beds-to-population ratio (2007)
 1:3,182 physicians-to-population ratio (2007)

Private Health Facilities

Health facilities in 2007 (whole territory)

1 private medical school (Bangkok)
 344 private hospitals (102 in Bangkok and 242 in other provinces)
 16,800 clinics
 13,329 drugstores (1st and 2nd class)
 2,096 traditional medicine drugstores

(Source: Bureau for Policy and Standards - Health Policy in Thailand 2009)

The Ministry of Public Health is the Thai authority responsible for the delivery of health services. Several other institutions and private enterprises operate health facilities and hospitals. Privately operated facilities have been spreading particularly in Bangkok and surrounding areas as well as in the main cities.

Healthcare is funded by both public and private resources, but public expenditure accounts for a higher proportion (over 60%) of the health budget. In 2007, total expenditure on health was 3.5% of GDP.

According to the report Health Policy in Thailand 2009, a "Universal Health Care Coverage Policy" is in place to provide universal health insurance to all Thai citizens. Before this program, 20% of the population had no insurance coverage at all. The benefit package includes inpatient and outpatient treatment at primary care facilities and referral to secondary and tertiary care facilities, excluding emergencies, dental care, promotion and prevention services and drug prescription.

As far as quality of healthcare delivered is concerned, there have been significant nationwide improvements in the standards of general and special care such as dental treatments, elective and plastic surgery. There is, however, a shortage in the number of physicians in primary care units, as they account for only 10% of the total.

According to the figures provided by the Ministry of Health, as of September 2007 there were 47 million people under Universal Coverage, 42 million registered under 825 contractors of primary care units under the MOPH (over 90%), 2 million (4.5%) registered with 74 contractors under other ministries and 2.4 million (5.2%) with 63 private facilities. Besides the Universal Coverage scheme, there are two other public health insurance schemes, the Social Security and Civil Servant Medical Benefits schemes. Private insurance providers are chosen from citizens with higher income who can afford to pay for it out-of-pocket.

Thai healthcare sector is, however, affected by the problems common to countries that experienced a rapid economic growth. Distribution of resources is uneven, and the rapid expansion of the private sector has created inequalities in access to quality health care services between the rural and urban areas as well as among the wealthier and poorer strata of the population.

On the other hand, a substantial uniformity is registered in the distribution of health centres, which are 9,762 nationwide, present in all subdistricts (tambons) across the country since the last decade. Their density rose in all regions, from an average ratio of 1:10,064 in 1979 to 1:5,106 in 2006. Although the highest concentration is the Central Region, regional disparities are reported to have decreased.

As regards hospital beds, latest figures available from the Ministry of Health show that the Northeastern region has the highest proportion of beds in community hospitals, while the proportion of private hospital beds is highest in the Central Region, with large shares also in the North and in some provinces of East and South.

Thai hospitals are mostly expanding in Bangkok and key economic provinces in which income levels are relatively high. The whole country has 344 hospitals with 35,806 beds. Of those hospitals, 143 have a bed capacity under 50, while 101 operate 51 to 100 beds, and 100 boast more than 100 beds.

Healthcare Industry and Medical Devices Market

As far as the medical sector is concerned, the Board of Investment platform "Thailand Investment Year 2008-2009" lists the following activities as eligible for promotion:

- Medical food
- Manufacture of medical supplies or medical equipment
- Manufacture of scientific equipment

The BOI has set some tax incentives for investors such as exemption from import duties on machinery throughout the period of promotion (regardless of zone) as well as exemption, for manufacturers of medical supplies, medical equipment and scientific equipment, from corporate income tax (for 8 years, regardless of zone and with an unspecified ratio of corporate income tax).

In addition to that, approved projects are granted a 50% reduction of corporate income tax for 5 years, double deduction of transportation, electricity and water supply costs for 10 years and a 3.25% deduction from net profit for facility installation and construction costs (plus normal capital depreciation).

Non-tax incentives for foreign investors include land ownership rights, permission to bring in foreign experts and technicians, and work permit and visa facilitation for expatriate employees.

In 2005, the pharmaceutical industry promotion was extended to finished products besides active ingredients, and in 2007, biotechnology was added to the list of targeted sector eligible for incentives. According to the Bureau for Policies and Standards, Thailand has progressed well in bringing its facilities and medical workforce in line with international quality standards, affirming itself as one of the most important destinations of worldwide health tourism. This inflow of foreign patients boosts renovation and upgrade of private facilities and investment in advanced medical technology. The proliferation of private hospitals has led to great competition in the sector, even among public hospitals that have also started to attract more patients.

Electro-medical equipment and cosmetic surgery are the main sectors of growth due to the advancements of hospital and health establishments and the spreading of medical tourism, with nearly 2 million visitors seeking affordable care in Thailand every year. Imports in these sectors have grown by 25% during 2008 and even if they decreased in 2009 consequently to the contraction in domestic demand and tourist inflow, the potential for growth is given by the signals of economic recovery already mentioned at the beginning of this article. Another important sector is the traditional herbal medicine, which also provide a source of export revenues not only for therapeutic remedies but also for beauty and cosmetic products.

Between 1991 and 2005 imported medical equipment has been growing by 14% annually. The "Thailand Health Profile 2005-2007" stated that high-tech equipment and devices keep on a rising trend especially in private urban health establishments, but the public sector accounts for a larger share of the market for extracorporeal shortwave lithotripters (ESWL) and ultrasound devices.

Thailand Board of Investment values the Thai drugs and medical market to over US\$ 1 billion with a heavily dependence from imports to satisfy the need for new and upgraded medical equipment, where public hospitals account for 60% of the demand and private hospitals for 40%. More Thai patients with higher purchasing power look for quality health services in well-equipped facilities.

Figures for sales in 2008 show that, for instance, oscilloscopes & spectrum analyzers grew by 32% on 2007, diagnostic and laboratory reagents increased by 20%, and apparatus based on the use of X-rays, alpha, beta or gamma radiation by 17%. The Board mentions among the medical device companies who invested in Thailand, players such as 3M, Bausch & Lomb, Baxter Healthcare, Boston Scientific, Carl Zeiss, Diethelm, GE Medical Systems, Guidant, Johnson & Johnson, Medtronic, Philips Electronics (Medical Systems), Roche Diagnostics, Siemens (Medical Solutions) Surgical Instruments and Tyco Healthcare.

The pharmaceutical market accounts for a good share of imports, about US\$ 1 billion in 2008 with exports limited to US\$ 164 million. Private hospitals and facilities account for most of the growth in the demand for imported drugs, some

of which were also included in the National List of Essential Medicines. The domestic pharmaceutical industry is however healthy, investing in research in biotechnology and treatment of tropical diseases.

Medical food sector also enjoys good prospects thanks to the quantity of available natural resources and government investments.

The market for dental equipment and supplies

Thailand's market for dental devices and materials is, once again, highly dependent on imports, that account for over 65% of the equipment. Local production is quite limited to consumables, toothpaste, waxes, artificial teeth and low tech equipment, which are mainly exported to the neighboring countries.

The market size is not very big (estimated around \$100 million in 2006, according to the US Commercial Service) but before the crisis, growth ranged around annual 20%. The current growth potential is offered by the general better access gained by Thai citizens to health services thank also to the Universal Coverage program. After the implementation of this scheme, as most of Thai citizens had limited access to dental services previously, public dental clinics registered a large increase in the number of patients, who only need to pay the equivalent of less than one dollar for basic treatments.

According to the US Commercial Service analysis, public hospitals are the main end users of dental equipment and supplies in Thailand. Major private hospitals have dental departments treating both local and foreign patients who generally pay on an out of pocket basis, as there is no private dental service insurance coverage. Some private dental clinics who are contracted by the Social Security Office provide services under this scheme's coverage. Private dental clinics depend for an important share of their revenues from international patients. As a consequence, many private hospitals increasingly identify themselves as specialized and international centers to attract more patients, especially health tourists and expatriate workers and their families. In 2006, a total of 1,184 private dental clinics was registered in Thailand. Private dental clinics are usually operated by more than one dentist with the owner making all the buying decisions.

Although the market is rather small, the level of penetration by international manufacturers is very high, with products mainly supplied from USA, Germany and Japan.

Dental equipment and supplies are considered as third class or General Medical Devices according to the Thai Food and Drug Administration. These devices and accessories can be imported if they are freely marketed and sold in the manufacturing country.

Accepted standards are USFDA, CE Mark, PAB (Japan), TGA (Australia) and SPAC (China)

Distribution of important medical devices

Device	Total	In Bangkok		In Provinces		Total by sector		Year
		No. (%)	No. (%)	No. (%)	No. (%)	Public (%)	Private (%)	
CT scanners	343	115 (33.5)	228 (66.5)	61 (17.8)	282 (82.2)			2006
Magnetic resonance imaging (MRI)	45	30 (64.5)	15 (35.5)	15 (33.3)	30 (66.7)			2005
Lithotripters	76	22 (29.3)	54 (70.7)	55 (72.4)	21 (27.6)			2005
Mammogram	152	80 (54.9)	72 (45.1)	46 (30.3)	106 (69.7)			2006
Ultrasound	1987	399 (16.4)	1588 (83.6)	1501 (75.5)	486 (24.5)			2005

Source: Thailand Health Profile 2005-2007

Prior approval, registration of the device and a Certificate of Free Sale (or Certificate to Foreign Government) are required to register the product before import. Used or refurbished dental devices cannot be imported. In addition, a quality management system certificate (GMP, ISO 13485) is also required in the case of dental fillings and crowns.

The registration process usually takes about one month and a product registration is valid for 2 years. As registration rights belong to the applicant, which is normally the agent or distributor, changing the Thai agent or distributor within the two year period of validity of its registration means that the newly appointed Thai representative must register the product again.

Moreover, the Thai FDA requires a local contact address for applicants to a device registration. This makes usually necessary to appoint a local representative if the company does not wish to set up its own office.

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Sources:

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National Statistical

