



## **Report on the Indonesian Market for Dental Equipment and Supplies in 2007**

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### **Summary**

The market for dental equipment and supplies in Indonesia reached US\$ 19.5 million in 2006, with imports making up for more than 90% of the market. Major competitors for dental equipment originate from France (with a share of 24% of imports of value), China (23.8%), Germany (12.1%), Japan (11.5%) and the United States (6.9%). Indonesia total market for medical equipment and supplies reached US\$ 122.7 million in 2006, with over 80% imported. Japan has the largest import share of 17.3% by value, followed by the United States (14.1%), Germany (11.8%), Singapore (11.6%) and China (11.5%). Inexpensive equipment entering the market, mainly from China, further tightened the competition. By weight, China accounts for 50.1% and 35.5% of dental and medical equipment and supplies imports respectively.

For a country with a population of 224 million, the current capacity of Indonesia's healthcare facilities is still very low – at present Indonesia has 1,269 hospitals with a total of 132,587 beds, and the ratio of the number of physicians and dentists per 1,000 population is only 0.13 and 0.05 respectively. Dental care is one of the lowest priorities in Indonesia's health care program and there is still a general lack of preventive dental care practiced in Indonesia. However, as the fourth most populous country in the world and in view of its developing economy and the growing number of middle and upper income group, the medical and dental equipment market in Indonesia has bright prospects for growth. Dental equipment suppliers predict that the market for such equipment is estimated to grow by about 10–15% for the coming three years.

In Indonesia, pricing and payment terms are key success factors in this business, followed by after sales services, quality, reliability, effective promotion, and extensive distribution channels. It is important to offer good credit terms because Indonesian buyers are price sensitive, they will seek preferential financing terms from their suppliers. Companies need to effectively promote their new products and make their brands known to dentists, dental faculties, and the Indonesian Dental Association through seminars and trade shows.

### **Brief Economic Profile of Indonesia**

In 2006, Indonesia's GDP reached Rp 3,338.2 trillion or US\$ 364.19 billion (Rp 1,846.7 trillion based on constant 2000 prices), registering an economic year-on-year growth rate of 5.48%. All economic sectors experienced growth, the highest being the transport and communication sector, registering a growth rate of 13.6%. Exports reached a historic high US\$ 100.69 billion, representing a significant increase of 17.55%. Imports rose by 5.85% to US\$ 61.08 billion, with oil and gas imports increasing by 8.69% to \$18.98 billion and non oil and gas imports rising by 4.62% to US\$ 42.10 billion, resulting in a trade surplus of US\$ 58.59 billion.

The inflation rate for 2006 was 6.60%, as compared to 17.11% in the previous year. With a relatively stable political and social environment, Indonesia's macro-economic fundamentals are strong and the economic outlook for 2007 is promising.

### Indonesia's Healthcare System

Indonesia is the largest archipelago country in the world. The country consists of 17,508 islands, out of which about 6,000 are inhabited. As a developing country with the fourth largest population in the world (224 million people), Indonesia is potentially a very large market for healthcare products and services, including dental equipment and supplies.

The healthcare system in Indonesia is comprised of 1,269 public and private hospitals (605 are private), 7,621 small public health centers (Puskesmas), 29,499 physicians, and 135,705 nurses throughout the nation's 33 provinces. Out of the 7,621 health centers, about 4,000 offer dental care.

**Table 1 – Number of Hospitals in Indonesia, 2006**

Type of Hospital	Number of Hospitals	Beds
General Hospitals	976	112,640
Psychiatric Hospitals	51	8,535
Lsychiatric Hospitals	23	2,344
Ophtamological Hospitals	10	418
Maternity Hospitals	55	2,464
Orthopedic Hospitals	1	187
Throat, Nose nad Ear Hospitals	10	241
Surgical Hospitals	20	600
Other Specialized Hospitals	123	5,158
<b>Total Number of Hospitals</b>	<b>1,269</b>	<b>132,587</b>

Source: Department of Health

With a capacity of only 132,587 beds to provide medical services for such a vast population, which is equivalent to one bed for every 1,689 inhabitants, Indonesia is still lagging behind adequate international standards. Due to the overall limited state budget for Indonesia's health sector, the government is following the policy of concentrating the spending firstly on the economically weak social classes. Over the last decade, the role of the private sector in providing healthcare services has continuously increased.

**Table 2 – Indonesia Healthcare Indicators**

Indicator Indonesia	2006
Physicians (number)	29.499
Physicians (density per 1000 population)	0.13
Nurses (number)	135,705
Nurses (density per 1000 population)	0.62
Midwives (number)	44,254
Midwives (density per 1000 population)	0.20
Dentists (number)	11,535
Dentists (density per 1000 population)	0.05

Pharmacists (number)	7,580
Pharmacists (density per 1000 population)	0.03
Public and environmental health workers (number)	6,493
Public and environmental health workers (density per 1000 population)	0.03
Community health workers (number)	0
Community health workers (density per 1000 population)	0.00
Lab technicians (number)	8,882
Lab technicians (density per 1000 population)	0.04
Other health workers (number)	21,178
Other health workers (density per 1000 population)	0.10
Health management and support workers (number)	228,095
Health management and support workers (density per 1000 population)	1.04

Source: WHO, Department of Health

## Dental Care in Indonesia

Dental care is one of the lowest priorities in Indonesia's health care program. Although public education, guidance and training concerning preventive dentistry and regular teeth maintenance are done through primary schools and health centers, there is still a general lack of preventive dental care practiced in Indonesia. Regular check-ups are not common and visits to dentists are typically prompted by pain. Many Indonesians, especially those in the rural areas, will first rely on traditional healing methods because dental care is too expensive. Only the affluent people are more aware of the need for regular dental check-ups. Cosmetic dental work has started to become popular in major cities, especially among public figures and more affluent people. Indonesia has one of the lowest ratio of dentist per population.

**Table 3 – Population / Dentist**

No.	Country	No. Of Dentists	Population / Dentist
1	Japan	85,518	1,489
2	Australia	8,500	2,312
3	Taiwan	8,750	2,549
4	New Zealand	1,431	2,655
5	Korea	15,944	2,952
6	Singapore	942	4,130
7	Hong Kong	1,542	4,345
8	Philippines	15,350	5,025
9	Thailand	6,200	10,255
10	Malaysia	2,106	10,746
11	Indonesia	11,535	19,419
12	China	30,574	42,270

Source: WHO, Department of Health

**Table 4 – Number of Dentists by Employment**

Sector	Total Number	Share (%)
Government Service*	7,844	68.0
Armed forces	335	2.9
Universities	3,045	26.4
Other	311	2.7
Total	11,535	100.0

Source: Indonesian Dental Association

\*Exact figures of “private practice” are not available; most dentists in Government service/ Universities/ Private institution etc. are also engaged in private practice during after service hour.

**Table 5 – Number of Dentists by Gender**

Gender	Share (%)	Total
Male	87	10,039
Female	13	1,496
Total	100.0	11,535

Source: Indonesian Dental Association

**Table 6 – Number of Specialists**

Specialists	Number
Oral Surgery	133
Prosthodontists	93
Endodontists	29
Orthodontists	120
Periodontists	34
Pedodontists	38

Source: Indonesian Dental Association, Department of Health

## Market Profile

The total market size of medical devices imported and manufactured locally was US\$ 126.2 million in 2006, out of which dental equipment and supplies made up for US\$ 22.2 million. Very few items are locally manufactured. Imported products account for more than 85% of all dental equipment and supplies utilized in Indonesia. The vast majority of Indonesia’s production and exports of dental equipment comprise medical furniture, which is to 70% exported.

The market for dental equipment and supplies grew at an annual rate of 10-12% from 2004 – 2006 and imports of dental equipment and supplies are expected to increase by about 10 – 15% in 2007.

**Table 7 – Market Size of Dental Equipment and Supplies 2004 – 2006**  
(in US\$ millions)

Year	2004	2005	2006
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Total Market Size	17.9	19.8	22.2
Total Imports	16.1	17.8	19.3
Total Local Production	8.8	8.5	10.1
Total Exports	7.0	7.1	7.2

Note: The above statistics are estimates based on discussions in trade interviews and available official statistics. It should be noted that official statistics published by the Central Bureau Statistics are often inaccurate and inconsistent. Statistical discrepancies can be explained by problems of lack of transparency in customs practices, inconsistent data and recording methods, and problems in gathering statistics.

### Imports of Dental Equipment

Major competitors for dental equipment originate from France (with a share of 24% of imports by value in 2006), China (23,8%), Germany (12,1%), Japan (11,5%) and the United States (6.9%). Indonesia's total market for medical equipment reached US\$ 122.7 million in 2006, with over 80% of medical equipment and supplies imported. Japan has the largest import share of 17.3% by value, followed by the United States (14.1%), Germany (11.8%), Singapore (11.6%) and China (11.5%). Imported Italian products represented 1.1% of the total medical equipment market.

**Table 8 – Total Imports of Dental Equipment and Supplies in Indonesia, 2006, By Country of Origin, by Value (US\$) and Volume (Kg)**

No.	Country	Volume (Kg)	%	Value (US\$)	%
1	France	64,105	1.90	4,295,788	24.0
2	China	1,714,601	50.81	4,265,469	23.8
3	Germany	51,789	1.53	2,168,212	12.1
4	Japan	160,687	4.76	2,053,450	11.5
5	United States	234,343	6.94	1,236,456	6.9
6	Thailand	441,032	13.07	712,028	4.0
7	Singapore	260,785	7.73	522,328	2.9
8	Hong Kong	114,904	3.41	495,108	2.8
9	Others	332,254	9.85	2,158,565	12.1
10	<b>TOTAL</b>	<b>3,374,499</b>	<b>100.0</b>	<b>17,907,405</b>	<b>100.0</b>

Source: Central Bureau of Statistics, processed

European dental equipment in the Indonesian market has an established high quality image and are considered to be first class. European equipment, especially German and Italian, are widely known for their advanced technology, flexibility, reliability, durability and high quality.

Chinese products, which by volume account for a dominant 50.8 % of the total imports, are more geared towards low-end supplies thus making them more affordable. Chinese manufacturers however are not capable of manufacturing sophisticated dental equipment of high quality.

Popular brands in the market include Anthos (Italy), Castellini (Italy), EMM (Italy), Tau Sterill (Italy), Assa (Italy), Jico Max (Japan), Belmont (Japan), Osada (Japan), Morita (Japan), Angle (China), Smic (China), Hayasi (China), Foshin (China), Walser (Germany), Durr (Germany), Evodar Vivadent (Germany), Otto Leibinger (Germany) and Ugin (France).

### Imports of Medical Equipment

**Table 9 – Imports of Medical Equipment and Supplies by Country of Origin 2006, January – December 2006**

<b>No.</b>	<b>Country of Origin</b>	<b>Net Weight (Kg)</b>	<b>%</b>	<b>FOB Value (US\$)</b>	<b>%</b>
1	Japan	904,716	6.83	18,313,275	17.33
2	United States	657,844	4.97	14,867,691	14.07
3	Germany	339,658	2.56	12,439,961	11.77
4	Singapore	2,496,015	18.84	12,253,947	11.59
5	China	4,706,493	35.53	12,146,520	11.49
6	France	102,305	0.77	4,997,304	4.73
7	Netherlands	86,561	0.65	4,124,689	3.90
8	Thailand	730,798	5.52	3,419,837	3.24
9	Philippines	509,363	3.85	2,802,496	2.65
10	Korea, Republic of	698,721	5.28	2,373,752	2.25
11	Malaysia	778,852	5.88	2,008,304	1.90
12	United Kingdom	56,544	0.43	1,942,822	1.84
13	Hong Kong	293,105	2.21	1,685,723	1.60
14	Italy	31,501	0.24	1,137,765	1.08
15	Australia	90,971	0.69	1,112,859	1.05
16	Taiwan	196,272	1.48	976,856	0.92
	Others	565,787	4.27	9,084,079	8.60
	<b>TOTAL</b>	<b>13,245,507</b>	<b>100.0</b>	<b>105,687,880</b>	<b>100.0</b>

Source: Central Bureau of Statistics, processed

Total imports of dental equipment and supplies reached US\$ 105.7 million in 2006. Japan is the number one importer for medical equipment and supplies with an important share of 17.3% by value. Japanese products are favored because of their high quality and favorable payment terms. Other major foreign suppliers are from the United States, Germany, Singapore, China, France and the Netherlands.

### Exports of dental Equipment

**Table 10 - Exports of Medical Equipment and supplied by Country of Origin 2006, January – December 2006**

<b>Country of Destination</b>	<b>Net weight (Kg)</b>	<b>%</b>	<b>FOB value (US\$)</b>	<b>%</b>
Japan	705,348	47.5	3,880,550	53.5
Malaysia	217,125	14.6	674,631	9.3
Bulgaria	49,256	3.3	407,559	5.6
Singapore	63,134	4.2	283,111	3.9
Kuwait	31,288	2.1	276,836	3.8
Netherlands	84,640	5.7	183,020	2.5
Thailand	15,680	1.1	176,623	2.4
Saudi Arabia	24,209	1.6	175,863	2.4

China	23,854	1.6	154,202	2.1
Korea Rep. Of	16,283	1.1	123,003	1.7
Vietnam	5,664	0.4	108,850	1.5
Germany	12,962	0.9	106,831	1.5
United States	82,147	5.5	105,502	1.5
Belgium	31,817	2.1	80,849	1.1
United Arab Emirates	13,123	0.9	77,655	1.1
Others	109,716	7.4	437,588	6.0
<b>TOTAL</b>	<b>1,486,226</b>	<b>100.0</b>	<b>7,252,672</b>	<b>100.0</b>

The vast majority of exports of dental equipment in Indonesia comprise medical furniture. The total exports of dental equipment reached US\$ 7.2 million in 2006, out of which US\$ 3.9 or 53.5% was shipped to Japan.

### Domestic Production

There are currently only two local manufacturers of dental equipment, i.e. PT Andini Indonesia and PT Denitia Sejahtera. These two companies produce dental chair units utilizing imported components. The most commonly imported components are hand-pieces, hydraulic motors, automatic cup fillers, halogen cold lights, switches and valves.

Additionally, there are more than 20 local manufacturers of medical equipment. Among the equipment produced locally are hospital beds, fixtures and furniture, disposable supplies, and wheelchairs. Sophisticated hospital devices and accessories will continue to be imported.

### End User Profile

The major end users of dental equipment and supplies are the 1,269 public and private hospitals, 7,413 health centers, 6 state and 10 private dental faculties and more than 11,535 private dentists. The national health system includes an extensive network of health services comprising 1,269 and 7,621 health centers (Puskesmas). Out of the 7,621 Puskesmas, an estimated 4,000 offer dental care. More than 60% of the dentists practice in large cities and have their own private dental clinics. Only about 10% cater to the affluent.

The distinction between the private and government sector is very important for the marketer of dental equipment: Private clinics usually have modern and up-to-date equipment, instruments and dental materials, charge higher fees and have larger budgets available for the purchasing of dental equipment. The demand for professional dental services with the newest technology is increasing due to increased recognition of the need for quality dental care among the growing middle class. Most dental equipment used in government dental faculties is old and in need of replacement. The level of purchases per dentist is dependent upon the location of the clinic. Based on inquiries with distributors, a dentist in big cities would on average spend around US\$ 1,000 per month for consumables such as dental materials and instruments.

Around 900 – 1,100 students from 15 dental faculties graduate each year. Newly graduated dentists are obliged to perform government service for three years. Generally, during the service period, they will practice both in government hospitals in the morning and open private practice in the afternoon. The majority of newly graduated dentists would buy less expensive dental units or even used equipment. Local distributors may assist dentists in selling their used equipment to trade up for more up-to-date and modern equipment in a later stage.

### Market Prospects

In view of the large population, developing economy and growing number of middle and upper income group, the dental equipment market in Indonesia has bright prospects for growth. Dental

equipment suppliers predict that the market for such equipment is estimated to grow by about 10 – 15% for the coming three years. The market for dental equipment and supplies is increasingly shifting from the government to the private sector.

## **MARKET ENTRY**

### Local Partner

A good local partner is instrumental in obtaining both public and private sales leads. A foreign company must cooperate with a local partner in order to supply equipment to the healthcare sector in Indonesia. Co-operation with a trustworthy and agile local partner is essential in order to overcome formal barriers such as bureaucracy and informal barriers, such as custom handling, tax problems, licensing etc. In order to participate in a tender offer, distributors and agents must first obtain a license as a wholesaler of medical equipment from the Department of Health.

### Import Duties

No import duties apply on dental equipment and supplies. All imported medical equipment is subject to a 10% value added tax.

### Product Registration

The Ministry of Health controls the registration of dental equipment in Indonesia. Prior to importing healthcare supplies and equipment, products must be registered with the Directorate General of Pharmacy and Medical Devices Services, a process which may be carried out by the manufacturer, local distributor / agent or importer. The process to obtain the license generally takes around three months. Registration is not required if the equipment is intended for personal use, for research purposes, shipped in small quantities as samples, or is a donation from a foreign government or social organization.

## **USEFUL CONTACTS**

### **1. PDGI – Persatuan Dokter Gigi Indonesia (Indonesia Dentists Association)**

Address: Komp. Maisonette Kramat Java Baru B-15  
Jl. Percetakan Negara II, Jakarta Pusat 10560  
Phone: (62 21) 425 7974 4288 6363  
Fax: (62 21) 425 3861

The Indonesian Dentists Association (PDGI – Persatuan Dokter Gigi Indonesia) is Indonesia's only dental association. Established in 1950 in Bandung, PDGI currently has 119 branches all over Indonesia and more than 7,000 members, or about 60% of all dentists in Indonesia. PDGI is a country member in a number of international organizations, such as:

- APDF/APRO (Asia Pacific Dental Federation / Asia Pacific Regional Organizations)
- FDI (Federation Dentaire Internationale)

### **2. Gakeslab Indonesia**

(Association of the Indonesian Medical and Laboratory companies)  
Jl. Raya Pasar Minggu No. 18 Km. 17  
Phone: (62-21) 798 7569  
Fax: (62 21) 798 3283  
Contact: Mr. F. Tirto Kusnadi, MBA, Director



**3. Official contact for import authorization and registration of medical devices:**  
**Directorate General of Pharmacy and Medical Devices Ministry of Health Republic**  
**Indonesia**

Address: Jl. H. R. Rasuna Said Blok X-.5, Kav. 4-9, Lt. 7/720

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*Source: Italian Trade Commission -Jakarta*