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Hike in medical device exports

Demand rising from China and India although consumption in the US and Japan is slower

BY DAVID TAN

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GEORGE TOWN: The export revenue of medical devices from Malaysia is expected to surpass RM11.2bil this year, compared with about RM11.1bil in 2010 – a growth of over 9%.

However, Association of Malaysia Medical Industries (AMMI) secretary Hitendra Joshi told *StarBiz* there was concern in the industry over slower orders from the United States in the second half this year following a weaker greenback.

“Consumption from Japan is also expected to be slower. However, demand from Europe and Asia is expected to rise, which will offset the weak demand from the US and Japan.

“Orders for medical devices are rising in emerging markets such as India and China, as there are efforts by the governments in these countries to improve medical care,” Joshi said. Stressing that the use of automated equipment was growing in the medical device industry, he pointed out that there would be greater demand for skilled human resources. “That is the reason why the AMMI has introduced medical device training programmes at the Penang Skilled Development Centre (PSPDC) to train skilled human resources,” he said. Joshi said the northern region was becoming a key medical hub.

The AMMI, comprising some 40 members, employs some 18,000 people in the country. In 2010, the healthcare spending per capita in Malaysia was US\$360, a fraction of what was spent in the US (US\$7,559), Joshi said. “The value of Malaysia’s healthcare industry in 2010 was estimated to be about



Joshi: Orders for medical devices are rising in India and China due to efforts to improve medical care.

US\$10.3bil.

“Total expenditure on healthcare last year was estimated at the equivalent of 4.4% of the GDP, a small proportion by international standards.

“The health ministry estimates that spending on public and private healthcare needs to reach around 7% of GDP by 2020 if Malaysia is to match developed country standards,” Joshi said.

AMMI members recorded sales of about RM4.7bil compared with RM4.38bil in 2009.

“There is a good potential for Malaysia to increase its market share and develop into a medical device hub.



Lee: From now till 2015, Asia has a potential market size of 15 million to 18 million hospital beds.

“It is one of the sectors identified by the Government for further promotion, in view of the growing demand for medical products,” he said.

Meanwhile, UMMI Medical & Life Sciences Sdn Bhd is planning to tap into the European market in 2012 with a high-end range of medical furniture.

UMMI managing director John Lee said the company was also drawing up plans to enter China in 2013 with its products.

“China is a very large market and we need to establish a strong networking before entering the market. We are already gaining encouraging entry into India.

“From now till 2015, Asia has a potential market size of 15 million to 18 million hospital beds.

“This would also include the home care, elderly and retirement home market segments. Our product portfolio covers the full spectrum of hospital bedsteads for clinics, hospitals, and specialist centres,” Lee said.

Asia will be a key growth driver for medical furniture and devices, he said, adding that the main market for UMMI’s medical furniture products included Asean, India, the Middle-East, Africa, and Bangladesh.

Vigilenz Medical Devices Sdn Bhd chief executive officer S. Choudhury said the group had started providing original equipment manufacturing services for customers in Europe to manufacture sutures and incontinence mesh products.

“Currently our key markets are the Middle-East and Africa.

“Our margins are still sustainable, as the rise in orders from new customers in the Middle-East and Africa has offset the impact of a stronger ringgit and higher utility costs,” he added.

Vigilenz’s export sales contributed around 70% to its annual revenue.

B Braun Medical Industries Sdn Bhd vice-president Dr Juergen Schloesser said the business outlook for this year was positive despite the global challenges.

“The expansion projects for the Penang facility are progressing as scheduled,” he said.

Last year, B Braun allocated RM1.75bil to expand its needle, surgical instrument, and pharmaceutical solution manufacturing facilities.