



The Chinese Medical Devices Market to 2025

Pharmaceutical, Commercial and Strategic Developments in the Chinese Medical Devices Market 2015-2025



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1 - Executive Summary

1.1 Executive Summary

Chinese GDP has grown substantially from \$1,931bn in 2004 to reach \$10,355bn across 2014; a 10-year CAGR of 18.3%. Analysts forecast that the Chinese GDP will surpass the US, currently the largest GDP, by 2020. Healthcare spending has risen from \$90.8bn in 2004 to reach \$590.2bn across 2014, a ten-year CAGR of 20.6%. With increased governmental spend on healthcare, and increasing levels of income for many Chinese citizens, healthcare spend per capita is also expected to increase significantly across 2015-2025.

Table 1.1: China GDP & Healthcare Spending 2004, 2009 & 2014 (\$/bn)

| Year | GDP | Healthcare Spending (\$/bn) | Healthcare spending, % of GDP |
|------|------------|-----------------------------|-------------------------------|
| 2004 | \$1,931bn | \$90.8bn | 4.7% |
| 2009 | \$4,990bn | \$254.5bn | 5.1% |
| 2014 | \$10,355bn | \$590.2bn | 5.7% |

World Bank / OECD / GMR Data 2015

Other key growth drivers in the Chinese Medical Devices market include; growing customer base, in terms of population and health centres; expanding health insurance; a considerable geriatric population (200m people, 2013) and increased incidences of 'lifestyle' / non-communicable diseases.

Key restraints in the Chinese Medical devices market include; a fragmented distribution network, that mean that the majority on non-Chinese market entrants have had to acquire an existing Chinese medical device manufacturer to gain full market accessibility; variable intellectual property rights /patent protection laws; and differing reimbursement policies.

Within this report the China medical devices market has been segmented based on the medical devices/products type and also by customers. The market size estimates and forecasts for the period 2015 to 2025 have been provided for each of the segments, in terms of \$/bn, considering 2014 as the base year for calculations. The CAGR (%) of each market segment for the forecast period 2015 to 2025 has also been provided along with market size estimations.

The report concludes with the competitive landscape and Company Profiles of key market players in this market, as of 2015. The market players profiled in this report include GE Healthcare, St. Jude Medical, Medtronic, Stryker, Johnson & Johnson and Boston Scientific. This report also includes the transcript of an exclusive interview with Siemens Healthcare.

2 - Introduction to the China Medical Devices Market

China's healthcare regulatory authority – The China Food and Drug Administration (CFDA) has set 'Regulations for the Supervision and Administration of Medical Devices' comprising various 'Articles' corresponding to each rule and regulation; following is the definition for 'medical devices' produced/marketed in China's healthcare market:

2.1 Definition of Medical Devices

According to Article 2, 'medical devices' are such instruments, apparatus, appliances, materials, or other articles used alone or in combination (including the embedded software) for use 'in-vivo' or 'in-vitro' of the human body. The intended principal actions of such 'medical devices' involve assisting therapeutic techniques in pharmacology, immunology or metabolism in order to achieve single or conjunction of following results:

- Diagnosis, prevention, monitoring, treatment or alleviation of disease
- Diagnosis, monitoring, treatment, alleviation of or compensation for an injury or handicap conditions
- Investigation, replacement or modification for anatomy or a physiological process
- Control of conception

6.7.1 Business Structure - China

Stryker entered China in 1994 to distribute its products via a sales office in Hong Kong. Since then the company added four sales offices, in Beijing, Shanghai, Guangzhou and Chengdu cities.

In March 2013, Stryker acquired local (Chinese) orthopaedic medical devices company - Trauson Holdings thus gaining hold over Trauson Holdings' product lines and local distribution network. Stryker operates as a foreign medical devices company/entity in the China medical devices market.

"With the acquisition of Trauson, we are well positioned to broaden our presence in China and to expand into the fast growing value segment of the emerging markets. We look forward to building on the company's long history of success," Kevin A. Lobo, President and Chief Executive Officer.