

Healthcare

Sector 2017 / 2018

OBNI Industry Report in Malaysia



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HEALTHCARE SECTOR OVERVIEW IN MALAYSIA

Viewed as a priority to the Malaysian economy, the government has prioritised healthcare spending, injecting RM23bn (US\$5.2bn) into healthcare in 2016 – approximately 10% of the annual budget. According to the Ministry of Health (MoH), healthcare was the fastest-growing industry between 2000 and 2009 and thus recognised as a key driver of economic growth. In 2010, the Economic Transformation Programme (ETP) was established to transform Malaysia into a high-income economy by 2020. Under this initiative, healthcare was identified as one of 12 National Key Economic Areas (NKEA) to receive substantial government support and initiatives. The Healthcare NKEA focuses on encouraging areas of public-private collaboration and attracting investment in key manufacturing and service industries. This is being driven by seventeen Entry Point Projects (EPPs), which are expected to create 181,000 new jobs by 2020. These projects are wide-ranging, from fostering a

homegrown pharmaceutical industry, to establishing a range of care services for the elderly, to constructing a ‘world-class campus for healthcare and bioscience’.

In 2016, healthcare’s contribution to national GDP exceeded RM1bn (US\$226m), and the sector is eyeing close to thirty-three percent increase this year. To encourage FDI, the government has waived the normal mandate of 30% ownership by indigenous Malays (the Bumiputra) which normally applies to foreign investment. Healthcare facilities will receive specific tax incentives dependent on what function they carry out (services, manufacturing, R&D, etc.). According to the ETP 2011 Report on Healthcare, three key markets – pharmaceuticals, medical technology, and healthcare services – have shown particularly strong growth.

OPPORTUNITIES

Medical Tourism

Medical Tourism is a popular segment within the Malaysian healthcare industry, which is expected to be positive in the long term with the burgeoning demand for healthcare services, both domestic and international, coming from especially an increasingly affluent and ageing population, due to reasonable pricing. Most treatments, such as cardiovascular as well as upper and lower gastrointestinal, will cost more overseas compared to Malaysia.

As of 2015, the revenue generated via medical tourism stood at RM1bil, contributed by more than 850,000 medical travellers to Malaysia, in 2016, the industry's contribution to the GDP exceeded RM1 billion and the government aimed to increase this to RM1.3bil in 2017. The healthcare industry is eyeing a revenue contribution of up to RM5 billion to Malaysia's 2017 gross domestic product.

Malaysia was crowned 'Medical Travel Destination of the Year' for the second consecutive year at the International Medical Travel Journal's Medical Travel Awards 2016. The country's successes on the global healthcare travel stage was also recognized as '2016 Frost & Sullivan Asia Pacific Travel Council of the Year – Medical Tourism' at the 2016 Frost & Sullivan Asia Pacific Healthcare and Tourism Awards, '2015 Public Private Partnership Medical Travel Destination' at the 8th Annual World Medical Tourism and Global Healthcare Congress and 'Best Country in the World for Healthcare' by International Living's Annual Global Retirement Index for both 2015 and 2016.

Medical Technology Manufacturing

Malaysia's contract manufacturing heritage and experience with rubber-based products as well as the more sophisticated electrical and electronic industry creates a unique niche opportunity for the country that should be explored further. An example of the products that could be further developed includes orthopaedic replacement devices, in-vitro diagnostic kits and dental surgical products.

It is also estimated the global IVD market to be RM94 billion and believe that with our high prevalence of tropical diseases such as malaria as well as tuberculosis and H1N1, Malaysia is well positioned to win in this subsegment. The country already consists of a small base of high-quality research and production in this sub-segment and with the right incentives (soft loans, MNC alliances, R&D investment), it could scale rapidly and attract global companies to manufacture equipment in Malaysia. Developing IVD manufacturing could potentially lead to a RM72 million GNI impact and creation of 1,200 jobs.



Pharmaceuticals

The pharmaceutical industry in Malaysia relies heavily on imported generic and patented drugs, which accounted for about 75 per cent of the local pharmaceutical market. Malaysia's main import source markets are India, China, US, Australia, France, Germany, and the UK. Major types of drugs imported are lifestyle drugs such as cardiovascular drugs, cholesterol lowering and hypertension drugs, antibiotics, and oncology drugs.

The main distribution channels of pharmaceuticals in Malaysia are pharmacies (30 per cent), doctors (19 per cent), government hospitals (14 per cent), and private hospitals (11 per cent).

Biotechnology

The Malaysian Government identified biotechnology as one of the core technologies to accelerate the transformation of Malaysia into a knowledge-based economy and an industrialised nation by 2020. For this purpose, the National Biotechnology Policy (NBP) was launched in April 2005 to outline the strategy to develop biotechnology in Malaysia. The Malaysian Biotechnology Corporation (BiotechCorp) is the leading agency responsible for the co-ordinated implementation of the National Biotechnology Policy (NBP over three phases of five years each, running from 2006 to 2020).



HEALTHCARE BUDGET ALLOCATIONS IN MALAYSIA

A total RM25 billion have been allocated by the government in the 2017 Budget to boost the health of the people and the quality of healthcare in the country. The allocation for the Health Ministry was for numerous programmes, including building and upgrading of new hospitals and clinics in Perlis, Kuching, Mukah, Jempol, Muar and Johor Bahru.

A total RM536 million has been allocated for upgrading of hospital facilities. This includes provision of cardiology treatment equipment for Serdang Hospital, Penang Hospital and Sultanah Aminah Hospital in Johor Bahru and the purchase of 100 ambulances.

RM4.5 billion was also allocated for the operations of 340 1Malaysia Clinics, 11 1Malaysia Mobile Clinics, 959 health clinics and more than 1,800 rural clinics.

To reduce over-crowding in public hospitals, the government would cooperate with the private sector or non-governmental organisations (NGOs) to operate non-profit charitable hospitals based on government hospital rates according to hospital cost rates. A total of RM20 million is allocated in the form of loans for the purchase of hospital equipment.

In order to combat the emergence and spread of any potential contagious diseases, RM80 million has been allocated for the National Community Health Empowerment Programme as well as implement initiatives.



MAIN ACTORS

Table 1: Malaysian Government Bodies









ORGANISATION	OVERVIEW	CONTACT	
 <p>MINISTRY OF HEALTH MALAYSIA</p>	<p>Ministry of Health Malaysia</p>	<p>Plans, regulates and enforces all matters relating to land healthcare in Malaysia</p>	<p>+603-8000 8000 www.moh.gov.my</p>
 <p>PERBESATAN PERUBATAN MALAYSIA MALAYSIAN MEDICAL ASSOCIATION</p>	<p>Malaysian Medical Association</p>	<p>Enhancing capabilities and quality within the healthcare sector and participating in medical education along with advocacy efforts</p>	<p>+603-40411375 www.mma.org.my</p>
 <p>MHTC Malaysia HEALTHCARE TRAVEL COUNCIL</p>	<p>Malaysian Healthcare Tourism Council</p>	<p>MHTC functions to facilitate the overall development of the Malaysian healthcare travel industry, by coordinating industry collaborations and building valuable public-private partnerships at home and abroad</p>	<p>+603 2267 6888 www.mhtc.org.my</p>

Table 2: Major Corporate Actors

ORGANISATION	OVERVIEW	CONTACT	
 <p>KPJ HEALTHCARE</p>	<p>KPJ Healthcare Berhad</p>	<p>One of the leading private healthcare providers in Malaysia. Opened the first private specialist hospital in 1981</p>	<p>+60 3 2681 6222 www.kpjhealth.com.my</p>
 <p>IHH Healthcare Berhad</p>	<p>IHH Healthcare Berhad</p>	<p>A leading international provider of premium healthcare services in markets where the demand for quality healthcare is growing rapidly - specifically in Asia and Central & Eastern Europe and the Middle East region</p>	<p>+60 3-7491 8288 gamuda.com.my/</p>
 <p>PUSAT PERUBATAN PRINCE COURT MEDICAL CENTRE</p>	<p>Prince Court Medical Centre</p>	<p>One of the leading private healthcare providers in Malaysia</p>	<p>+603 2160 0000 www.princecourt.com</p>
 <p>PHARMACEUTICALS</p>	<p>CCM Pharmaceuticals Sdn. Bhd</p>	<p>One of the leading domestic pharmaceuticals manufacturer</p>	<p>+60 3-8924 2188 www.ccmberhad.com</p>
 <p>pharma niaga enriching life together</p>	<p>Pharma Niaga Berhad</p>	<p>One of the leading domestic pharmaceuticals manufacturer</p>	<p>+603-3342 9999</p>

MAJOR EVENTS

Malaysian business efficacy is known for its conferences and exhibitions with many events taking place across the country throughout the year. The main healthcare related events in Malaysia are:

Global Summit on Nutritional Science & Food Chemistry

15-17 May 2017, Renaissance Hotel, Kuala Lumpur

9th Asia Pacific Global Summit on Healthcare

3-5 July 2017, Seri Pacific Hotel, Kuala Lumpur

Association of Private Hospitals of Malaysia Conference and Exhibition

27-29 July 2017, Dorsett Grand Subang, Subang Jaya

Malaysian International Dental Exhibition and Conference

27-30 July 2017, Kuala Lumpur Convention Centre, Kuala Lumpur

Diabetes Asia Conference

12-15 October 2017, Hotel Istana, Kuala Lumpur

USEFUL CONTACTS

Malaysian Organisation of Pharmaceutical Industries (MOPI)

Tel: +603-7957 3070

Email: admin@mopi.org.my

Website: www.mopi.org.my

Pharmaceutical Association of Malaysia

Tel: +603-7960 8322

Email: nurul@phama.org.my

Website: www.pharma.org.my

National Pharmaceutical Control Bureau (NPCB)

Tel: 603-78835400

Email: drtajuddin@bpfk.gov.my

Website: www.bpfk.gov.my

Ministry of Health, Malaysia

Tel: 603-78835400

Email: marina@moh.gov.my

Website: www.moh.gov.my

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The British Business Centre in Malaysia (BBCiM) is a newly developed facility managed by the BMCC which offers incubation services and 24 hours secure access to co-working space for British companies seeking to launch physical operations in Malaysia. The business centre has fully furnished private offices, open desk units rented out on an hourly, daily, weekly, monthly or annual basis. Virtual office services are also available for UK companies who require a registered address in Malaysia.



The BBCiM is located on the same floor as the BMCC Executive Office at Wisma Selangor Dredging along Jalan Ampang, strategically across from the world famous Petronas Twin Towers in the heart of Kuala Lumpur.

For more info about the BBCiM, visit www.bmcc.org.my/bbcim or email info@bmcc.org.my

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The British Malaysian Chamber of Commerce (BMCC) works with UK exporters under the Overseas Business Network Initiative (OBNI) focusing primarily on SMEs. The chamber offers bilateral trade assistance and is principally a one-stop shop providing a soft landing for UK firms in Malaysia, offering market research and knowledge exchange, guiding through legal and regulatory systems, facilitating business matching with local partners, clients or distributors, and managing risk.

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