The Chinese Medical Devices Market to 2025

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

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Chapter 1 - Executive Summary

1.1 Executive Summary
1.2 Research Methodology

Chapter 2 - Introduction to the China Medical Devices Market

2.1 Definition of Medical Devices in China
2.2 Classification of Medical Devices
2.3 Latest CFDA Medical Device Notifications
2.4 Certification of Medical Devices

Chapter 3 - China Medical Devices Industry Structure

3.1 Hospital / Healthcare Reforms
3.1.1 Impact on the Chinese Medical Devices Industry
3.2 Five Year Plan – Planned Investment in Infrastructure / Medical Device Technology Industry
3.3 Regulatory Structure
3.3.1 Regulatory Authorities
3.3.2 Current Regulatory Policies for Medical Devices
3.3.2.1 Latest Updates – Fast Track Approval Process
3.3.3 Intellectual Property Rights / Patent Law
3.3.3.1 Latest Updates – IPR / Patent Law
3.3.4 Pricing & Reimbursement
3.3.4.1 Latest Updates - Pricing & Reimbursement
Chapter 4 - China Medical Devices Market, by Device Sector, 2015-2025

4.1 Diagnostic Medical Devices Market 2015-2025
4.2 Therapeutic Medical Devices Market 2015-2025
4.3 Supportive Medical Devices Market 2015-2025
4.3.1 Consumables Medical Devices Market, 2015 – 2025
4.3.2 Implants Medical Devices Market, 2015 – 2025

Chapter 5 - China Medical Devices Market, by Customer, 2015-2025

5.1 Public Hospitals Medical Devices Market 2015-2025
5.2 Private Hospitals Medical Devices Market 2015-2025
5.3 Home Healthcare Medical Devices Market 2015-2025

Chapter 6 - Key Companies in the Chinese Medical Devices Market 2015-2025

6.1 Market Overview
6.2 Competitive Landscape – Domestic Companies & Foreign Companies
6.3 Mergers & Acquisitions
6.4 Future Outlook
6.2 Medtronic
6.2.1 Business Structure – China
6.2.2 Growth Strategy - China
6.2.3 Financial Information - China
6.3 Johnson & Johnson
6.3.1 Business Structure – China
6.3.2 Growth Strategy - China
6.3.3 Financial Information - China
6.4 Boston Scientific
6.4.1 Business Structure – China
6.4.2 Growth Strategy – China
6.4.3 Financial Information - China
6.5 St. Jude Medical
6.5.1 Business Structure – China
6.5.2 Growth Strategy – China
6.5.3 Financial Information - China
6.6 GE Healthcare
6.6.1 Business Structure – China
6.6.2 Growth Strategy – China
6.6.3 Financial Information - China
6.7 Stryker
6.7.1 Business Structure – China
6.7.2 Growth Strategy – China
6.7.3 Financial Information - China
6.8 Philips Healthcare
6.8.1 Business Structure – China
6.8.2 Growth Strategy – China
6.8.3 Financial Information – China
6.9 Siemens Healthcare
6.9.2 Growth Strategy – China
6.9.3 Financial Information - China
Chapter 7 - Drivers & Restraints of the Chinese Medical Devices Market 2015-2025

7.1 Drivers
7.1.1 Growing Economy
7.1.2 Strengthening Domestic Technology Platform
7.1.3 New Healthcare Reforms/Regulations
7.1.4 Expanding Customer Base - Hospital/Health centres/Home Healthcare
7.1.5 Expanding Geriatric Population and Increased Incidence of ‘Lifestyle’ Diseases
7.1.6 Expanding Insurance Coverage
7.1.7 Rising affordability

7.2 Restraints
7.2.1 Political Restraints
7.2.2 Challenging Regulations
7.2.3 Variable IPRs/Patent Protection Laws
7.2.4 Fragmented Distribution Network
7.2.5 Different Reimbursement Policies

Chapter 8 Expert Opinion

8. Siemens Healthcare
List of Tables

Table 1.1 China GDP & Healthcare Spending 2004, 2009 & 2014 ($/bn)
Table 3.1 Classification of Medical Devices and Regulatory Authorities, CFDA
Table 3.3.4.1 Medical Coverage for Rural / Urban Inhabitants, China, 2006 & 2009 (million people)
Table 3.3.4.2 Structure of China Health Insurance system 2015
Table 3.4.1 China Medical Device Imports by Value 2014 ($/bn, %)
Table 3.5.1 China Medical Device Exports 2010-2014 ($/bn, %)
Table 4.1 China Medical Devices Market, by Type, 2015 – 2025 ($/bn, CAGR, %)
Table 4.1.1 China Diagnostic Medical Devices Market Forecast, 2015 – 2025 ($/bn)
Table 4.1.2 Key Diagnostic Medical Devices, China, 2015
Table 4.1.3 Key Companies Operating in the China Medical Diagnostic Devices Market 2015
Table 4.2.1 China Therapeutic Medical Devices Market, 2015 – 2025 ($/bn)
Table 4.2.2 Key Therapeutic Medical Devices, China, 2015
Table 4.2.3 Key Companies Operating in the China Therapeutic Medical Devices Market, 2015
Table 4.3.1 China Consumables Market, 2015 – 2025 ($/bn)
Table 4.3.2 China Implants Market, 2015 – 2025 ($/bn)
Table 4.3.3 Key Consumable & Implant Products, China, 2015
Table 4.3.4 Key Consumables and Implants Companies, China, 2015
Table 5.1 China Medical Devices Market Forecast, By End-Users, 2015 – 2025 ($/bn, CAGR, %)
Table 5.1.1 China Medical Devices Market Forecast, Public Hospitals, 2015 – 2025 ($/bn, CAGR, %)
Table 5.2.1 China Medical Devices Market Forecast, Private Hospitals, 2015 – 2025 ($/bn, CAGR, %)
Table 5.3.1 China Medical Devices Market Forecast, Home Healthcare, 2015 – 2025 ($/bn, CAGR, %)
Table 6.1.1 Operational Parameters - Local and Foreign Medical Devices companies in China 2015
Table 6.2.1 Medtronic Global Revenue, by Region, 2013 & 2014 ($/m, %)
Table 6.3.1 J&J Global Revenue 2014 & 2013 ($/m)
Table 6.4.1 Boston Scientific Global Revenue 2014 & 2013 ($/m)
Table 6.5.1 SJM Global Revenue 2014 & 2013 ($/m)
Table 6.6.1 GE Healthcare Global Revenue 2014 & 2013 ($/m)
Table 6.6.2 GE Healthcare: China Business Revenue ($/m)
Table 6.7.1 Stryker Global Revenue 2014 & 2013 ($/m)
Table 6.8.1 Philips Healthcare Global Revenue 2013 ($/m)
Table 6.9.1 Siemens Healthcare Global Revenue 2013 & 2014 ($/m)
Table 7.1 Drivers & Restraints of the Chinese Medical Devices Market 2015-2025
Table 7.1.1 China GDP & Healthcare Spending 2004-2014 ($/bn)
Table 7.1.2 China Total Healthcare Spend, Public & Private Spending 2004-2014 (%, $/bn)
Table 7.1.4 Type of Healthcare Institution & Typical Medical Devices Installed, China, 2015

Figures

Figure 3.3.1 Organisational Structure: Department of Medical Devices Supervision, CFDA
Figure 3.4.1 China Medical Device Imports, 2014 (%)
Figure 3.5.1 China Medical Device Exports 2014 (%)
Figure 3.5.2 China Medical Device Exports 2010-2014 ($/bn, %)
Figure 4.1 China Medical Devices Market, by Type, 2015 – 2025 ($/bn)
Figure 4.2.1 China Medical Devices Market, By Type, 2015 (%)
Figure 4.2.2 China Medical Devices Market, By Type, 2025 (%)
Figure 4.1.1 China Diagnostic Medical Devices Market Forecast, 2015 – 2025 ($/bn)
Figure 4.2.1 China Therapeutic Medical Devices Market, 2015 – 2025 ($/bn)
Figure 4.3.1 China Consumables Market, 2015 – 2025 ($/bn)
Figure 4.3.2 China Implants Market, 2015 – 2025 ($/bn)
Figure 5.1 China Medical Devices Market Forecast, by Customer, 2015 – 2025 ($/bn)
Figure 5.2 China Medical Devices Market Forecast, by Customer, 2015 & 2025 (%)
Figure 5.3 China Medical Devices Market Forecast, by Customer, 2025 (%)
Figure 5.1.1 China Public Hospitals Medical Devices Market Forecast, 2015 – 2025 ($/bn)
Figure 5.2.1 China Private Hospitals Medical Devices Market Forecast, 2015 – 2025 ($/bn)
Figure 5.3.1 China Home Healthcare Medical Devices Market Forecast, 2015 – 2025 ($/bn)
Figure 6.2.1 Medtronic's China Revenue FY 2012, 2013 & 2014 ($/m)
Figure 6.3.1 J&J China Revenue FY 2012, 2013 & 2014 ($/m)
Figure 6.4.1 Boston Scientific China Revenue 2012, 2013 & 2014 ($/m)
Figure 6.5.1 SJM: APAC Business Revenue 2011, 2012 & 2013 ($/m)
Figure 6.6.1 GE Healthcare China Revenue 2012, 2013 & 2014 ($/m)
Figure 6.7.1 26 Stryker: Emerging Markets Business Revenue 2012, 2013 & 2014 ($/m)
Figure 6.8.1 Philips Healthcare Global Revenue 2013 (%)
Figure 6.9.1 Siemens Healthcare Global Revenue 2014 (%)
Figure 6.9.2 Siemens Healthcare China Revenue 2012, 2013 & 2014 ($/m)
Figure 7.1.1 China GDP 2004-2014 ($/bn)
Figure 7.1.2 China Total Healthcare Spend, Public & Private Spending 2004-2014 ($/bn)

Companies Mentioned in this Report

Alibaba Group
AQSIQ
Beijing Aerospace Zhongxing Medical System,
Beijing Choice
Beijing Wandong,
Bonovo Orthopaedics, Inc.,
Boston Scientific
BSC International Medical Trading (Shanghai) Co., Ltd
BSC Medical Device Technology (Shanghai) Co., Ltd.
C. R. Bard Inc.,
China Foreign Trade Development Company
China Kanghui Holdings
China Ministry of Human Resources and Social Security
China Ministry of Science of Technology
Chongqing Jinshan
DePuy Company
DePuy Synthes
Devon Medical Products
Elekta
FDA
GE Healthcare
GMR Data
Harvard Business School
Henan Piaoan
Jiangsu Yuyue
Johnson & Johnson
LifeTech Scientific Corporation
Medtronic
Mindray
OncoSec Medical
Philips Healthcare
Providien
Shandong Weigao Group Medical Polymer Co. Ltd.
Shandong Xinhua
Shanghai Aloka
Shanghai Apex Electronics
Shanghai Medical
Shanghai Microport Medical
Shenyang Neusoft
Shenzen Goldway
Shenzhen Anketech
Siemens Healthcare
St. Jude Medical
Stryker
Suzhou Xinrong Best Medical Instrument Co., Ltd.
The China Food and Drug Administration
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)

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP</th>
<th>Healthcare Spending ($/bn)</th>
<th>Healthcare spending, % of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>$1,931bn</td>
<td>$90.8bn</td>
<td>4.7%</td>
</tr>
<tr>
<td>2009</td>
<td>$4,990bn</td>
<td>$254.5bn</td>
<td>5.1%</td>
</tr>
<tr>
<td>2014</td>
<td>$10,355bn</td>
<td>$590.2bn</td>
<td>5.7%</td>
</tr>
</tbody>
</table>

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.

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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

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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.