



Kingdom of the Netherlands

# LIFE SCIENCES & HEALTHCARE IN CAMBODIA

**Cambodia's economic growth has caused a demographic and health transition. The life sciences & healthcare sector is importing pharmaceuticals and medical equipment into a country where over 60% of the total health expenditure is made by out-of-pocket payments. The industry offers interesting business opportunities for Dutch companies in private hospitals and clinics as well as in medical devices and pharmaceuticals.**

## Healthcare in Cambodia

With a Gross Domestic Product per capital that has more than doubled since the year 2000, Cambodia is one of the fastest growing economies in the world and was upgraded by the World Bank Group (WBG) from a lower to a lower-middle income economy in 2016.

Cambodia was the last country to become a member of the Association of Southeast Asian Nations (ASEAN), and is part of the ASEAN Economic Community (AEC), in 1999. The country joined the World Trade Organization (WTO) in 2004; and is currently involved in the Regional Comprehensive Economic Partnership (RCEP). Also, as a Least Developed Country (LDC), Cambodia benefits from the most favorable regime available under the EU's Generalized Scheme of Preferences (GSP), namely the Everything But Arms (EBA) scheme.

Cambodia has almost 16 million inhabitants with 50% of them under 25 years old, turning the country into the largest youth and adolescent population in the South East Asia region, with a life expectancy near to 70 years. Between 2007 and 2014 the poverty rate declined from 48% to 14%; mortality rates have decreased; and access to clean drinking water and basic health facilities has improved (despite ongoing differences between rural and urban areas).

Over 60% of the total health expenditure in Cambodia are out-of-pocket payments. The public expenditure in healthcare has doubled in terms of budget but still remains around 20% of the total health expenditure and between 5-7% of GDP although the current goal is to achieve the 30% in public health expenditure. The infrastructure and human resources have increased in both public and private sectors in recent years but there is still a need for further investment. Noted also that most of sick or injured people seek care from private health providers as there is still an important lack of trust on public health facilities and professionals.

## Hospitals

Despite all the investments made in recent years, the Cambodian ratio of hospital beds, similar to Lao PDR, is still far from Thailand, Vietnam and the average in Asia. The number of physicians and nurses is also under the average in ASEAN countries but expected to improve in the near future.

As a member of the WTO, Cambodia allows for the establishment of full foreign-owned hospitals with a single requirement that one of the directors must be Cambodian. The sector already has major private hospitals like the Royal Angkor International Hospital and the Royal Phnom Penh Hospital

which are managed and operated by the Thai-company Bangkok Dusit Medical Services Public (BDMS). The Sunrise Japan Hospital in Phnom Penh meanwhile is managed and operated by the Japanese joint venture Sunrise Healthcare Service which has JGC Corporation as the major stakeholder and Innovation Network Corporation of Japan and Kitahara Medical Strategies International as partners. The last one, Kitahara Medical Strategies International, also manages and operates the Kitahara Neurosurgical Institute and the Kitahara Japan Clinic in Phnom Penh. There is also an increasing Singaporean presence i.e. Raffles Medical Phnom Penh (owned by the Raffles Medical Group), MW Medical Cambodia and the opening soon Singapore Medical Centre (SGMC).

According to the Ministry of Health, in 2015 there were 8,488 licensed private providers/facilities (excluding pharmacies); ranging from nursing care, pregnancy care, physiotherapy, consultation cabinet to clinic, polyclinic and hospital.



## Medical devices

Cambodia's medical device market is very small when compared to some ASEAN countries but it's expected to have a great growth in the near future. Between 1994 and 2016 Cambodia registered only 1,616 medical devices, of which 335 were new registrations and 130 renewals in 2016 alone.

Medical devices are regulated by the Department of Drugs and Food in the Ministry of Health. The Procedure for Registration of Medical Device is specified in Prakas 1258 (approved in 2012). Following the ASEAN guidelines, all medical devices are classified by risk in four classes (A, B, C and D), in which A being the lowest risk and D the highest.

Drug registration is also following the ASEAN requirements. The Common Submission Dossier Template (CSDT) must be submitted as stated in the ASEAN medical device directive (AMDD) and also in the Asia Harmonization Working Party (AHWP) guidance. The registration certificate is valid for 3 years and the applying company should have already obtained the License To Operate (LTO) and the Import License for the shipment of the product into Cambodia.

Some opportunities for medical devices and equipment are those related to respiratory, cardiovascular, cancer or diabetes issues, as well as computed tomography scanners

or x-ray and ultrasound machines. Moreover, there is an increasing demand on dental treatments with about 20 dental clinics operating in Phnom Penh according to international standards, with ISO certifications and western-trained dentists. This sub-sector is currently attracting an increasing volume of medical tourists from neighbor countries. One of the biggest players is Khmer-owned Roomchang Dental Hospital.

### Suppliers or certifiers of medical devices in Cambodia

Production of medical devices is negligible in Cambodia. Most companies in this space either distribute medical supplies or offer certification. Some of those are well-known international brands like TÜV Rheinland (Germany) or Medicom (France). Some medical devices, like those produced by Abbott, are distributed by local partners such as Dynamic Pharma.

Companies willing to enter the market could be allocated in a Special Economic Zone and apply for the status of Qualified Investment Project (QIP) in order to obtain some benefits e.g. tax exemption.

### Importing medical devices into Cambodia

Due to low domestic production of medical devices in Cambodia, and more developed markets in the neighbor countries, most medical devices are currently imported. To import/export pharmaceutical products or cosmetic products or medical equipment, applicants must first consider applying for some of the prerequisite authorization at the Ministry of Health before requesting for an import/export authorization;

- License for Pharmaceutical Manufacturing Plant
- Pharmaceutical Importer-Exporter License
- Registration Certificate of Pharmaceutical Manufacturer from Overseas
- Cosmetics Importer-Exporter License
- Visa Registration Certificate for Medicines
- Visa Registration Certificate for Medical Equipment
- Visa Registration Certificate for Cosmetics

Once obtained those certificates and licenses, medical importers need to send their products to the Ministry of Health for testing to determine if they fall under any specific restrictions.



## Pharmaceuticals

As of June 2016, Cambodia counted 13 pharmaceutical companies to supply local and overseas markets. The volume of imported medicines has been increasing in recent years and it's expected to keep growing. While the spending on pharmaceuticals was reported to be around USD 250 million in 2015, some professionals expect it to overpass USD 400 million in 2021.

Some European companies like DKSH (Switzerland), Bayer (Germany), Sanofi (France) or GlaxoSmithKline (U.K.) are already established in Cambodia. Meanwhile the country is welcoming more pharmaceutical companies such as the Indian VTSIX Group, which set up a factory inside the Phnom Penh Special Economic Zone (PPSEZ). Other big players are Zuelling Pharma (part of the Hong Kong-based Zuelling Group) and the Cambodian company Pharma Product Manufacturing (PPM).

The Ministry of Health has recently banned the buying and selling of antibiotics without a prescription in an effort to reduce its overuse that has led to an alarming level of antibiotic resistance in the country. Moreover, the Royal Government is committed to fight against illegal and parallel imports and counterfeit products. The Cambodian Counter Counterfeit Committee, formed by 14 ministries and institutions, was established in 2014 to combat all those counterfeit products harmful to health and social safety in Cambodia. The current regulations on pharmaceuticals are the Law on the Management of Pharmaceuticals (2007) and the National Medicines Policy (2010).

Health professionals must respect the Law on Regulation of Health Practitioners and all the codes, guidelines, decisions and regulations from the Medical Council of Cambodia, established in 2000 to regulate the practice of medicine and ensure that the practice of medicine is professional and meets the up-to-date technical standards in order to protect the health and well-being of the patients/population in Cambodia.

### Distribution

Cambodia counted 2,248 registered pharmacies and 381 drug import/export companies and branches in 2017. The Interior Ministry reported to have closed down 64 illegal pharmacies and send over 135 cases to court in 2016. Furthermore, the Svay Rieng provincial health department reported to have shut down 248 illegal clinics during 2017. There is no price control for medicines in both public and private sector.



## Dutch presence in Cambodia

The Netherlands footprint in Cambodia's life science and health sector is still small. Some Dutch companies are selling their products through local partners since they are established in Thailand or Vietnam. A Dutch entrepreneur established a physiotherapy clinic, Physiotherapy Phnom Penh.

## Opportunities & Challenges

Dutch companies should consider the following:

Opportunities	Challenges
<ul style="list-style-type: none"> <li>Importing pharmaceuticals</li> </ul>	<ul style="list-style-type: none"> <li>Counterfeit Imports</li> </ul>
<ul style="list-style-type: none"> <li>Importing supplements</li> </ul>	<ul style="list-style-type: none"> <li>Parallel Imports</li> </ul>
<ul style="list-style-type: none"> <li>Importing medical devices</li> </ul>	<ul style="list-style-type: none"> <li>International competitors</li> </ul>
<ul style="list-style-type: none"> <li>Open dental clinics</li> </ul>	<ul style="list-style-type: none"> <li>Increasing providers</li> </ul>
<ul style="list-style-type: none"> <li>Open hospitals</li> </ul>	<ul style="list-style-type: none"> <li>Finding qualified personnel</li> </ul>
<ul style="list-style-type: none"> <li>Apply for tenders</li> </ul>	<ul style="list-style-type: none"> <li>Process requirements</li> </ul>

## Trade fairs

**Phar-Med Expo, September 2019, Phnom Penh**

[www.pharmed-expo.com/cambodia-1.html](http://www.pharmed-expo.com/cambodia-1.html)

**Lab Expo, September 2019, Phnom Penh**

[lab-exhibition.com/us/cambodia/home](http://lab-exhibition.com/us/cambodia/home)

**Eurofair Cambodia, Phnom Penh**

<https://www.facebook.com/eurofaircambodia/>

## Relevant contacts

**Cambodian Ministry of Health**

[www.moh.gov.kh](http://www.moh.gov.kh)

**Medical Council of Cambodia**

[www.mcc.org.kh](http://www.mcc.org.kh)

**Cambodian Investment Board**

[www.cambodiainvestment.gov.kh](http://www.cambodiainvestment.gov.kh)

**Delegation of the European Union to Cambodia**

[eeas.europa.eu/delegations/cambodia\\_en](http://eeas.europa.eu/delegations/cambodia_en)

**European Chamber of Commerce in Cambodia**

[www.eurocham-cambodia.org](http://www.eurocham-cambodia.org)

**Netherlands Enterprise Agency**

[www.rvo.nl](http://www.rvo.nl)

**Dutch Development Bank**

[www.fmo.nl](http://www.fmo.nl)

**Asian Development Bank**

[www.adb.org/countries/cambodia/main](http://www.adb.org/countries/cambodia/main)

**World Bank**

[www.worldbank.org/en/country/cambodia](http://www.worldbank.org/en/country/cambodia)

Published by:

Netherlands Embassy in Bangkok

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