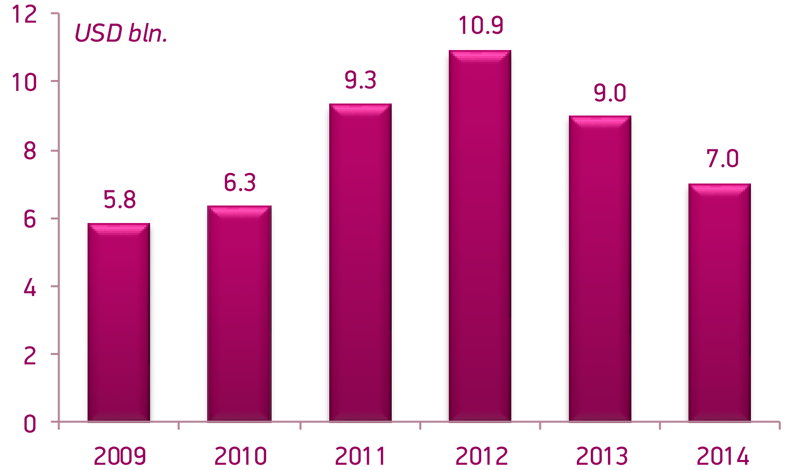
Russian Medical Device Market

2014

Summary

The Russian medical device market demonstrated rapid growth over the period 2006-2012. Consumption increased with state support of health care, in particular under the 2011-2012 regional modernization programs worth RUB 635.7 bln., a large portion of it spent on equipment upgrades. With the programs played out, public health centers could not support the former level of demand.

Growth of the market in 2011-2012 gave way to a downward trend in 2013 when the market shrank by 16% from 2012 (in rubles). In 2014 the slide continued, with customers spending 6% less on medical devices overall; taken separately, public buyers spent nearly 10% less. Dollar worth of the market suffered further because of the ruble exchange rate's collapse in 2014. Thus, in 2013 the market was worth USD 9.0 bln, in 2014 7.0 bln – down by 22%.



The dynamics of Russian medical device market (billion dollars), 2009-2014

Source of information: MDpro

The 2013 decrease was a consequence of the market's oversaturation in 2011-2012 when regional health care modernization programs were in effect. In 2014 the reasons were different: public funding for health care was cut and some of the money diverted from outfitting to pharmaceuticals and wages. That year a sweeping health care reform was also started, which may eventually bring down the public share of device consumption.

In 2013 spending was often redirected from serious acquisitions to maintenance of equipment pools and expendables. This tendency became less pronounced in 2014 as the market stabilized and segments returned to more natural proportions.

Despite of modernization programs end, public procurement constitutes the largest share of Russian medical device market: in 2014 72% of all medical devices were purchased under government contracts.

Imports continue to dominate the field, 85% of all devices were imported in 2014. At the end of the year the ruble's fall made Russian devices more competitive; together with the federal government's effort to replace foreign products with domestic equivalents, this gives reason to expect somewhat more Russian devices on the market in 2015.

The bulk of money on the Russian market was spent on the same groups of equipment as in earlier years: in-vitro diagnostic devices (about 19%), devices for diagnostic imaging (12%) and general surgery and endoscopy (11%).

Report Description

Report scope. The report provides complete information about the Russian medical device market in 2014. It also contains a forecast for the Russian medical device market till 2018.

Report includes the following parts:

"Methodology" section includes a list of information sources, which were used while preparing the report. It also contains the structure of data, which served as a basis for the report. Additionally, core procedures of data processing and data analysis are described.

"Summary" section is a review of the key findings from the report.

The first part of the report *("Russian medical device market in 2009-2014")* encompasses the most important characteristics of the Russian medical device market: its dynamics and structure, key information about public procurement and imports of medical devices. The most important Russian medical device market trends and significant factors, determining its current state, are outlined.

This part also includes a forecast of Russian medical device market development until 2018. Based on the analysis of drivers and barriers for the market growth, two possible scenarios for market development are presented.

Moreover, this section contains a forecast of consumption of the following types of medical devices: medical imaging devices, in-vitro diagnostic devices, cardiovascular surgery and neurosurgery devices, general surgery devices.

The second part *("Public procurement of medical devices in 2014")* is dedicated to the results of Russian medical devices public procurement analysis. It includes data on monthly dynamics of medical devices public procurement (incl. segments breakdown) and detailed structure of public procurement. The largest purchasers and of all types of medical devices are named. A list of the largest suppliers of medical devices is provided with information about their public purchasers, regions of supply and the structure of supply (by segments). This part also contains a list of top contractors for the supply of different types of medical devices. Finally, this section includes in-depth analysis of medical devices public procurement in each federal district.

The third part *("Imports of medical devices into Russia in 2014")* encompasses data on the structure and dynamics of medical devices imports into Russia in 2014. Data are provided in breakdown by types of medical devices and manufacturing countries. A list of the largest medical devices importers is included. Moreover, it contains information about the structure of certain types of medical devices' imports.

The fourth part *("Exports of medical devices from Russia in 2014")* includes data on the structure and dynamics of medical devices exports from Russia in 2014. It also contains information about the volume of exports and the major exporters of Russian medical devices (incl. segments breakdown).

The fifth part (*"Business environment in Russia*") provides a practical guide to what is necessary for achieving compliance with Russia's regulatory requirements. It also describes Russian policies on health care system and medical device market development.

Sources of Information

To conduct the research study three types of data were used:

- ✓ Data on public procurement of medical devices, which are gathered by MDpro specialists from an official public procurement website (www.zakupki.gov.ru) on a monthly basis
- ✓ Data on export-import operations, which are formed by MDpro specialists from customs statistics on a monthly basis
- ✓ Open information sources:
  - Russian healthcare statistics;
  - Publications of international market research agencies;
  - Companies' reports;
  - News, etc.

Contents

List of Figures

List of Tables