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AE MicroMacro – China

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Chinese medical tourism zone as an opportunity for Polish exporters

What happened? Chinese National Development and Reform Commission announced this week [new set of regulations supporting the further development of the Boao Lecheng International Medical Tourism Pilot Zone](#). The zone was established in 2013 to support the development of the medical services targeting affluent domestic and foreign customers and to facilitate the import of required equipment and pharmaceuticals. The recent regulations are on top of the previous central and [local policies](#). They further streamline the process of drugs and equipment import and encourage domestic and foreign investors to establish health care facilities within the zone.

Who is involved? Local Hainan authorities support the project as they seek the economic diversification from tourism towards innovative, clean, high value-added manufacturing and services. The group of Chinese domestic players has already established hospitals, research centers and other facilities e.g. [Beijing Yiling life center](#), [Ciming fertility hospital](#) or state-sponsored [Boao Super Hospital](#). Several foreign invested facilities have been also established, e.g. [UFH](#). The current size of the zone and number of investments is still relatively small but authorities set ambitious targets of [100 projects, 41 000 employed and up to 50 bln rmb revenues till 2030](#). The [largest Chinese real estate developer Evergrande](#) also invested in hospital establishment, while First Investment Holding Group [set up 20 bln rmb investment fund](#).

Why it matters? For foreign companies exporting to the zone provides the easier way to enter the Chinese market. Streamlined registration procedures take a couple of months instead of 3-5 years and allow for use of foreign documentation in the registration process. The [flow of customers from China and abroad \(Korean Japanese, Russian\) has sharply increased in 2018 \(69%\) and revenues are up 228%](#). The [international airport Qionghai Boao](#) development and the [30-day visa-free regime for passport holders from 59 countries](#) can have a positive impact on business. The direct opportunities for foreign exporters are limited mainly to the zone area, however successful introduction of the equipment or pharmaceutical products can boost brand awareness among the Chinese professionals.

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Big picture. Difficult and costly registration procedures limit the equipment and drugs availability for Chinese health care providers and impact the range and quality of their services. Easier import will alleviate these difficulties. The foreign business should be however cautious as attracting foreign industry players to zone is aimed to facilitate absorption of the foreign technology and know-how by the Chinese companies. The goal is to increase their competitiveness and to decrease China's dependence on the foreign suppliers of high end equipment and drugs.

Why it matters for Poland?

Polish exporters of pharmaceuticals have recorded serious setbacks in exports to China with [insulin drop from over 8 mln to 2,5 mln usd](#), and [overall pharmaceuticals exports decrease](#). Time and money consuming registration procedures discourage Polish drug companies from entering Chinese markets. Export to the zone could provide good export testing opportunity. There are [several Polish domestic medical equipment manufacturers, who are selling their products to China](#) or are preparing to do so. Gaining customers in the zone could be a valuable step in entering the Chinese market.