



2016 Top Markets Report **Medical Devices** Country Case Study

Australia

The Australian medical equipment industry sector has consistently provided good prospects for U.S. exporters. Australia is the eighth largest market for U.S. exporters of medical products. Approximately 80 percent of medical devices and diagnostics used in the market are imports. The three major suppliers are the United States, the European Union and Japan. U.S. medical equipment is traditionally well received due to its perceived high quality. The market is sophisticated, mature, and quick to adopt new healthcare technologies. Importers seek to obtain cost-effective and innovative products that will improve patient outcomes and reduce healthcare costs.

Overall Rank

10

Market Entry

Successful market entry strategies for Australia have three common elements: understanding the market, selecting the optimal partner and providing ongoing support to that partner. It is important to gain an understanding of the Australian context for a product or service, its competitors, standards, regulations, sales channels and applications. Success in the market will require appointing an Australian distributor or establishing a local subsidiary and setting up a local sales presence. Typically, distributors for medical products will cover the entire country and some may also have a subsidiary office in New Zealand. Given the size of the Australian continent—the same size as continental United States—and the distance from other countries, local support and service is important. Most of the criteria U.S. companies use to select distributors are applicable to Australia, with expectations adjusted to the scale of the market given the population of 23.8 million. Performing due diligence on potential local partners is just as important as in the United States.

Current Market Trends

Australia has a high per capita income, and there is demand for a full range of medical equipment. The \$5 billion market is price sensitive and competitive. Australia spends approximately 9.7 percent of its GDP on healthcare, which is similar to the United Kingdom but less than the United States. Australia's aging population will significantly influence the demand for products and products that serve the aging population are likely to experience growth.

Country Highlights

Capital: Canberra

Population: 23.8 million

GDP (USD): 1.525 trillion

Currency: Australian Dollar (AUD)

Language: English

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The growth of chronic disease in Australia is similar to that in other developed nations. Australians increasingly suffer from asthma; cancer; diabetes; obesity; heart, stroke, and vascular disease; osteoarthritis, rheumatoid arthritis; and osteoporosis. Opportunities exist for technologies that avert or reduce disability because of these diseases.

Main Competitors

Imports supply approximately 80 percent of Australia's demand for medical equipment. Key suppliers include the United States, the European Union, Switzerland and Japan. Many suppliers in the Australian industry are subsidiaries of overseas corporations. The major U.S. medical companies represented in Australia (either through local representatives or subsidiary offices) include: 3M®, Bard®, Baxter Healthcare®, Becton Dickinson®, Boston Scientific®, Cook Medical®, Johnson & Johnson Medical®, Medtronic®, St. Jude Medical®, Stryker® and Zimmer®. U.S. companies may experience strong competition from other U.S. companies or multinationals already in the market.

Current Demand

Australia's high standard of medical practice and aging population underpin a continued demand for a range of sophisticated, high quality and innovative medical equipment. Importers seek to source cost-effective and innovative products that will improve patient outcomes and reduce healthcare costs. Opportunities exist for products that provide a significant improvement in clinical outcomes and products with clearly differentiated capabilities. There is also a growing demand for products that lead to faster patient recovery, reduce hospital and rehabilitation costs and alleviate or manage disability and chronic pain.

Both the public and private sectors provide healthcare in Australia; as a result, government healthcare policies and public health influence the volume and pricing of healthcare products and services. Federal and State government spending accounts for 70 percent of total healthcare expenditure. The non-governmental sector (individuals and private health insurance) funds are the remaining 30 percent. Approximately 45 percent of Australians have private health insurance.

Registration Process

The Therapeutic Goods Administration (TGA) regulates the medical equipment industry. Australia's regulatory framework is based on Global Harmonization Task Force (GHTF) and European Community guidelines. U.S. exporters must appoint an Australian representative/ sponsor to obtain regulatory approval from the TGA. U.S.-manufactured medical devices require an EC Certificate from a European Union Notified Body. Alternatively, U.S. manufacturers can apply to the TGA for a Conformity Assessment Certificate. Further information is available at tga.gov.au.

Trade Events

AusBiotech
October • Melbourne, Victoria • ausbiotechnc.org

Resources

Australian Government Department of Health,
health.gov.au

NSW Health, tenders.nsw.gov.au/health

Health Purchasing Victoria, hvp.org.au

Queensland Health, health.qld.gov.au

Department of Human Services,
humanservices.gov.au