

provide only 25 % of total consumption. Equipment and instruments account for the biggest component (61 %) of the market's total requirements for imported items, although supplies make up a significant share of 32 %. Consumption of locally manufactured items consists mostly of supplies which account for over 97 %.

A potential demand-supply gap equivalent to over a million-dollar (US) worth of medical equipment and supplies exists in the market. This gap was computed based on a 4,000 bed deficit that the Philippine hospital care system incurred in 1987 vis-a-vis the hospital bed requirement of the population during that year. In essence, this demand-supply gap directly corresponds with the value of medical equipment and supplies that could have been consumed by the market last year had the capacity of the local health care system been adequate to serve the minimum medical care requirements of the population.

#### Size of Market Forecasts

While improvements in real income in recent years (1986 to 1987) may well be sustained in the short-term (1988 to 1990), prospects for the market to grow within this period depend much on population growth. Given the current income distribution structure in the country, this timeframe will not be long enough for the economy to haul the majority (around 69 %) of Filipino families beyond the poverty line.

The government, however, cannot be expected to respond fully to population growth pressures in the short-term because of its limited budget. As reflected in the government's budgets for 1988 and 1989, health service is not one of the more immediate concerns of the government.

In the medium-term (1991 to 1995), the market is projected to grow faster (3.0 %) than the population growth rate. During this period, the demand-supply gap in the health service sector will become so glaring that the government has to respond by putting up additional public health service units or by expanding existing hospital capacity. At the same time, sustained