The Czech health care system has undergone dramatic changes over the last decade. More relaxed international trade rules have brought international, multinational and private health care firms into the country, and foreign health care products onto the market. Czech imports of pharmaceutical products reached $1 billion in 1999.

Market overview

Health care coverage is universal in the Czech Republic, financed by the State and by payroll deductions and patient user fees. Health care expenditures rose from 6% of the GDP in 1990 to 8% in 1999.

Medication — The Czech people (population 10.2 million) consumed $1.5 billion worth of medication in 1999, as follows: cardiac 20%, gastrointestinal 13.6%, nervous system 11%, and antibiotics and chemotherapeutics 10.2%.

Pain killers, cold and flu medications and vitamins (mostly B and C) are the biggest over-the-counter (OTC) sellers. Natural and homeopathic food supplements, minerals and specialty items such as enzymes are also popular.

Medical equipment — Forty domestic manufacturers dominate the market, producing relatively unsophisticated equipment.

Opportunities

Medication — Most of the medication produced in the Czech Republic is generic. Imports of patented medicines are expected to rise with the liberalization of international trade.

Medical equipment — There is a demand for technologically advanced, competitively priced foreign products, and the Republic is already a major importer of syringes, needles, catheters and modern diagnostic equipment. Imports rose from $290 million in 1999 to $335 million in 2000, the bulk in medical, surgical and dental tools (55%), followed by orthopedic devices (26%) and radiography equipment (12%).

Most (80%) of the radiography equipment used in the country is Czech-made. However, more modern equipment must be imported to satisfy Act No.18/1997 that regulates the use of nuclear energy and ionizing radiation in medical facilities.

Market access considerations

All pharmaceutical products must be registered before they can be sold in the Czech Republic. Price controls ("maximum price") are in effect but will phased out within two years for OTC drugs.

Working with a local agent, distributor or business partner is essential. They can interpret both the language and the business culture, and often have connections in the Slovak Republic.

Distributors can help exporters tailor their strategies for the local market and can perform some of the administrative legwork. Although there are 300 registered distributors in the Czech Republic, eight companies actually control 90% of the pharmaceutical market.

Major competition

Several international firms have invested in Czech pharmaceutical companies: U.S. IVAX purchased Galena; Ferring bought into Leciva (a Czech company with 11% of the local market); ICN Pharmaceutics privatized VUAB; and Lachema acquired a strategic partner from Croatia-Pliva. However, Leciva and Slovakofarma (Slovakia) still play lead roles.

Health care products in the Czech Republic

A healthy import market

Medication — Pharmaceuticals are primarily imported from Germany (18%), France (12%), Switzerland (10%), Italy, Belgium, the Netherlands, Slovenia, the U.S. and Austria.

Provitamins and vitamins worth $15 million were imported from Germany (37%), Austria (17%), Slovakia (16%), France (15%) and Switzerland.

Apotex and **Rougier Bio-Tech Ltd.** are the most successful Canadian pharmaceutical companies on the Czech market. Vitamins, minerals, natural products and food supplements are imported from Canada's **Swiss Natural Sources, Profitness, Vita Health** and **Trophic.**

Medical equipment — The U.S. is the Czech Republic's largest trading partner in medical equipment (17% of imports) followed by Germany and Japan.

MDS Nordion (www.mds.nordion.com/) is the most successful Canadian medical equipment supplier in the Czech Republic.

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Romania

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