

for only around 5 percent of total sales. The NHS, which is funded principally through taxation, has been through many transformations since its creation in 1948. In its current form it involves “purchaser” Health Authorities and “provider” Trusts. The purchaser buys treatment for its residents on a block contract from acute and non-acute service providers. (Non-acute trusts provide mental health and other specialist services). Trusts acquire products through a purchasing authority – one each for England, Wales, Scotland, and Northern Ireland. The NHS Supplies Authority, which covers England, is undergoing a major streamlining operation and the existing six regional divisions are being replaced by three national business divisions for Purchasing, Wholesaling, and Customer Service. For each product, each Authority has an approved list of about 10 suppliers, vetted for financial stability, management, service, and U.K. presence.

## Regulation

Medical devices sold in any of the member states of the European Union, including the United Kingdom, are/will be controlled by three directives: the Active Implantable Medical Devices (AIMD) directive; the Medical Devices (MD) directive; and the In-Vitro Diagnostic Medical Devices (IVD) directive.

Although the EU's directives for equipment can be onerous in terms of product testing and certification procedures, packaging, labelling, etc., they are an advantage in the sense that, once approval has been obtained, there are no further obstacles to sales in any of the EU member states. There is no need to obtain approval in each country.

Britain offers a favourable regulatory environment in pharmaceuticals. The Medicines Control Agency handles almost 50 percent of the European case-load and is reputed to be the fastest licensing authority anywhere, which probably played a part in the decision to establish the European Agency for the Evaluation of Medicinal Products in London.

## Market Trends

The NHS is increasingly being run as a business rather than a public service. Its managers are

becoming highly cost-sensitive, a trend reflected by recent changes in overall health sector policy:

- increased use of day surgery for non-urgent cases;
- increased application of Minimal Invasive Surgery (e.g., endoscopy);
- reduced average length of in-patient stay; and
- a general shift in NHS expenditure away from hospitals towards primary, community, and preventative care

The demand for minor items, consumables, and mid-range equipment (e.g., endoscopes) will remain strong, owing to increased patient throughput, while demand for capital items will be affected by reductions in the number of hospitals and beds.

The home-use market in the U.K. has traditionally been very small because the public has tended to look to the NHS for free health care and appliances. This is changing now, with the public paying for more items.

## Market Opportunities

The U.K. presents many opportunities to Canadian health care sector companies, not only as an export market in its own right, but also as a gateway into the European Union – one of the largest markets in the world.

It is important to understand there is no real “gap” in the U.K. health care market; there are no products or services that cannot be obtained locally. Nevertheless, there is always room for improved versions of existing products, niche items and technologies, and those which offer better value for money.

The level of competition is high and there is a strong international presence, particularly from the United States and the European Union. Commonly imported items include syringes, electro-medical equipment, and bandages. Many international firms have U.K. subsidiaries, including a number of U.S. companies that have used Britain as a base from which to attack the rest of Europe.

