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DEPARTMENT OF COMMERCE

International Trade Administration

Healthcare Equipment, Services, and Technologies Trade Mission to Egypt, Jordan, and Israel

May 16 – 21, 2015

AGENCY: International Trade Administration, Department of Commerce

ACTION: Notice

MISSION DESCRIPTION

The United States Department of Commerce, International Trade Administration, is organizing an executive-led healthcare equipment, services, and technologies business development mission to Egypt, Jordan and Israel, with an optional stop in the West Bank, May 16–21, 2015. The purpose of the mission is to introduce representatives from U.S. firms and healthcare related trade associations to the region and to promote exports of U.S. healthcare products and services. Delegates will receive market briefings and participate in customized meetings with prospective partners. Companies may also participate in a stop in the West Bank city of Ramallah at an additional cost.

Targeted sectors include:

- Products and services for maternal and child health needs

- Medical equipment and supplies, including diagnostic, monitoring, and imaging equipment

- Hospital and outpatient clinic design

- Hospital management

- E-health: healthcare management systems/software/network design

- Laboratory and scientific equipment

- Products for specialty areas such as oncology, cardiology, wound care, and plastic surgery

- Products and services for implementing quality standards and accreditation

Robotics

Mobile clinics

COMMERCIAL SETTING

Governments across the Middle East and North Africa are increasingly aware that continual expansion and upgrading of healthcare systems are needed to meet the growing demand of the fast-growing population. The healthcare equipment, services, and technologies sector is one of the fastest growing sectors in Egypt and Jordan, where healthcare expenditure and demand are driven by demographic factors such as population growth and increased life expectancy, as well as higher literacy, an increasing prevalence of lifestyle-related diseases, increased aspirations for better quality healthcare services, greater availability of health insurance, and rising income levels. Israel offers a particularly technologically advanced setting for U.S. companies, with opportunities in both the public and private sectors.

The region's healthcare spending in 2013 was as follows: Egypt \$9.5 billion, Jordan \$1 billion and Israel \$20 billion. The current state of healthcare infrastructure in the region is not adequate to satisfy existing demand. The healthcare equipment, services, and technologies expansion in the region is expected to grow at an annual rate of 5 - 8% in 2014. The region's objectives to upgrade healthcare will require purchases of medical equipment/services and renovation of existing hospitals/clinics. Over the next few years, the private sector will play a big role in further realizing the potential in healthcare projects throughout North Africa and the Levant. U.S. companies will benefit from exploring the market at early stages and introducing their advanced technologies.

COUNTRY PROFILES

EGYPT

With a population of over 85 million and a GDP of USD 219 billion, the Egyptian economy is one of the largest in the Arab World, and the second largest in the Middle East and North Africa (MENA) region.

Despite its low per capita spending on healthcare, Egypt is the second-largest healthcare market in the MENA region after Saudi Arabia. The United States is Egypt's largest bilateral trading partner, and Egypt is the fourth largest export market for U.S. products and services in the MENA region.

Healthcare Equipment, Services, and Technologies

The healthcare sector in Egypt offers significant opportunities for U.S. exporters of medical equipment and devices, as well as for U.S. service providers in the long term, cutting across the entire spectrum of medical-related activities and requirements. Sales in medical devices totaled USD 484.7 million in 2013, a five percent increase from the previous year. It is estimated that the market for medical devices will be USD 970 million by 2016, and this is almost wholly made up from imports, as Egypt produces very little medical equipment.

The Egyptian Government's Healthcare Reform Program and the country's burgeoning population are generating demand for high-tech medical equipment and healthcare items. The Ministry of Health operates 1,300 hospitals or 60 percent of hospital beds. Universities, the Army, and the private sector constitute the remaining 40 percent. The government is expanding preventive medicine efforts; and in 2014 is developing 26 new hospitals, requiring purchases of medical devices. In addition, in 2013 consumer healthcare grew by 12 percent to USD 24.2 billion.

In line with the reform efforts to upgrade the overall healthcare system, it is expected that there will be future opportunities for U.S. firms that can offer the following services:

- Construction, management, and rehabilitation of hospitals and rural healthcare facilities;
- Emergency care (ambulatory) services;
- Training programs for nurses and physicians;
- Establishment of quality control of biological and laboratory centers;
- Development of quality standards for hospitals, laboratories, and healthcare institutions;
- Providing plans for regulator and accreditation bodies; and
- Training programs to include FDA-drug classification for government officials.

Best sales prospects medical devices and supplies include the following categories:

Diagnostic imaging equipment;

Oncology and radiology;

Disposables;

Surgical and medical equipment;

ICU monitoring equipment;

Laboratory and scientific equipment; and

Mobile clinics

JORDAN

Jordan is strategically positioned at the crossroads of the Middle East-North Africa (MENA) region, centrally located between Europe, Asia, and Africa. The U.S.-Jordan Free Trade Agreement (FTA), which came into force in 2001, continues to create advantages for U.S. exporters, who are able to sell high-quality products at more attractive prices, as tariff barriers on the majority of goods traded between the United States and Jordan have been eliminated. Due to this FTA, bilateral trade has surged ten-fold over the past 13 years. Jordan remains a haven of stability for business interests and serves as a business hub in the region, including business investment to neighboring countries including Iraq.

Healthcare Equipment, Services, and Technologies

Jordan's healthcare system is regarded as one of the best in the area, boasting the latest technologies and highly educated, well trained doctors. Many Jordanian physicians have received some form of medical training in the United States, giving U.S. products good exposure. Jordan has become a regional medical tourism destination by offering relatively high-quality care at comparatively inexpensive rates. Through 104 hospitals, Jordan's healthcare sector serves its population and 250,000 patients from neighboring countries annually. Moreover, the World Bank ranked Jordan fifth in the world as a medical tourism hub. The medical tourism sector generates over \$1 billion in revenues annually, which is expect to increase to USD 1.5 billion by 2015.

The healthcare sector accounts for 10% of Jordan's GDP. It is growing at an annual expenditure rate of about 7%, the 3rd highest in the region. Imports of medical equipment and pharmaceuticals exceeded \$450 million in the year 2013 and are expected to grow to \$615 million by the end of 2016.

As part of the Government initiative to reform the healthcare sector, reforms underway include:

- Renovating and adding medical diagnostic devices and therapeutic equipment;
- Improving the quality of health care and hospital services;
- Establishing a number of new hospitals;
- Expanding and upgrading hospital infrastructure including the extension and modernization of pediatric facilities;
- Developing and implementing health information systems and medical research;
- Supporting the government hospitals' accreditation projects; and
- Improving emergency services.

The E-health care initiative is another key government program aiming to ensure the accountability of the health care system. The e-health system will operate the storage, retrieval and updating of the electronic health records of patients cared for by all the participating healthcare facilities in Jordan. The government began a pilot project of the system in 2011 and will expand it to the entire health care system, starting with public hospitals.

With planned improvements in the healthcare system, the introduction of more modern treatment methods, and the construction and renovation of both government and privately owned hospitals, demand for medical equipment and services is expected to increase. Proposed projects expected to come online within the next five years in the private and public sector include: expanding the Laser Dermatology Fertility Clinic (IVF Treatment) at Specialty hospital, and establishment of the Jerash, Ajloun, and Mafrq hospitals.

The best prospects in Jordan include:

- Consulting in hospital administration;
- Quality control and certification standards;
- Laboratory and hospital administration software;
- Diagnostic imaging equipment like C-T, MRI, and PET scanners;
- Laboratory reagents and diagnostics;
- Testing equipment;
- Cardiology and kidney dialysis equipment; and
- Hospital furniture

ISRAEL

Israel has a diversified, technologically advanced economy with a strong high-tech sector. The country's strong commitment to economic development and its talented work force have led to economic growth rates that have frequently exceeded 10% annually. Israel's GDP in 2013 was \$266 billion and its per capita GDP was \$36,200. The United States is Israel's largest single-trading partner. In 2013, bilateral trade totaled \$36 billion. Exports of U.S. goods to Israel totaled \$13.7 billion. With a favorable dollar exchange rate, U.S. equipment suppliers currently enjoy a price advantage over EU-based manufacturers.

Healthcare Equipment, Services, and Technologies

Israel is a lucrative market for advanced healthcare technologies. Despite its small size and population of only 8 million, Israel imports medical and pharmaceutical products in the amount of \$2 billion annually. The U.S. share is roughly 15% at \$300 million. Germany and other EU countries are the major competitors, but U.S. products outranked the EU competition in imaging equipment and diagnostics. Easy market-entry conditions and receptiveness to buy U.S. technologies and services make Israel an ideal destination for U.S. healthcare exports.

Characterized by a technologically advanced market economy, Israel boasts a very high level of healthcare with an extensive infrastructure ranging from local community clinics to a world-renowned trauma centers. Israel spends 7.5% of its GDP on healthcare and has the largest per-capita healthcare market in the Middle East. Israel's public healthcare system ensures a universal healthcare coverage to its entire population via four health management organizations and a network of hospitals, community clinics and specialized doctors. Israeli healthcare facilities are modern and are open to adopt new, cost effective technologies and procedures. Many Israeli doctors receive training in the United States and maintain personal and professional relationships with U.S. colleagues at major medical centers.

Market access is fairly clear for U.S. FDA and CE Marked medical products. U.S. companies interested in exporting to Israel need to appoint a local distributor, agent or other legal representative to register their products with the Israel Ministry of Health (MOH). The device registration should be accompanied by a 510(k), Pre-Market Approval (PMA) or an Investigational Device Exemption (IDE). Best sales prospects exist in the advanced medical technologies, instruments and disposables in the following categories:

Advanced Diagnostic Procedures

Image-Guided Technologies

Smart Implants

Preventive Medicine

Point of care and wound management technologies

THE WEST BANK (OPTIONAL STOP)

The West Bank has a land area of 5,640 square kilometers (including East Jerusalem). Along with Gaza, it is collectively referred to as the Palestinian Territories. The population in the Palestinian West Bank and Gaza is four million. The population growth rate is 3.9% and around 50% of the population is 18 years or younger. In 2012, GDP in the West Bank & Gaza reached an estimated \$10.30 billion, with \$7.70 billion in the West Bank and \$2.60 billion in Gaza, and per capita GDP was \$2,239.

The West Bank experienced a limited revival of economic activity in the period 2009-2012. This revival was a result of inflows of donor assistance, the PA's implementation of economic reforms, improved security, and the relative easing of movement and access restrictions within the West Bank by the Israeli Government. The PA under President Mahmoud Abbas and previous Prime Minister Salam Fayyad has implemented a largely successful campaign of institutional reforms and economic development that has

contributed to economic growth, and which has been supported by more than \$3 billion in direct foreign donor assistance to the PA's budget since 2007.

Many American companies have reoriented their marketing efforts to acknowledge the Palestinian market as culturally, economically, and commercially distinct from the Israeli market. To date, dozens of American firms have established a presence and Palestinian consumers have demonstrated a strong preference for a wide variety of U.S. goods and services.

Healthcare Equipment, Services, and Technologies

The medical equipment and supplies market in the West Bank and Gaza is estimated to be \$20 million annually. The market is made up of medical capital equipment, medical supplies, lab equipment and lab disposable supplies. There is no domestic production of medical equipment and supplies, so Palestinians depend 100% on imports. There are no import duties on U.S.-made goods entering the West Bank. However, products are subject to both a purchase tax and a value added tax that is currently 14.5%.

The majority of the Palestinian population relies on medical services provided by public hospitals that are run by the Palestinian Ministry of Health under a general health insurance program. The total number of public and private hospitals in the West Bank and Gaza is 72 and the total number of beds is 5,000.

The U.S. share of the market is roughly 15% of the total, but this is likely to change due to two factors. First is the falling value of the U.S. dollar vs. the Euro. Second is the continued support by USAID of healthcare projects in the West Bank since USAID regulations stipulate that funds can be spent on American-made equipment only, and the Agency continues to be the main donor for this sector.

The best prospects include:

Medical disposables;

Surgical instruments;

Ophthalmic testing and surgery equipment;

Ultrasounds;

MRI, CT, X-ray;

Orthopedic implants; and

Laboratory equipment and disposables

MISSION GOALS

The goal of this trade mission is to facilitate greater access to the Egypt, Jordan, and Israel markets by providing participants with first-hand market information, access to government decision makers, and one-on-one appointments with business contacts, including potential agents, distributors, and partners.

For the medium and longer term, the goal is to educate participants on the healthcare-related environment in the region in order to arm them with the ability to sustain and expand their business in the region.

MISSION SCENARIO

The trade mission will include the following stops: Cairo, Amman and Tel-Aviv (with an optional stop in Ramallah, West Bank). In each city, participants will meet with business and government contacts.

MISSION TIMETABLE	
Egypt	
Saturday – May 16	<ul style="list-style-type: none">• Arrive in Cairo, Egypt• Overnight stay

Sunday – May 17	<ul style="list-style-type: none"> • Breakfast briefing by industry experts • Industry Roundtable • One-on-one business meetings • Networking Dinner or optional excursion • Overnight stay
Egypt/Jordan	
Monday – May 18	<ul style="list-style-type: none"> • One-on-one business meetings • Networking lunch hosted by a Chamber • Evening travel to Amman, Jordan • Overnight stay
Jordan	
Tuesday– May 19	<ul style="list-style-type: none"> • Breakfast briefing by industry experts • One-on-one business meetings • Networking lunch with local industry representatives • Early Evening Departure from Jordan to Tel Aviv • (overnight stay in Tel Aviv)
Israel	
Wednesday – May 20	<ul style="list-style-type: none"> • Industry Roundtable • One-on-one business meetings (AM) • Networking luncheon • One-on-one business meetings (PM) • Wheels-up Cocktail

	<ul style="list-style-type: none"> • Non-West Bank participants return to United States on own itinerary
Israel/West Bank (Optional)	
Thursday - May 21	<ul style="list-style-type: none"> • Travel to Jerusalem • Depart Jerusalem to Ramallah • One-on-One Meetings in Ramallah • Return to Jerusalem then TelAviv to travel to US • Evening departure or Overnight stay on own itinerary

PARTICIPATION REQUIREMENTS

All parties interested in participating in the Trade Mission to Egypt, Jordan, and Israel must complete and submit an application package for consideration by the Department of Commerce. All applicants will be evaluated on their ability to meet certain conditions and best satisfy the selection criteria as outlined below. A minimum of 12 and maximum of 15 representatives will be selected to participate in the mission from the applicant pool. U.S. companies already doing business with Egypt, Jordan, Israel, and the West Bank as well as U.S. companies seeking to enter these markets for the first time may apply.

CONDITIONS FOR PARTICIPATION:

An applicant must submit a completed and signed mission application and supplemental application materials, including adequate information on the company's products and/or services, primary market objectives, and goals for participation. If the Department of Commerce receives an incomplete application, the Department may reject the application, request additional information, or take the lack of information into account when evaluating the applications.

Each applicant must also certify that the products and services it seeks to export through the mission are either produced in the United States, or, if not, marketed under the name of a U.S. firm and have at least 51 percent U.S. content of the value of the finished product or service. In the case of a trade association/organization, the applicant must certify that for each company to be represented by the association/organization, the products and services the represented company seeks to export through the mission are either produced in the United States, or, if not, are marketed under the name of a U.S. firm and have a least 51 percent U.S. content of the value of the finished product or service.

Selection Criteria for Participation: Selection will be based on the following criteria with respect to the applicant's company, or in the case of a trade association/organization, the companies the association/organization intends to represent on the mission:

- Relevance of the company's business to the mission goals;
- Suitability of the company's products or services for the Egyptian, Jordanian, Israeli, and (as applicable) West Bank markets
- Applicant's potential for business in Egypt, Jordan, Israel, (or the West Bank) including likelihood of exports resulting from the mission
- Consistency of the applicant's goals and objectives with the stated scope of the mission

Diversity of company size and location may also be considered during the review process.

Referrals from political organizations and any documents containing references to partisan political activities (including political contributions) will be removed from an applicant's submission and not considered during the selection process.

FEES AND EXPENSES

After a firm or trade association/organization has been selected to participate in the mission, a payment to the Department of Commerce in the form of a participation fee is required. The participation fee for the business development mission will be \$3,325.00 for a small or medium-sized enterprise (SME)¹ or trade association/organization with fewer than 500 employees; and \$4,625.00 for large firms. The fee for each additional trade association/organization representative or firm representative (large firm or SME) is \$1,000. The cost for the West Bank optional meetings is in addition to the mission participation fee above, at \$750 per SME and \$2,300 per large firm. Ground group transportation costs in Egypt, Jordan, and Tel Aviv have been included in the cost. Except as otherwise noted, expenses for travel, lodging, meals, and incidentals will be the responsibility of each mission participant. If necessary, interpreter services have been included for government meetings.

The mission fee does not include personal travel expenses such as lodging, most meals, local ground transportation, except as stated in the proposed timetable, and air transportation from the U.S. to the mission sites and return to the United States. Business visas may be required. Government fees and processing expenses to obtain such visas are also not included in the mission costs. However, the U.S. Department of Commerce will provide instructions to each participant on the procedures required to obtain necessary business visas.

¹ An SME is defined as a firm with 500 or fewer employees or that otherwise qualifies as a small business under SBA regulations (see http://www.sba.gov/services/contracting_opportunities/sizestandardstopics/index.html). Parent companies, affiliates, and subsidiaries will be considered when determining business size. The dual pricing reflects the Commercial Service's user fee schedule that became effective May 1, 2008 (see <http://www.export.gov/newsletter/march2008/initiatives.html> for additional information).

VIII. TIMEFRAME FOR RECRUITMENT AND APPLICATIONS

Mission recruitment will be conducted in an open and public manner, including publication in the Federal Register, posting on the Commerce Department trade mission calendar (<http://export.gov/trademissions>) and other Internet web sites, press releases to general and trade media, direct mail, notices by industry trade associations and other multiplier groups, and publicity at industry meetings, symposia, conferences, and trade shows.

Recruitment for the mission will begin immediately and conclude no later than **MARCH 13, 2015**. The U.S. Department of Commerce will review applications and make selection decisions on a rolling basis. Applications received after **MARCH 13, 2015**, will be considered only if space and scheduling constraints permit.

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