

Life sciences and health-care tourism

“Health-care tourism” is frequently used to refer to overseas travel undertaken by patients to avail of health services in a particularly attractive destination. While in many cases the trip may be motivated by the ability to combine tourist activities with treatment at an exotic destination, in most cases foreign patients are attracted by factors related to (a) quality of treatment and (b) costs.

Due to recent progressive policies of the present administration, Thailand is now poised to become one of Southeast Asia’s leading health-care tourist destinations. Success in this area is seen as a key ingredient in Thailand’s aspirations to become a centre for excellence in life sciences, in accordance with the policy goal pronounced by Prime Minister Thaksin Shinawatra in January 2005.

Recent reports from the Tourism Authority of Thailand suggest that over one million tourists arrived in the country specifically seeking medical care or spa treatments, injecting many millions of baht into the Thai economy. This figure is bound to increase in the near term. At present, overseas patients coming to Thailand for treatments are generating significant revenues and this is seen as a driver for primarily private hospitals to develop their facilities and services to international standards. Bangkok’s Bumrungrad Hospital is a prime example. Last year, it achieved the milestone of treating over one million patients and generating 5.7 billion baht in net revenues.

Despite these remarkable figures, Thailand’s attractiveness as a destination for more sophisticated medical and cosmetic treatments will depend on the extent to which Thailand can continue to produce and attract sufficiently skilled medical professionals, introduce and maintain world-class facilities, ensure access to innovative medicines and develop and improve pioneering treatments and diagnostic technologies. Key to this will be to ensure that Thailand’s intellectual property (IP) system can instill confidence in overseas investors so they are reassured that world class protection exists if they choose to deploy their modern and cutting-edge medical facilities and technologies in Thailand as a destination of first choice. Absent modernisation of the country’s IP laws, investment could be lost to neighbouring countries such as Singapore where far higher incentives and security exist for technological investment. Singapore’s highly touted Biopolis Centre includes a statement in its own promotional materials highlighting Singapore’s strong track record in enforcement of IP rights as a reason for choosing Singapore as a destination for foreign investors over its Southeast Asian neighbours.

Another example of a country that has used IP reform to become one of the world’s most important medical service

hubs is Jordan. After modernising its IP laws and improving its IP regime, the growth of Jordan’s knowledge-based economy boomed, fueled by major contributions by the Jordanian health-care sector. A vast increase in the number of clinical trials being conducted in Jordan followed, and this hastened the development of cutting-edge therapies in hospitals for many diseases such as cancer and diabetes. Over a period of four years from 1997, employment opportunities in the health-care sector increased by over 52%. Medical tourism today represents over two-thirds of total tourism in Jordan and is a key GDP contributor.

In the two previous articles in this series, we highlighted how strengthened IP protection could also assist in the development of Thailand’s efforts towards creating capacity to develop its own medicines and to attract clinical trials. In this area, too, the example of Jordan’s improved IP laws has resulted in significant benefits. Today, pharmaceutical development is Jordan’s second leading sector with highly valuable exports increasing year on year. Major pharmaceutical companies have increased employment dramatically, some by as much as 500%, and with this new capacity, there has been a dramatic increase in technology transfer, knowledge transfer (“mindshare”) and training in many fields such as marketing, distribution, sales-force training and medical service.

There is a perception that in Southeast Asia, with Singapore the notable exception, weak IP laws and enforcement encourage the production of counterfeit medical devices and medicines. Criminal syndicates are not deterred by the weak laws from their activities, and are in fact motivated by the easy profits they make.

The prevalence of this problem was recently highlighted by the WHO when it produced estimates that as much as 25% of medicines in developing countries are counterfeit, with Southeast Asia (including Thailand) being particularly problematic. In many cases, such counterfeit medicines may lack the active therapeutic ingredients, be contaminated with impurities or be misdosed.

Whilst Thailand’s rise as a potential hub in the health-care tourism sector has been recent and rapid, if further growth is to be expected, viable and strong IP laws will be vitally important. When that is achieved, Thailand will take dramatic steps forward to become a recognised centre for modern life sciences, and in turn, Thailand’s progress toward a value-added knowledge-based economy will attain significant credibility.

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