



Investment Climate Update: Medical Tourism



FAST FACTS

- The global medical tourism industry is estimated to bring in \$20 billion annually.
- South Africa, Tunisia, and Morocco are among the African countries that are attracting international attention and are targeting investors in the industry.
- The health tourism sector of Tunisia attracts approximately 150,000 international tourists every year.
- Tunisia's first private hospital is worth an estimated \$40 million and will employ 1,200 Tunisian medical personnel.
- Medical tourism in Morocco is dominated by cosmetic surgery and dental treatment, with these procedures' costs running lower than 50% of those offered in Western Europe.
- Eighty-five percent of South Africa's medical visitors are from other African countries.

Africa's Medical Tourism Industry



In the past decade, African countries have experienced an increase in the number of tourists visiting for medical treatment. Medical tourism is the result of increased globalization and travel mobility across international borders. In African countries, medical tourism offers services that are often less expensive and of higher quality than patients would have received in their home countries.

African countries that are attracting international attention and targeting the industry include South Africa, Tunisia, and Morocco. These countries are developing comprehensive national strategies such as public-private partnerships, tax-investment incentives, and marketing. A common medical tourism strategy is to provide comprehensive packages that include assistance with medical visas, a meet and greet at the airport, private nurses, hospital accommodations before and after surgery, as well as a luxury safari post-treatment.

The global medical tourism industry is valued at \$20 billion per year, with nearly 7 million patients seeking health care abroad. South Africa has emerged as the clear leader as a medical tourist destination on the African continent, with Morocco and Tunisia well positioned in North Africa to attract European patients.

The global medical tourism industry is valued at \$20 billion per year, with nearly 7 million patients seeking health care abroad.

These markets have the ideal prerequisites for a thriving medical industry: favorable climates, exotic international tourist locations, and highly certified medical practitioners and facilities. Recognizing the need for capital and financing to compete with the major medical tourist hubs in Thailand, India, and Singapore, these African governments have embraced international partnerships. South Africa, Morocco, and Tunisia have committed to necessary infrastructure development and have secured private capital to finance upcoming projects aimed to propel their countries as top medical tourist destinations. ★

Sources:

- http://www.consultancyafrica.com/index.php?option=com_content&view=article&id=1331:medical-tourism-in-africa-sun-sea-scalpel-and-safari&catid=90:optimistic-africa&Itemid=295
- <http://www.sfu.ca/medicaltourism>

INSIDE

South Africa: Africa's Premier Destination	2
Tunisia: North Africa's Medical Tourist Destination	2
Morocco's Medical Tourism Industry.	3
Medical Tourist Migration Within Africa	3



Investment Climate Update: Medical Tourism

Africa Business Initiative

SOUTH AFRICA: AFRICA'S PREMIER DESTINATION

South Africa has emerged as Africa's leading medical tourism destination. Home to the world's first heart transplant in 1967, South Africa has continued to invest in world-class medical procedures and practitioners and has seen exponential growth in its medical tourism industry. Between 2003 and 2008, 1.9 million visitors traveled there for medical treatment.



Popular medical treatments and procedures for tourists in South Africa include dental procedures, cosmetic surgeries, fertility procedures, and physical therapy. They are offered at highly competitive prices, often costing a third less than those performed in the United Kingdom and the United States.

In 2010, the South African government released the framework of the "New Economic Growth Path" highlighting six pillars for major economic growth and job creation. The government declared tourism as one of the main pillars tasked with generating jobs and bolstering the economy. The framework led to the creation of the National Department of Tourism and the commitment of creating 225,000 jobs and increasing tourism's economic contribution to GDP by \$47.5 billion by the year 2020. As the ultimate goal, the department is

(Continued on page 4)

Tunisia: North Africa's Medical Tourist Destination

Tunisia has experienced rapid growth in its touristic health resorts with a rise in world-class facilities in Sousse, Hammamet, Djerba, and Gammarth. In addition to attracting international acclaim, these clinics' regulations follow international standards of accreditation and sanitation.

The health tourism sector of Tunisia attracts approximately 150,000 international tourists annually. Tunisia's reputation as the premier health tourism destination in Northern Africa, and as second on the continent behind South Africa, is due in large part to its thalassotherapy treatment. Tunisia ranks second worldwide after France for this medical skin treatment procedure, which uses mineral elements in its Mediterranean shores for a therapeutic experience. The properties of Tunisia's Mediterranean seawater are believed to soothe dry skin and fight skin irritants such as acne, psoriasis, and eczema.



Recognizing Tunisia's prominent role in medical tourism in Northern African and on the continent, the government has launched an ambitious strategy to transform Tunisia into a regional medical hub by 2016. To accomplish this, the Tunisian government has undertaken a series of investment and tax incentives. It has implemented fiscal incentives such as abolishing the value-added tax on medical treatment for all non-Tunisian residents, tax exoneration on medical equipment and devices, and a 50% tax break on all investments related to medical institutions and infrastructure.

Tunisia ranks second worldwide for its thalassotherapy treatment.

The Tunisian government has also embraced funding by public-private partnerships. To further attract private investment, Tunisia has begun establishing medical cities and special investment zones for companies that have medical expertise. These cities and zones provide additional investment and tax incentives to attract international private investment. As a result, Tunisia will soon be home to its first private hospital, funded primarily by the Japanese Tokusukai Medical Corporation. The hospital, which will be built in Tunis, has an estimated worth of U.S. \$40 million and will employ 1,200 Tunisian medical personnel. ★

Sources:

<http://www.oxfordbusinessgroup.com/country/Tunisia>
<http://allafrica.com/stories/201203070711.html>
<http://medicaltourismguide.com/2009/09/28/tunisia-aims-to-develop-medical-tourism-industry>
<http://www.experienceitours.com/blog/enjoying-thalassotherapy-in-tunisia>
<http://thelatest.co.uk/7/review-thalassotherapy>

Investment Climate Update: Medical Tourism

Africa Business Initiative

MOROCCO'S MEDICAL TOURISM INDUSTRY

The Kingdom of Morocco's market for medical tourism is not as robust as Tunisia's, but has made major investments to become an attraction in Northern Africa.

Medical tourism in Morocco is dominated by cosmetic surgery and dental treatment, with these procedures' costs running less than those offered in Western Europe. A pleasant climate, internationally trained medical staff, and a Francophone population, along with lower costs, make Morocco an ideal medical tourist destination.

To enhance the competitiveness of Morocco's overall tourism industry, Morocco's Ministry of Tourism launched the national strategy Vision 2020. Its primary goal is to attract 1.5 billion tourists and accessible markets by 2020, with a major focus on the Western and Northern Europe region. The health and wellness tourism sectors are cited in the strategy as two major industries ripe for development and job creation.



Morocco's investments and policies have contributed greatly to the growth of the industry. The country shares an open skies agreement with the European Union, which allows a variety of flight destinations for potential medical tourists. Moreover, Morocco has eliminated value-added taxes on cosmetic surgeries, increasing the price competitiveness of its procedures.

Morocco's Vision 2020 has resulted in policies that support public-private partnerships and draw private investment into many targeted tourist cities. In addition to providing favorable tax and investment incentives, Morocco's Vision 2020 strategy partners investors with Morocco's Tourism Development Agency to provide assistance with international marketing and business partnerships.

In December 2012, Tasweek Real Estate Development and Marketing entered into contract and began construction of a U.S. \$40 million, 21,000 square-meter health care complex. It is located in the tourism capital of Marrakech and has become known as the Marrakech Health Care City. Upon completion in early 2015, the site will provide space for a 160-bed private hospital, as well as a 40-room hotel and 56 residential apartments. It will host an estimated 5,000 patients a year, offering a variety of specialized medical procedures including surgery, cardiology, and radiology. ★

Sources:

<http://www.oxfordbusinessgroup.com/news/just-what-doctor-ordered-medical-tourism-providing-fillip-sector-expansion>
<http://www.morocoworldnews.com/2013/11/113277/moroccos-tourism-vision-2020-aims-to-attract-20-million-tourists>
<http://global-medical-tourism.com/morocco-opportunities-for-moroccan-medical-tourism>
<http://www.ventures-africa.com/2012/12/moroccos-40m-marrakech-health-care-city-unveiled>
<http://www.eurasiareview.com/11072013-morocco-a-rising-international-tourist-destination>

Medical Tourist Migration In Africa

Medical tourism is one of the few industry areas where intra-Africa trade surpasses that of countries outside the continent. As an example, 85% of South Africa's medical visitors are from other African countries. Migration from the Global South, or clients from poorer regions to well-resourced countries, accounts for the bulk of South Africa's medical tourist market.

Many African countries' health institutions are in disarray resulting from a lack of resources, staff, and unmanageable expectations. Despite the lack of quality care, the upcoming middle class in Africa has already demanded a new standard. As some African countries focus on investments in health care, they will experience massive migrations of people from neighboring countries. It is vital that South Africa, Morocco, and Tunisia explore best policies and practices to facilitate the flow of medical patients into their countries.

The 1999 SADC Health Protocol seeks to "facilitate the establishment of a mechanism for the referral of patient health care."

Bilateral health agreements can be used as policy tools to facilitate the flow of medical migrants from surrounding countries. They not only legitimize the flow of patients seeking access to health care but enable the host country to receive payment by governments for the health care costs of nonresidents.

Developments in bilateral health agreements are already under way, and many countries are exploring ways to support the medical tourist travel of their citizens to other countries. The

(Continued on page 4)

Investment Climate Update: Medical Tourism

Africa Business Initiative

SOUTH AFRICA: AFRICA'S PREMIER DESTINATION

(Continued from page 2)

committed to making South Africa a top 20 tourist destination in the world by year 2020. Medical tourism is uniquely positioned in this job-growth initiative as an industry combining exotic tourist destinations with high-value services in the medical field.

One of South Africa's forthcoming world-class health centers, approved by the KwaZulu Natal Department of Health, is the Thukela Health and Wellness Center. The facility is projected to cost \$380 million and will be located in the province of KwaZulu Natal, on the East Coast of South Africa. Phased to be built over the course of 10 years, the medical wellness center will bring an estimated 67,000 construction jobs and 5,000 staff positions once in operation. The center will be a one-stop shop for medical tourism and health care treatment, offering cosmetic and advanced medical surgery, an oncology unit, and a world-class luxury rehabilitation center. ★

Sources:

http://www.consultancyafrica.com/index.php?option=com_content&view=article&id=1331:medical-tourism-in-africa-sun-sea-scalpel-and-safari&catid=90:optimistic-africa&Itemid=295
<http://www.gov.za/aboutgovt/programmes/new-growth-path/index.html>
<http://www.tourism.gov.za/AboutNDT/Publications/National%20Tourism%20Sector%20Strategy%20Executive%20Summary.pdf>
<http://intellibuild.co.za/kzn-north-coast-lifestyle-resort-on-track-for-surgical-safaris>

Medical Tourist Migration In Africa

(Continued from page 3)

government of Swaziland, for instance, has set up a funding mechanism to pay for referred medical patients to be treated by health facilities in South Africa.

South Africa has facilitated bilateral health agreements with 20 African countries.¹

Further research is needed on the role of bilateral health agreements and the effectiveness to which they facilitate access to health care. This will require increased focus on Africa's domestic medical tourism industry as Africa's middle class is one of the largest and fastest-growing in the world. ★

¹ These are Namibia, Uganda, Tunisia, Rwanda, Nigeria, Lesotho, Angola, Senegal, DRC, Algeria, Botswana, Mozambique, Seychelles, Burundi, Cameroon, Malawi, Zimbabwe, Zambia, Swaziland, and Egypt.

Sources:

https://www.academia.edu/3644554/Patients_Without_Borders_Medical_Tourism_and_Medical_Travel_in_Southern_Africa
<http://www.icrc.org/eng/resources/documents/update/2014/04-23-niger-migration.htm>
<http://www.sadc.int/documents-publications/show/804>

ABOUT ABI

ABI is the leading advocacy-driven initiative representing America's top companies doing business across Africa. The initiative focuses on market access and trade facilitation, financing, and engagement with the governments of the United States and the African nations.

ABI works with the U.S. business community to develop legislative policies that foster foreign direct investment in Africa. It also provides tailored guidance to American companies doing business in African nations and introduces U.S. companies to the continent's vast economic opportunities.

Under ABI's leadership, U.S. corporate representatives engage key members of Congress, the administration, and foreign governments in strategic dialogues to promote private sector engagement. ABI is also home to two bilateral business councils: the U.S.-Côte d'Ivoire Business Council and the U.S.-South Africa Business Council. ★

➤ To learn more about ABI, visit www.uschamber.com/international/africa. Contact ABI staff at abi@uschamber.com.



U.S. CHAMBER OF COMMERCE
International Affairs