

TEUTONIC TRADING

How Hamburg's slow and steady approach is capturing the Gulf healthcare market.

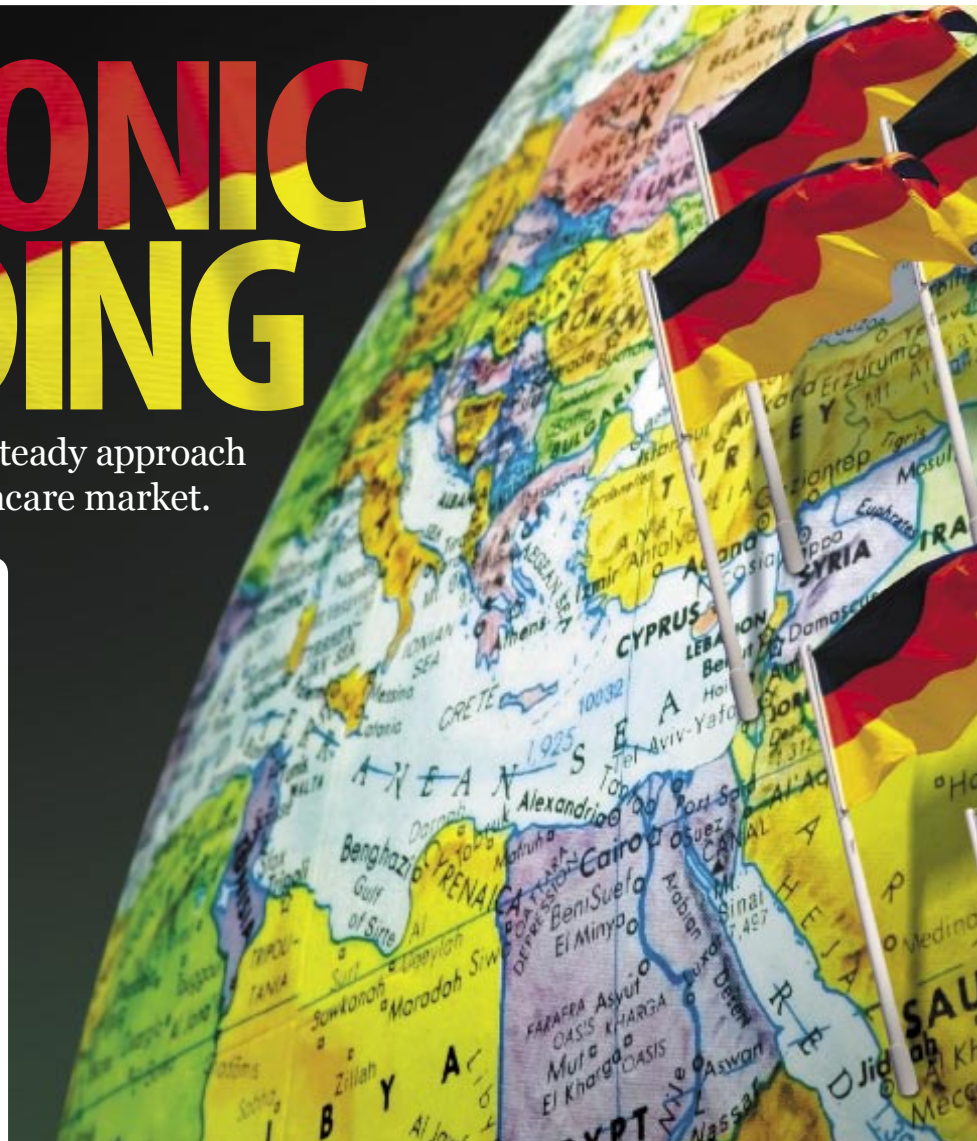
Germany is a dark horse contender in the race to snatch a piece of the Gulf's healthcare market.

The European country has crept in through the back door; quietly building deals to rival the multimillion-dollar contracts secured by health organisations from countries including the UK, US and Australia.

To date, America has been the noisiest influence on the region's US\$100bn health industry, with a string of deals by top firms such as Cleveland Clinic, Harvard and Johns Hopkins.

In contrast, Germany has brought its trademark Teutonic efficiency to the market, favouring knowledge exchange over US-style branding deals.

Hamburg in particular has emerged as a rising star. The German city-state has inked joint declarations with the health ministries of Dubai, Jordan and Oman, and is set to close a fourth with Abu Dhabi during the Arab Health exhibition, held next month in Dubai.



The agreements promise cooperation across nine fields of healthcare, including training, patient care and consulting.

Hamburg has taken care to align itself closely with the declared aim of many Arab governments: self-sufficiency in healthcare.

Its hospitals play host to around 100 Arab doctors each year through a number of training schemes, and delegations of German doctors regularly visit the Gulf in skill-transfer programmes. One of these has led to a proposal for a national breast-screening programme in Oman – the first in the GCC – modelled on the system used in Hamburg.

“It’s vital for the Gulf countries to have hospitals and doctors of their own who can treat their residents,” said Reinhard Hollunder, head of international affairs at Hamburg’s Department of Health, “which then opens the possibility of our doctors working there.”

In a sign of this shift, Kuwait, Oman and the United Arab Emirates have paid for state doctors to receive training in Hamburg in hospital management. Public hospitals in the Gulf have traditionally received a blank cheque, so there is a structural gap between the region’s health ambitions and its knowledge that Hamburg is well poised to exploit.

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“There are questions about financial management and hospital management, and we can help with that,” Hollunder said. “The time when money didn’t matter in the Gulf is over.”

Last month, Hamburg hosted the Arab-German Health Forum: a conference designed to spur cooperation between the two countries.

The event saw a number of high-level Gulf ministers scouting out private investment to shore up national health services.

Among them was Bahrain Minister of Health Dr Faisal Yacob Alhamer, who revealed his government is actively seeking

tie-ups with specialist care providers.

“Primary care is managed largely by the government, but we would welcome investment at the tertiary end,” he told *Medical Times*. “We need cooperation in specific areas, such as diabetes, oncology and cardiology. My goal here is to invite investment from the German market.”

Further afield, Libya’s secretary for health Dr Zaidan Bader Zaidan said he was keen to source “not just capital but know-how,” as part of plans to upgrade the country’s private health sector.

Libya, North Africa’s richest country, has taken giant steps to smooth the path for foreign healthcare investment, partly in a bid to lure future health tourism away from the Gulf.

“We’re open and liberal and close to Europe,” said Dr Zaidan. “So for German hospitals, they can also attract European healthcare tourists at a lower cost.”

Certainly, Arab medical tourists have been the chief draw for American and Asian hospital chains moving to the Gulf. Health organisations, such as Thailand’s Bumrungrad Hospital, have preempted the move by Gulf governments to keep their patients at home by setting up hospitals in the region.

While Germany has been slower to catch this trend, its hospitals are rapidly making up lost ground. LMU Munich Medical International, the consulting arm of Munich University Hospital, has announced plans to open a psychiatric hospital in Sharjah, and has partnered with Harvard Medical International to open a simulation training facility in Dubai.

UKE Consult and Management (UKE-UCM), part of the University Medical Center Hamburg-Eppendorf (UKE), also has a number of deals on the table in the Gulf and wider Middle East.

The consulting firm generates €6mn (US\$7.4mn) a year in international contracts; the majority of which, said CEO Dr Mathias Goyen, is channeled through the Middle East.

One of the biggest deals, a five-year contract to manage a 140-bed Police Hospital in Sana’a, Yemen, took effect in January of this year.

The contract, which is worth €1mn (\$1.2mn) a year, includes training stays for

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Yemeni doctors and 16 weeks of in-house training a year led by UKE professors.

UKE-UCM is also close to inking a deal with Kuwait’s Al-Shefa’a Medical Care Company, the health arm of the Commercial Real Estate Company, Al Tijaria.

The firm, part of the Marafie family’s portfolio, is one of a number of Gulf groups that has gauged the profit potential of the healthcare market. It has plans to build a rival to Dubai Health Care City in Kuwait, the eponymously named Al-Shefa’a Medical City, to open in 2012.

On a closer timeframe, UKE-UCM is pushing to duplicate its Hamburg-based medical prevention centre across the Gulf.

The centre, which Goyen describes as a “cash cow,” offers a four-hour medical MOT, including a full-body MRI scan, to mainly corporate clients.

The first centre could open in Kuwait, in partnership with Al Shefa’a, by July 2009. A second centre is planned in partnership with Pragma Group, a Dubai investment firm, to be set up on Sheikh Zayed Road, Dubai.

“We want to be the Starbucks of screening with a centre in every Gulf city,” said Goyen, who revealed UKE-UCM would reap an estimated €2mn (\$2.4mn) annually in return for managing the centres, plus a percentage of the profits.

For now though, Hamburg is focusing on strengthening its education ties with the Gulf. The city is in talks with Abu Dhabi, Oman and Saudi Arabia to support public health initiatives, primarily through training visits for doctors to show off the health benefits of a solid primary care system.

Hollunder has earmarked the three regions as the ones to watch in terms of healthcare. “They understand that high-quality medicine comes out of research and patient care together,” he said. “They are prepared to invest in that.” **MT**