

Industry Outlook

INDONESIA'S HEALTHCARE SECTOR FACES A NEW WAVE – MADE IN USA

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BACKGROUND

The United States and Indonesian governments signed a bilateral trade agreement in July 2025, which, **among other things, exempts US-made medical devices from certification and labeling** requirements when entering the Indonesian market.

This policy opens the door for freer entry of US medical devices. However, according to data from the Ministry of Industry and ASPAKI, 80% of Indonesia's medical device needs are currently still met by imports. This raises a strategic question: what is the fate of local issuers that are trying to build their own manufacturing capacity?

Reference: [Bisnis.com](https://bisnis.com), 23 Juli 2025, [CNN Indonesia](https://cnnindonesia.com), 23 Juli 2025

1. GENERAL IMPACT ON DOMESTIC HEALTH ISSUERS

a. Market Becomes More Dynamic and Competitive

With the massive influx of US medical devices, the market becomes more crowded and diverse. Consumers (hospitals, clinics, distributors) will have more choices in terms of price, specifications, and delivery time.

b. Local Issuers Forced to Level Up

Domestic producers such as **KLBF, PRDA, and OMED** have no choice but to accelerate transformation:

- Accelerate **local production and cost efficiency**.
- Increase **local content (TKDN)** to gain advantage in the government's e-catalog.
- Leverage **local branding** and national distribution channels.

2. STRATEGIC PROFILES OF SELECTED ISSUERS

KLBF (Kalbe Farma)

- Through Forsta Kalmedic, KLBF has partnered with **GE Healthcare** to build **Indonesia's first CT-Scan factory** (production target: 306 units by 2027).
- Focuses on large diagnostic devices, which have high margins and long lifespans.
- With >40% TKDN, KLBF qualifies for e-catalog entry and can compete in government hospital tenders.

OMED (Jayamas Medica Industri)

- OMED actually **benefits from the US–China trade war**, exporting disposables like syringes to the US market.
- OMED’s products do not compete directly with US high-end medical devices, and may even become a **subcontractor**. OMED mainly serves **the low-to-mid tech medical consumables** segment—not heavy equipment like CT-scans, MRIs, or ventilators.
- Completed a Rp50 billion buyback in Q2/2025 → ready for expansion.

PRDA (Prodia)

- Through its subsidiary Proline, PRDA is building a reagents & IVD factory in Jababeka, with 4× production capacity.
- Has >40% TKDN, prices contracts in rupiah, and has national distribution.
- Ready to withstand the entry of US diagnostic tools thanks to supply efficiency.

3. OPPORTUNITY OR THREAT?

Opportunities:

- **Increased transaction volume**, as the market becomes more dynamic.
- **Local issuers have the chance to rebrand:** efficient, fast local products with national value-added.
- Potential for **local–foreign partnerships** is open (e.g., KLBF–GE).

Threats:

- Without additional government incentives, local devices could be **drowned out in a food court dominated by foreign brands**.

4. WHAT IS THE ROLE OF THE GOVERNMENT?

The government **must not only open the door, but also ensure that local products can still compete**, for example:

- **Fiscal and tax incentives** for transactions between domestic entities.
- **Longer payment terms**, special discounts for local product e-catalog purchases.
- **Strategic protection based on TKDN** must still be enforced even with relaxed rules for the US.

Note: TKDN is not merely a “temporary regulation,” *but the foundation of a long-term medical device manufacturing industry.*

5. CONCLUSION

Issuer	Strategic Position	Impact of US Medical Device Surge	Outlook
KLBF	Local CT-Scan manufacturer, high TKDN	Directly affected in high-end device segment	Neutral–positive (strong in hospital tenders)
OMED	Exporter of basic medical tools	Unaffected, even benefits	Very positive (strong export access)
PRDA	Independent IVD reagent producer	Faces competition, but has local efficiency	Positive (margin & supply stability)

STRATEGIC RECOMMENDATIONS

- 1. Investors:** Focus on issuers that already have domestic production infrastructure and high TKDN.
- 2. Local Issuers:** Partner with global tech providers, increase production scale & TKDN, and focus on e-catalog.
- 3. Government:** Maintain a balance between market openness and support for national industry.



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