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THE health sector has been in the news a lot over the last few months and two particular developments got our attention. Firstly, two of SA's largest health-care groups, Netcare and Mediclinic, concluded large acquisitions of hospitals in the UK and Middle East, respectively.

At about the same time the health minister announced plans to crack down on the migration of foreign health professionals to SA.

The Geeks' knowledge of health issues does not extend much beyond athlete's foot and halitosis — so what does all of this have to do with economics and trade?

The service sector contributes around 60% of the world economy and about a fifth of world exports and imports. It includes financial services, tourism, telecommunications and, of course, health services.

Trade in health services is nothing new. In the 19th century, wealthy Europeans travelled to spa towns in continental Europe for therapeutic treatment. Many still do. But the range of private and public treatment available has expanded, as has the number of countries participating.

Moreover, like most other service sectors, trade in health care is no longer restricted to the movement of people abroad. It also includes foreign investment in hospitals, telemedicine, and the migration of health personnel.

SA has a well-developed, efficient and competitive private health-care sector. It also has an enviable climate, is in the same time zone as Europe, and presents an appealing and affordable travel destination. This bodes well for health tourism, and the number of foreign patients seeking "surgical safaris" in SA has risen strongly over the last decade.

South African hospital companies have also been successful in winning health-care tenders abroad, and particularly with the UK National Health Service (NHS).

The contracts are performed by teams of South African doctors and nurses brought to the UK for fixed and short-term periods. They are then prohibited from employment with the NHS for a period of two years. This helps the company to train its staff in new techniques and retain skilled staff in SA.

But it's the movement of health personnel in and out of the country that has the health minister's tonsils in a knot.

SA "exports" large numbers of doctors and nurses. Official statistics show that less than 100 doctors emigrated, per year, between 1998 and 2000. Yet survey data indicates that around 40% of medical graduates leave the country once qualified.

Nurses have also begun to leave in large numbers. The UK receives about 3000 applications for registration from South African nurses a year, second in number to the Philippines. Historically, this outflow has been matched, possibly exceeded, by the inflow of foreign doctors in SA.

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By 1999, 20% (about 6000) of doctors in SA were foreigners. A large proportion of these doctors came from other African countries; and many African migrants went to the public sector.

In 1998 a quarter of all public sector doctors were foreign, rising to 50% in rural provinces. In Mpumalanga, 24 of the 27 public hospitals were run by foreign superintendents, most of whom were from Africa.

The main reason for this migration to SA is financial. The average income of a junior doctor in Ghana or Lesotho is less than R1000 a month.

The South African government has responded with regulations that make it more difficult for foreign doctors to enter the country and seek to trap local professionals in the public sector. A compulsory community service programme requires all medical graduates to undertake a full year of service in a public institution, and the National Health Act of 2004 imposes significant restrictions on the operations of private health providers, particularly in well-served urban centres.

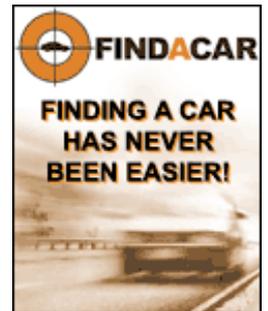
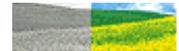
More recently, the South African government has undertaken not to recruit doctors from other developing countries and the immigration and registration requirements for doctors from developed countries have become extremely restrictive.

These regulations are intended, by design, to limit the growth of the private sector and constrain imports. Restricting the supply of doctors and nurses in the country is not an obvious way to deal with public health needs. Nor does it address the underlying cause of the flow of doctors from the public sector to the private sector and from SA abroad.

Health care is a global business; and one in which SA is competitive. Properly managed, this can be a source of income for South African doctors and improved health care for all.

This will be accomplished, not through clumsy attempts to cut us off from world markets, but rather by taking full advantage of the opportunities available, accompanied by domestic reforms that direct resources at basic public health.

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