



MEDTECH TRADE TARIFFS

U.S. healthcare supply chains are bracing for millions of dollars in lost revenue and increased costs due to U.S.-China tariffs on medical equipment and supplies, duties on raw materials including steel and aluminum, and vital products such as X-ray equipment, electro-surgical instruments, microscopes, lasers, surgical gloves, sterilizers and more.¹

For more than a year, the healthcare supply chain industry has estimated the financial hit from U.S.-China tariffs on medical equipment to be \$400 million nationwide when taking into account a 10% tariff on a \$200 billion import industry from China, and according to Jacqueline Varas, director of trade and immigration policy at the American Action Forum, the 25% tariffs will place an extreme financial burden on medical equipment supply chains and consumers.

The American Hospital Association (AHA) is fighting back against the U.S.-China tariffs and the potential negative impact on communities, vulnerable stakeholders like the increasingly larger elderly population, and children, both groups who make up the majority of users requiring sophisticated and specialty products such as pacemakers and defibrillators, and anticipate the increased costs of the tariffs on medical equipment purchased by hospitals and healthcare provider systems to reach upwards of \$160 million per year, according to Thomas P. Nickels, AHA executive vice president.

And the Medical Imaging & Technology Alliance in the U.S. conducted a survey among major suppliers—Cardinal Health, GE Healthcare, Bayer, Lilly, Hitachi, Medtronic, Phillips and Samsung—who collectively sell more than 90% of advanced medical imaging technology on the global market, and 100% of respondents reported they would invest fewer dollars in research and development and reduce their workflows if the tariffs are implemented. 

(\$400M FINANCIAL HIT FROM U.S.-CHINA MEDTECH TARIFFS)

U.S.-China Trade Overview

The United States is the world's largest importer of medical technology and relies heavily on imports from China, its fourth largest supplier (after Mexico, Ireland, and Germany). The bilateral trade deficit between the United States and China for medtech has been growing slightly in recent years, reaching \$711 million in 2017, driven principally by U.S. imports of Chinese-made parts and components (Figure 1). The goods for which the United States has maintained its highest trade deficits with China consist mostly of parts for devices such as X-ray machines and orthopedic implants as well as disposables like surgical gloves and bandages.

At the same time, the United States is China's largest supplier of medical technology, accounting for close to one-third of that country's \$18.6 billion of imports in 2017, according to Global Trade Atlas. The United States is China's leading supplier of intravenous diagnostic equipment, therapeutic devices, diagnostic equipment, and other relatively higher-value products.

¹ Source: (Hochfelder, 2019); <https://www.supplychaindive.com/news/us-china-tariff-health-supply-chains/554792/>