

Medical devices: new EU restrictions will badly hurt Chinese manufacturers | Credendo

Europe has taken a measure to limit Chinese medical device producers' access to its market

The announcement that a new series of products could be severely impacted by new restrictions hindering trade between China and Europe added to the trade tensions affecting the global economic activity. Earlier this month, EU members states backed a proposal to limit Chinese medical device producers' access to public procurement contracts worth over EUR 5 million for a five-year period. This move is a first application of the International Procurement Instrument, a law enacted in 2022 aiming to promote reciprocity in access to public procurement. Indeed, the vote follows the result of an investigation started last year by the EU, indicating 'clear evidence' that China unfairly blocked EU-made medical devices' access to its own market. The EU has long argued that Beijing was applying market-distorting measures to achieve 85% of domestic market share for Chinese companies producing 'core medical device components' by 2025, including strict domestic product requirements for many categories of devices. In response, Chinese authorities said they will take measures to firmly safeguard the interests and rights of Chinese companies.

Chinese producers are likely to be severely affected

Partly as a result of the 'Made in China' policy, the Chinese trade deficit of EUR 1.3 billion for medical devices vis-à-vis Europe in 2019 turned into a EUR 5.2 billion surplus just one year later, according to data cited by an EU report. Therefore, new EU restrictions could significantly impact mainland Chinese exporters of medical devices, as the EU accounted for 31% of their exports in March 2025. These restrictions come in addition to significant pressure from the US tariffs, which could be restored after the 90-day truce ending in August, as the USA remains the largest export market for Chinese medical device manufacturers.

As for European buyers, imports of Chinese devices doubled between 2015 and 2023, according to the European Commission. Mainland China accounted for 13.4% of EU external imports of medical devices in 2024, according to S&P Global, including 44.6% of respirators and 49.0% of bandages. China comes second after the USA and the latter could become an alternative source and benefit from the situation if the ban on mainland Chinese suppliers sticks – just like Switzerland or other Southeast Asian countries. These changes could come with an increase in costs for client sectors of those products.

Regarding foreign firms operating in China, it is reported that the volume-based procurement policy, a system through which the government centralises the purchasing of medical material and drugs and then tenders the large volume to manufacturers offering the lowest prices, remains an important growth constraint, particularly for the diagnostics segment. Its impact could, however, be softened this year, due to China's '2025 Action Plan for Stabilising Foreign Investment', making medical device procurement more predictable a key action in the plan.

The measure could darken talks between the EU and China

Besides its impact for the medical device sector, the new EU measure comes at a sensitive moment, while Europe and China are attempting a rapprochement in bilateral trade ties in response to

shifting global dynamics following Trump's escalating trade war. As a matter of fact, the two blocs have an increasing number of trade disputes against each other. A meeting between Xi Jinping and EU officials is set for the end of July, with planned discussions about EU import duties on mainland China's electric vehicles in particular.

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