

# News

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## China's Public Procurement Protectionism and Europe's Response: The Case of Medical Technology

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**Brussels, Belgium, 22nd September 2021** - This paper concerns China's market for medical technologies and how the Chinese state is assisting its own companies to gain greater sales at the expense of producers from Europe and other advanced manufacturing economies. The medical technology sector captures a variety of products, services and solutions which are essential to the provision of healthcare to citizens. Examples range from fairly simple technologies such as sticking plasters, to complex ones, such as coronary stents, orthopaedics and pacemakers. In the last decades, Europe's exports of medical devices to China have grown robustly. On the back of vibrant innovation, firms from Europe and elsewhere have not just followed the growth of Chinese demand for medical devices – they have also increased their share of Chinese imports. Now, however, this market is at risk of being gradually closed off for European firms as China doubles down on various policies that advantage local firms, while ultimately harming innovation and Chinese patients.

Europe should consider a case at the World Trade Organisation (WTO) against China's policies which reduce European market presence for medical devices. Once agreed, a new International Procurement Initiative might be a useful instrument to wield pressure against the Chinese government to agree to free and fair competition. Europe can also negotiate with China – for instance in the framework of the Comprehensive Agreement on Investment (CAI) or through the new initiative on trade and health that Europe proposed to the Ottawa Group in 2020. These responses should focus both on remedying China's current policy for growing its domestic medical technology industry by distorting its market and setting out the core policies and rules that should guide the future market for medical technologies.

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