

# How the New Trump Tariffs Will Affect the MedTech Market in the U.S. and Globally: A Preliminary Review

## Executive Summary

- In April 2025, the Trump administration imposed sweeping tariffs on imports, including medical devices, with rates ranging from 10% to over 50%.
- These tariffs will significantly increase healthcare costs, disrupt supply chains, and impact procurement timelines for U.S. providers.
- U.S. MedTech firms face a loss of export competitiveness due to rising input costs and potential tender disqualifications.
- Non-U.S. competitors, particularly in the EU and Asia, are positioned to benefit from stable pricing and expanded global access.
- Israel stands at a strategic inflection point pending tariff negotiations, which could reshape its U.S. market trajectory.

## Introduction

In April 2025, President Trump's administration launched a sweeping tariff initiative, including a 10% baseline import tariff and elevated, country-specific duties of up to 54% targeting strategic trade partners. While positioned as a move to protect domestic industries, these tariffs have far-reaching consequences for the medical technology (MedTech) sector—both within the United States and abroad. This early analysis outlines potential market disruptions, competitive realignments, and strategic implications for U.S. and non-U.S. MedTech firms.

## U.S. Market Impact: Rising Costs, Margin Pressure, and Disrupted Supply Chains

Approximately 30% of medical devices used in the U.S. are imported. In 2023, the country imported \$37.9 billion in medical equipment. With key suppliers such as China (34%+), Germany (20%), Vietnam (46%), and Israel (17%) now subject to new tariffs, device procurement costs will surge across categories—including diagnostic imaging, orthopedic implants, pacemakers, and consumables.

Estimates suggest that prices for diagnostic imaging equipment (MRI, CT) could rise by 12–18%, orthopedic implants by 15%, and basic consumables (needles, gloves) by up to 25% if sourced from China or Vietnam. These increases will cascade into payer negotiations, reimbursement pressure, and patient billing.

### Key Risks:

- **Higher costs for providers:** Tariff-induced price increases will compress hospital margins, especially in rural, nonprofit, and safety-net systems.
- **Delayed upgrades and adoption:** Providers may postpone purchases of capital-intensive equipment, impacting care quality.
- **Limited product diversity:** Procurement strategies may shift toward domestic substitutes, shrinking the device ecosystem and potentially compromising technological variety and innovation.

### **Impact on U.S. Companies Globally: Competitive Disadvantage in Export Markets**

U.S. MedTech companies now face rising input costs without offsetting trade relief. Their global competitiveness—especially in price-sensitive markets such as Latin America, Southeast Asia, and parts of the EU—is at risk.

In recent years, U.S. device makers have supplied over \$5.6 billion annually in exports to ASEAN and MENA markets. In government tenders in India, Brazil, and South Africa, even a 10–15% price delta can disqualify bids. With tariff-related cost escalation, U.S. firms risk ceding strategic ground to German, Korean, and Chinese competitors.

Strategic Consequences:

- **Erosion of export margins** due to increased manufacturing costs.
- **Loss of tenders** in government-driven procurement markets.
- **Valuation pressure** on publicly traded U.S. device companies reliant on international revenue.

### **Advantage for Non-U.S. Competitors in Global Markets**

Foreign competitors not subject to U.S. tariff policy (e.g., EU firms selling into Asia, or Chinese firms in Africa) will gain pricing and distribution advantages. For example, German orthopedic firms and Chinese diagnostic manufacturers are already expanding in Latin America with stable pricing models.

- **Lower-cost alternatives** will erode U.S. device presence.
- **Increased acquisitions and partnerships** by non-U.S. firms.
- **Investor capital may shift** to firms with more stable global access and no exposure to U.S. import penalties.

### **Israeli MedTech: A Special Case**

Despite Israel's decision to eliminate tariffs on U.S. goods, Israeli medical exports are currently subject to a 17% U.S. import tariff. This has sparked high-level discussions, with Prime Minister Netanyahu scheduled to meet President Trump (on April 8<sup>th</sup>). If tariffs on Israeli devices are reduced or lifted, Israel could emerge as a tariff-free innovation hub for U.S. distributors, potentially gaining strategic market share versus EU and APAC competitors.

If exempted, Israeli exports to the U.S. could grow from \$1.5B (2025 est.) to over \$3.5B by 2030, particularly in neurorehabilitation, cardiology, and AI-driven diagnostic sectors. This would also elevate Israel's status as a key innovation partner in U.S. procurement channels.

### **Outlook and Strategic Uncertainty: What Does This Mean for MedTech Trade Partners, and What They Need to Do**

For global MedTech exporters, the U.S. tariff shift demands immediate strategic reassessment. Countries with newly imposed tariffs—such as China, Vietnam, and Israel—must reevaluate their go-to-market approach, pricing models, and supply chain configurations. National MedTech associations and trade ministries will need to engage in accelerated diplomatic negotiations to seek exemptions, adjust bilateral agreements, or open alternate export corridors.

MedTech firms should act quickly to:

- **Re-price and re-negotiate contracts** with U.S. distributors and GPOs to maintain competitiveness.
- **Assess near-shoring or U.S.-based contract manufacturing** to bypass tariff burdens.
- **Diversify export markets** to reduce overreliance on U.S. procurement cycles.
- **Strengthen regulatory alignment** with U.S. standards to ensure faster product approvals and smoother market re-entry.

This moment marks a call for surgical precision in trade strategy. Those that move proactively may protect or even expand their U.S. footprint. Those that wait will likely face erosion of both market share and margin.

At this early stage, it is unclear how long these tariffs will remain in place—or whether retaliatory actions will escalate. The structural risk is clear: a globally interdependent MedTech industry is now navigating a fragmented trade environment. U.S. healthcare providers will absorb higher costs. U.S. manufacturers face shrinking global margins. And foreign players are recalibrating to seize opportunity.

Healthcare systems may delay procurement in Q3 and Q4, waiting for trade stability. Investment analysts are already flagging downward earnings revisions for global-facing U.S. medtech firms, while private equity interest is shifting to less-exposed geographies.

#### Additional Sector Sensitivities and Policy Recommendations

- Certain MedTech sub-sectors are particularly exposed to tariff-driven volatility. For example, surgical robotics and orthopedic implants—many of which rely on imported precision components—face acute cost pressures.
- AI-driven diagnostic systems, often assembled across multiple jurisdictions, may encounter regulatory friction and disrupted assembly timelines.
- Conversely, single-use devices and consumables may see increased domestic substitution if price gaps widen.

To mitigate long-term damage, U.S. policymakers should consider:

- **Creating a tariff exemption framework** for high-priority MedTech categories essential to national healthcare.
- **Incentivizing domestic manufacturing** of critical components through tax credits or innovation grants.
- **Establishing a MedTech supply chain resilience taskforce**, coordinating between industry, CMS, and FDA.

To mitigate long-term damage, non-U.S. policymakers should consider:

- **Pursuing bilateral negotiations** to secure exemptions or reduced tariff treatment for strategic medical exports.
- **Establishing regional manufacturing hubs** to serve the U.S. market through nearshoring.
- **Leveraging trade alliances** (e.g., ASEAN, EU, MERCOSUR) to counterbalance U.S.-centric disruption.
- **Strengthening domestic innovation incentives** to maintain competitiveness even with reduced U.S. access.

These efforts will help non-U.S. exporters stabilize their MedTech sectors, preserve international market relevance, and potentially gain advantage in emerging global trade corridors.

### **Closing Thought**

The new tariff regime is a forced reconfiguration of global MedTech economics. Companies that move early to localize production, diversify supply chains, and renegotiate trade channels may survive—or even benefit. Others will be outpaced.

This is a preliminary review. The real impact will be defined by Q3–Q4 procurement cycles, investor sentiment, and diplomatic negotiations in the coming months.

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