



Geographic expansion and supply chain risk mitigation remain key



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Recent economic and political developments, namely policy changes under the new U.S. administration are making waves and creating uncertainty worldwide. One of the sources of market volatility is the U.S.' recently announced tariffs on imports from various countries. These tariffs, along with countermeasures from the affected countries, could disrupt supply chains and potentially lead to economic slowdowns.

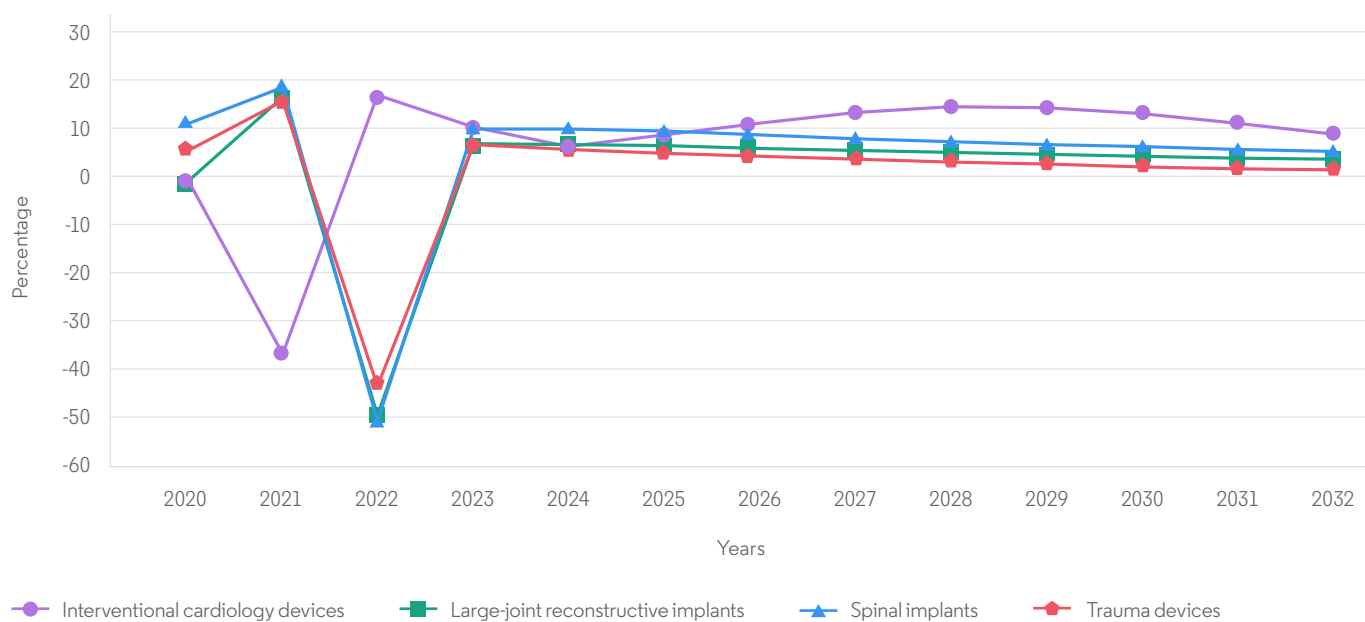
Ultimately, beyond the current political landscape, several factors have led major medtech competitors to increasingly recognize the potential for growth in markets outside the U.S., both in terms of establishing additional supply sources and targeting local markets with their products. Consequently, companies may partner with domestic companies or establish local subsidiaries and/or facilities.

Understanding the nuances across different geographies — be they regulatory, political, or even environmental — and considering those factors when building strategies will be key to success on a global scale. Because geographic differences are stark, MedTech companies are adopting hyper-focused local strategies.

Mainland China remains a crucial market for MedTech companies, but staying competitive will be challenging given the country's national volume-based procurement (VBP) policy.

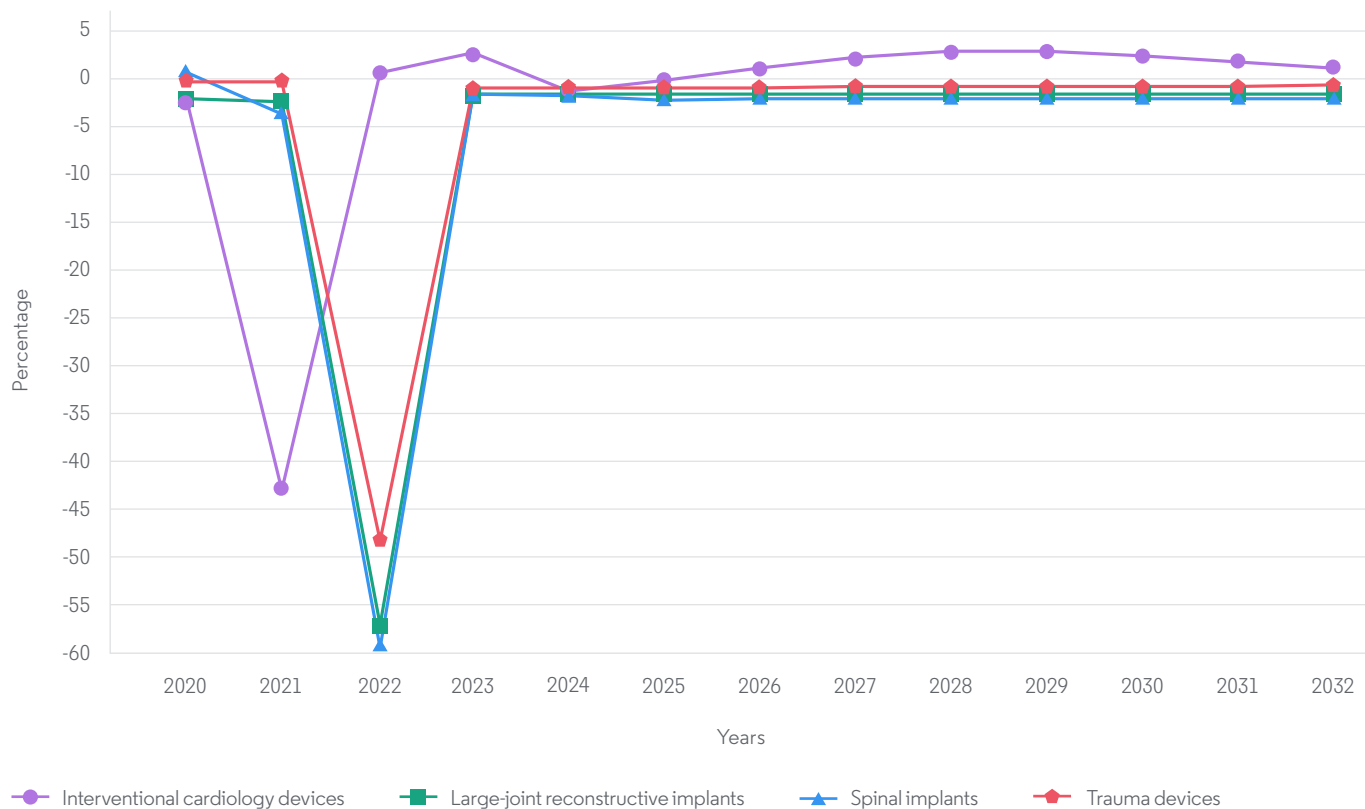


Figure 1: VBP impact on market growth in various MedTech segments in Mainland China.



Source: [Clarivate Medtech360](#)

Figure 2: VBP impact on average selling price growth in various MedTech segments in Mainland China.



Source: [Clarivate Medtech360](#)

Ultimately, many competitors may opt to mitigate supply chain risk through geographic diversification. For example, in addition to Mainland China, other Asian countries - such as Vietnam, India, Malaysia, Indonesia, and Singapore — are becoming important locations for expansion.

A supply chain strategy with greater geographic diversification does not mean exiting Mainland China; it simply means diversifying into other countries to avoid a strong reliance on any one country.

Future:

As highlighted in the Clarivate **Medtech Trends to Watch in 2024 report**, lessons learned from national security threats, natural disasters, and other major events like the COVID-19 pandemic have prompted companies to build more resilient supply chains, and part of this involves supply chain diversification and expansion into new geographies.

The recent policy changes under the new U.S. administration are anticipated to cause significant shifts in pricing tactics and competitive dynamics, with a strong likelihood of a more prominent focus on local manufacturers in many countries. The situation continues to evolve almost daily, and, like the rest of the world, medtech stakeholders continue to assess the impact and work to tailor their strategies accordingly.

Further reading: www.bioworld.com/Trump_administration_impacts
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