



Medical Equipment

Why Trade Matters

INDUSTRY SECTOR REPORT

General information on exports. U.S. firms exported \$18 billion in medical equipment around the world in 2000. Exports have increased 32 percent over the past five years.

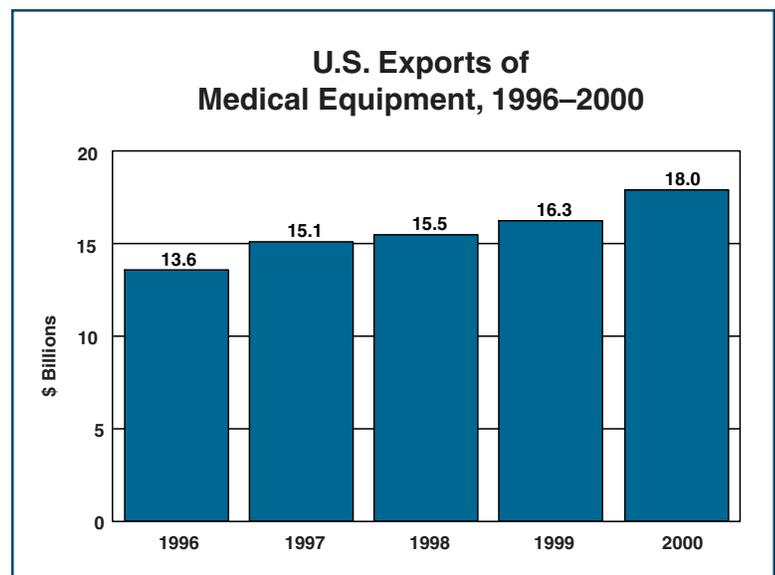
Market development. The United States is the world leader in medical equipment. U.S. manufacturers must increasingly look to foreign markets for long-term growth.

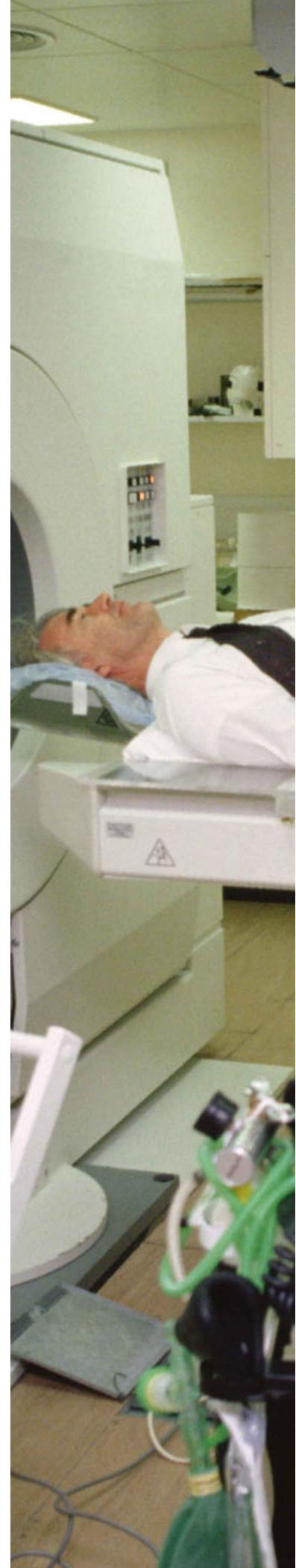
Tariffs. Developing countries continue to maintain high tariffs. MERCOSUR imposes 15 to 20 percent tariffs, and those in Chile, Peru, and Colombia range between 9 and 12 percent. Tariffs in India are 40 percent and in ASEAN countries are as high as 30 to 40 percent.

Nontariff barriers. The medical equipment sector faces nontariff barriers in the form of redundant and costly registration and certification requirements, particularly in Brazil.

Small and medium-sized enterprises. In 1998, more than 80 percent of U.S. exporters in this industry sector were small and medium-sized enterprises and accounted for nearly 30 percent of medical equipment exports.

Research and development. The medical equipment industry invests heavily in research and development. For example, half the firms in the diagnostics segment invest up to 50 percent of their profits in research.





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Health benefits. Advances in medical technology detect diseases earlier and offer new, more effective treatments. Trade liberalization lowers the cost of acquiring these new technologies.

Employment opportunities. Medical equipment manufacturers employ approximately 270,000 people throughout the country.

Key producing states. California, Massachusetts, Pennsylvania, Minnesota, Texas, Florida

The sector. This sector covers all of the products in the Uruguay Round sectoral initiative including surgical, medical, and dental instruments and supplies.

BENEFITS AND EFFECTS FROM PREVIOUS TRADE AGREEMENTS:

- ▶ The medical equipment sector has benefited greatly from previous trade agreements. Due to NAFTA, U.S. medical equipment exports to Mexico have increased 88 percent (up from 50 percent) since 1996. As a result of the Uruguay Round negotiations, key developed WTO members agreed to eliminate tariffs on medical equipment.