LTT

On 19 June, the European Commission adopted a measure under the International Procurement Instrument (IPI) excluding Chinese companies from EU government purchases of medical devices exceeding €5 million. In addition, it now allows no more than 50% of inputs from China for successful bids.

The measure, the first one adopted under the International Procurement Instrument (IPI), seeks to level the playing field for EU firms and incentivise China to cease its discrimination.

The EU’s measure is proportionate to China's barriers, while ensuring all the necessary medical devices are available for the EU healthcare system. The measures are also consistent with the EU’s international obligations, including under the WTO framework.

BACKGROUND

Global public procurement, worth over €11 trillion per year, is an important business opportunity for European companies. The EU public procurement market remains one of the most open in the world. For example, Chinese exports of medical devices to the EU have more than doubled between 2015 and 2023.

At the same time China has erected significant and recurring legal and administrative barriers to its procurement market. This IPI measure follows the findings of the Commission’s report published on 14 January 2025, which concluded that 87% of public procurement contracts in China for medical devices were subject to exclusionary and discriminatory measures and practices against EU-made medical devices and EU suppliers. The report marked the outcome of the first investigation under the IPI Regulation, launched on 24 April 2024.

Since the initiation of the investigation, the Commission has repeatedly raised this issue with the Chinese authorities, seeking to reach a fair solution that would enable EU companies to access the Chinese market on terms comparable to those enjoyed by Chinese firms in the EU. Despite these efforts, China has not offered specific commitments.

The IPI measure excludes Chinese bidders from participation in EU public procurement procedures for medical device contracts exceeding €5 million, which corresponds to the legal threshold for the application of IPI measures; and requires successful non-Chinese bidders not to source, for the purpose of the contract, more than 50% of the contract value of Chinese-origin medical devices.

This measure is proportionate to the Chinese barriers, but more limited in scope, applying only to high-value contracts and still allowing the procurement of Chinese medical devices to a certain extent. It is fully consistent with the EU’s international obligations, including under the WTO framework, as the EU has no binding procurement commitments vis-à-vis China. It is calibrated to ensure the availability of alternative sources of supply of various medical devices for the EU health system.

The goal is not to restrict access to the EU market but to incentivise China to remove its discriminatory barriers, ensuring a level playing field and a mutual degree of access to each other’s markets that reflects the openness that Chinese suppliers have long enjoyed in the EU. Should China present a credible solution to address its barriers, the IPI measure may be **suspended or withdrawn**.

DEFENSIVES

**Is the objective of the IPI measure to restrict the access of Chinese companies and products to the EU public procurement market for medical devices?**

* The IPI objective is to ensure reciprocally open procurement markets. For this reason, the Commission held consultations with China during the investigation to find a mutually acceptable solution.
* Unfortunately, China has not offered an acceptable solution within the IPI process.
* Therefore, the Commission was obliged to impose an IPI measure restricting the access to the EU procurement market for Chinese bidders and supplies in a proportionate and effective manner to restore the level playing field.

**China proposed to engage with the EU in horizontal comprehensive negotiations on public procurement. Why did the EU not consider this option as an agreeable solution to its market access issues in the medical devices sector?**

* The objective of this IPI investigation is to achieve reciprocity in the access to our respective public procurement markets for medical devices and ensure a level playing field for EU economic operators.
* This level playing field should allow European Union companies and medical devices made in the European Union to enjoy a level of non-discriminatory access to the Chinese public procurement market commensurate to the level of access already enjoyed by Chinese companies and Chinese medical devices to the public procurement market of the European Union. This only requires the unilateral elimination of the discriminatory barriers identified during the investigation, and it is not contingent upon the negotiation of a comprehensive procurement agreement, considering the overall lack of comparable barriers in the European Union.
* Therefore, the negotiation of a comprehensive bilateral agreement on public procurement could not be a solution within the timeframe of this IPI investigation.

**China is not a Government Procurement Agreement member, and it does not have any obligation to open its procurement market to imported medical devices.**

* It is true that China is not a member of the Government Procurement Agreement and has not signed any agreement with the EU on public procurement. Therefore, China has not taken procurement commitments vis-á-vis the EU.
* However, it is equally true that the EU has not taken such commitments vis-á-vis China.
* The European Union is willing to have an open and fair-trade relations with China on government procurement. This is in the best interest of both the EU and China. But openness needs to be reciprocal.

**China claims that Chinese companies are also discriminated in EU procurement.**

* No, they are not. Unlike China, the EU does not have legislation restricting the procurement of imported medical devices.

**Does this IPI measure contradict the EU’s stated values of openness, fairness and non-discrimination? At the time of global trade uncertainty, shouldn’t the EU uphold multilateralism rather than resorting to unilateral restrictions that fragment the global economy?**

* The European Union remains one of the world’s most open public-procurement markets, and our objective is to keep it that way, provided our companies enjoy equivalent opportunities abroad.
* The IPI measure is not a unilateral barrier, but a proportionate, targeted and fully reversible response to long-standing restrictions that prevent EU suppliers from competing fairly in China’s medical-device tenders.
* By aligning, to a certain extent, market access conditions on both sides, the measure restores reciprocity and invites China to dismantle its own discriminatory practices. The moment China does so, the EU will lift the IPI measure.
* In this sense, the measure upholds, rather than undermines, openness, fairness and non-discrimination, while supporting a rules-based trading system in which all partners play by the same rules.

**Will the EU be open to possible concessions/offers from China during the five-year period for greater reciprocity?**

* The objective of the International Procurement Instrument is to achieve meaningful and reciprocal market access. In this context, the EU remains open to engagement and dialogue with China.
* Should China offer concrete, verifiable, and satisfactory solutions that effectively address the concerns identified, the IPI framework allows for the suspension or even withdrawal of measures.
* The IPI is ultimately a tool to incentivize positive change and create leverage for fairer access. If that objective is met through credible commitments and implementation on the part of China, the EU may reciprocate accordingly within the parameters of the instrument.

**Will the IPI measure affect the availability or affordability of medical devices in the EU?**

* The Commission has thoroughly assessed the availability of alternative sources of supply across all categories of medical devices, using a detailed, granular approach.
* This analysis confirmed that sufficient alternatives exist, particularly given the strong position of EU manufacturers, who are net exporters in virtually all categories of medical devices.
* Moreover, the IPI regulation provides for safeguards that can be activated in the event of any specific and serious health-related needs, ensuring that patient care and public health remain fully protected.

**The Chinese government announced on Sunday 6 July measures for medical devices imported from the EU in government procurement activities in China as retaliation against the recent EU IPI measure restricting the access to the EU market for Chinese bidders and Chinese medical devices. What is the response from the EU side?**

* We regret the decision by the Chinese government to impose measures on medical devices imported from the EU in Chinese government procurement.
* This was done in retaliation against the recent EU IPI measure restricting access to the EU market for Chinese bidders and medical devices.
* We remind you that the EU’s fact and evidence-based IPI measure was triggered by longstanding discriminatory measures and practices that affected the access of EU medical device producers, and EU-made medical devices to the public procurement market in China.
* In addition, the EU measure was carefully calibrated to level the playing field and respond proportionately to existing procurement barriers in China.
* The EU measure did not even fully mirror the procurement barriers in China and their negative impact on EU industry: It restricted access for Chinese operators and medical devices originating from China only to contracts equal or above 5 million euro.
* The EU measure is also consistent with the EU’s international obligations, including under the WTO framework.
* The IPI measure was only imposed after attempts via consultations and regular dialogue did not lead to a satisfactory solution.
* China rather decided to escalate this matter further by introducing the new restrictions, instead of coming forward with concrete proposals that would ensure the reciprocal, open access to public procurement markets the EU seeks.
* The Commission expressed at multiple occasions its clear willingness to seek a mutually satisfactory solution and stands ready to continue dialogue with China.

More background elements for your own info

* China has not fundamentally contested the existence of the procurement barriers targeted by the IPI measure, but argues that the EU’s response is disproportionate, inconsistent with WTO principles, and ignores its own proposal to negotiate a bilateral solution.
* The investigation was initiated on 24 April 2024. The Commission published the investigation report on 14 January 2025 and concluded that the alleged measures and practices put in place by China exist, are applied across the entire territory of China, and affect all medical devices categories. They result in a serious and recurrent impairment of access of Union economic operators and Union-made medical devices to the public procurement market for medical devices in China.
* The Commission has proceeded as required by the International Procurement Instrument: the investigation report established clear and persistent discrimination against EU suppliers and EU-made medical devices. Under the IPI, once such findings are confirmed, the Commission must propose corrective measures if they are found to be in the Union interest.
* Therefore, as required by the IPI regulation, the Commission assessed whether the imposition of IPI measures is in the Union interest. Following this positive assessment, the Commission proposed the adoption of IPI measures based on the principles of proportionality and efficiency, while considering any possible supply issues. Member States agreed to this in the comitology procedure applicable (21 MS, representing 94% of the population, in favour). The measures have also the support of EU industry.
* The measure is targeted and reversible: it could be reviewed, if China removes the discriminatory measures identified in the Commission investigation report.