

## Europe's Energy Crisis: Actions Needed to Reinforce Healthcare Capabilities

28 September 2022

The growing energy crisis in Europe is putting enormous pressure on the European healthcare sector. **Rising energy costs, combined with foreseen energy supply disruptions** across Member States, are severely impacting the **production, assembly, delivery, and storage of medical technologies** – i.e., *in vitro* diagnostics (IVDs) and medical devices – upon which patients and healthcare systems rely.

### Call for Action

The EU and its Member States can take various actions to reduce the impact of this energy crisis, to safeguard the resilience of the medical technology supply chains.

- (1) The reform of the electricity market at EU level should include the decoupling of gas and electricity prices and should be conducted in close consultation with stakeholders.
- (2) EU Member States should recognise the medical technology sector as a critical sector in national action plans. The Commission should support Member States by providing concrete recommendations to Member States on recognising the importance of the medical technology sector.
- (3) EU Member States should facilitate a dialogue between energy suppliers and medical technology companies on how healthcare could be prioritised in the allocation of energy supplies.
- (4) Member States should also address vulnerabilities in the broader medical technology supply chain and consider extending priority energy access to critical suppliers and service providers.

### I. The challenges of the energy crisis on the medical technology sector

The evolving energy crisis poses two-fold challenges to the medical technology sector, which require actions at both the European and national level:

#### a. Skyrocketing energy costs

With gas prices in Europe surging by more than 10 times compared to before the pandemic, **the medical technology sector is facing an unprecedented rise in energy costs and the attendant inflation**. As a result, **medical technology manufacturers are under increasingly severe cost pressures, impacting their ability to deliver critical medical technologies** for the benefit of European patients and healthcare systems.

### b. Disruptions to energy supply

In certain countries, medical technology companies have been forewarned of **brownouts** (a drop in voltage to an electrical system) or even **power cuts** in production sites. This could lead to severe consequences on the manufacturing and assembly of medical technologies in the EU, including the needless discarding of spoiled batches. These impacts would in turn go on to affect the European hospitals and laboratories that rely on timely delivery of these medical technologies for patients.

Beyond the sector's own energy needs, the delivery of medical technologies also depends heavily on the availability of third-party suppliers and service providers, such as:

- **Critical suppliers:** these operators need sufficient and reliable energy supplies to manufacture and supply the components that the medical technology manufacturers need to assemble finished goods. Particularly at risk are suppliers of specialty plastics, fine chemicals, and medical grade alloys, given the high energy use needed for the production of those materials.
- **Storage facilities:** they may no longer be able to maintain climate controls, in particular temperature controls, needed to keep certain devices or materials safe and usable. Particularly impacted are devices incorporating rubber components or flexible tubing which can become brittle at high or low temperatures.
- **Sterilisation facilities:** they may in some cases be using a substantial amount of energy. Loss of power to sterilisation plants may compromise the sterilisation cycle, and thereby compromise the microbiological cleanliness of devices to be supplied to health institutions in a sterile state. Sterilisation with Ethylene oxide, gamma and heat/steam will be particularly impacted.

## II. Specific challenges to the medical technology sector

While the medical technology sector is not alone in facing the energy crisis and global supply chain challenges, **certain factors make the need for action especially urgent:**

1. The medical technology sector delivers lifesaving and life-improving technologies that are critical to European patients and healthcare systems. **As witnessed during the COVID-19 pandemic, disruptions to the availability of medical technologies and/or their suppliers can have deleterious impact on the health of individuals, on our society and on our economy.**
2. **The gap between supply and demand for medical technologies is increasing** due to a range of factors, including COVID-19-related backlogs in hospitals and testing laboratories, as well as broader challenges of an ageing population with a higher prevalence of chronic conditions.
3. **The medical technology industry is a sector comprised primarily of Small & Medium Enterprises,** resulting in limited bargaining power within supply chains to seek alternative solutions.

While medical technology manufacturers have implemented short-term mitigation measures to minimise the impact on Europe's healthcare sector, **these efforts are now reaching their limit.**

Our sector is also unique in the way it operates with national healthcare systems (i.e., based on tenders with prices fixed by authorities), which means that cost increases are difficult to reflect in our sector's pricing. Comprehensive solutions need to be found to ensure the continued availability of IVD and medical devices across Europe.

### **III. Actions to reinforce healthcare capabilities**

The following measures will ensure that healthcare capabilities are maintained at the highest level possible.

#### **Our asks to the EU:**

MedTech Europe welcomes the Commission's recent announcement on decoupling gas and electricity prices. The subsequent reform of the electricity market should be carried out in close consultation with stakeholders. Furthermore, the Commission should provide concrete recommendations to Member States on recognising the **importance of the medical technology sector** to ensure sufficient energy supply for their delivery across Europe.

#### **Our asks to Member States:**

We ask EU Member States to recognise the medical technology sector as a **critical sector in national action plans** and to facilitate a dialogue between energy suppliers and medical technology companies on how healthcare could be **prioritised in the allocation of energy supplies**. Member States should also **address vulnerabilities in the broader medical technology supply chain and consider extending priority energy access to critical suppliers and service providers**.

## About MedTech Europe

MedTech Europe is the European trade association for the medical technology industry including diagnostics, medical devices and digital health. Our members are national, European and multinational companies as well as a network of national medical technology associations that research, develop, manufacture, distribute and supply health-related technologies, services and solutions.

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