

June 2023: MARKET SUPPLY UPDATE EXECUTIVE SUMMARY

In the new **Macroeconomic Watch**, our experts provide big picture insights into the realigning of the global supply chain, including the economic and geopolitical forces behind the changes.

Most of the 81 existing tariff exemptions for healthcare products have been extended.

Market conditions

Check out the latest Supply Assurance brief: *Macroeconomic Watch*, which focuses on the big picture of economic and geopolitical risks, and realigning of the global supply chain. This issue includes China's increased involvement in the Middle East and what affects China's desire to take over Taiwan – where more than 70% of the global semiconductors are produced.

The Office of the U.S. Trade Representative (USTR) has extended 77 of 81 existing *Chinese tariff exclusions* for healthcare products. While the Teamsters union representing more than 340,000 *UPS workers* has warned of a strike if no deal is reached for the expiring contract, UPS leadership expects a deal while also not allowing managers to take paid time off in July and August in case they need to move packages. In April, the U.S. Environmental Protection Agency (EPA) proposed changes to the way *ethylene oxide (EtO)* is used to sterilize heat- and moisture-sensitive equipment, devices and goods to increase protections for workers and community members.

For complete supply update details, [view the full PowerPoint presentation](#).

Good news: Recovering markets – blood collection tubes, exam and surgical gloves, gut sutures, basic electrosurgery products and open suction catheters.

Updates by category

- Medical, surgical and integrated logistics:** *Monitoring electrodes* are constrained, with 3M and Cardinal expecting some resolution into spring, and the rest in summer to fall. In *prefilled needles*, BD met demand in the last quarter with plans to increase manufacturing next quarter, and Medline and Medofil plan to increase capacity within two years, while Smiths and Terumo have 10 mL syringes in surplus. Cardinal continues to add *sharps container* product lines with 95% recovery; remaining will recover in spring through September. *Suction canisters* are still in recovery at Cardinal with CRD expected in Q3; Flex having primary codes recovered; Guardian fully recovered. Convective air warming Bair Hugger *Warming Blankets* have extended lead times from 3M expected through Q3; specialty blankets were deprioritized to increase highest volume products. Medtronic issued an urgent medical device recall for various Shiley adult flexible tracheostomy tubes, in addition to ICU Medical and Medtronic having back orders for *tracheostomy tubes*; recovery is expected in fall. 3M Ranger high and standard flow *fluid warming* sets are on back order due to voluntary recall for the high flow; recovery expected in the fall. ICU Medical is experiencing intermittent shortages of *irrigation solutions in semi-rigid bottles* at least through Q3; has healthy stock of other products; Baxter has put pour bottles on 100% allocation. Covidien/Medtronic limited stock of *endotracheal tubes* due to lack of materials is improving. Allocations are in place for Baxter *IV extension sets* due to production challenges; recovery expected in late June. In *facial protection*, the [U.S. Food and Drug Administration \(FDA\)](#) is recommending not using certain surgical N95 respirators manufactured by O&M Halyard, and to use caution with certain O&M Halyard surgical, procedure and pediatric face masks. Philips has back orders for several *noninvasive ventilator products*, with recovery anticipated in June. Avanos is making some progress with *PEG tube* product challenges due to vendor labor shortages and raw material availability,
- Medical devices and physician preference items:** Stryker has issued an urgent medical device recall for specific nonsterile disposable *tourniquet cuffs* and has rolling back orders with shipping resuming on several products over the next few months; Zimmer is no longer affected by shortages; ASP Global has a new Vizient contract. Getinge *IABP shortages* are updated, and the supplier is prioritizing spare parts production to help with the backlog expected to resolve in Q2. Getinge has limited supply of several *coronary artery bypass grafts*; Medtronic is experiencing supply chain challenges in production of the Blower Mister products. For *endomechanicals*, J&J has some back orders on retrieval bags with recovery anticipated in Q2 and has the new endocutter on daily manual allocation, with recovery expected in a few weeks; Applied Medical reports healthy stock. In *peripheral vascular products*, Bard/Becton Dickinson has back orders on some drug-coated angioplasty catheters.
- Capital, facilities and construction:** New lead times are available for Stryker LifePak *external defibrillators*; Philips and Zoll offer adaptors to fit several models. Philips has backlogs, and Zoll has extended lead times on some products. *Stretcher* lead times continue improving, with new lead times available. *Exam room equipment* suppliers have updated longer lead times for several products. Hologic lead times for *mammography equipment* extend up to 24 weeks.
- Pharmacy:** *New shortage:* isoniazid injection, penicillin V potassium oral presentations and ribavirin inhalation; *improving:* acetylcholine chloride powder for intraocular injection, activated charcoal oral suspension, albumin (human) injection, atropine injection, cabergoline tablets, clotrimazole lozenges (troches), conjugated estrogens/bazedoxifene, dextrose oral gel, diazepam injection, dicloxacillin sodium capsules, hydralazine injection, octreotide injection, semaglutide injection, sodium bicarbonate injection and 14.6% sodium chloride injection; *worsening shortage:* capecitabine tablets, ceftazolin injection, diphenhydramine injection, lorazepam tablets and ofloxacin ophthalmic solution



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