

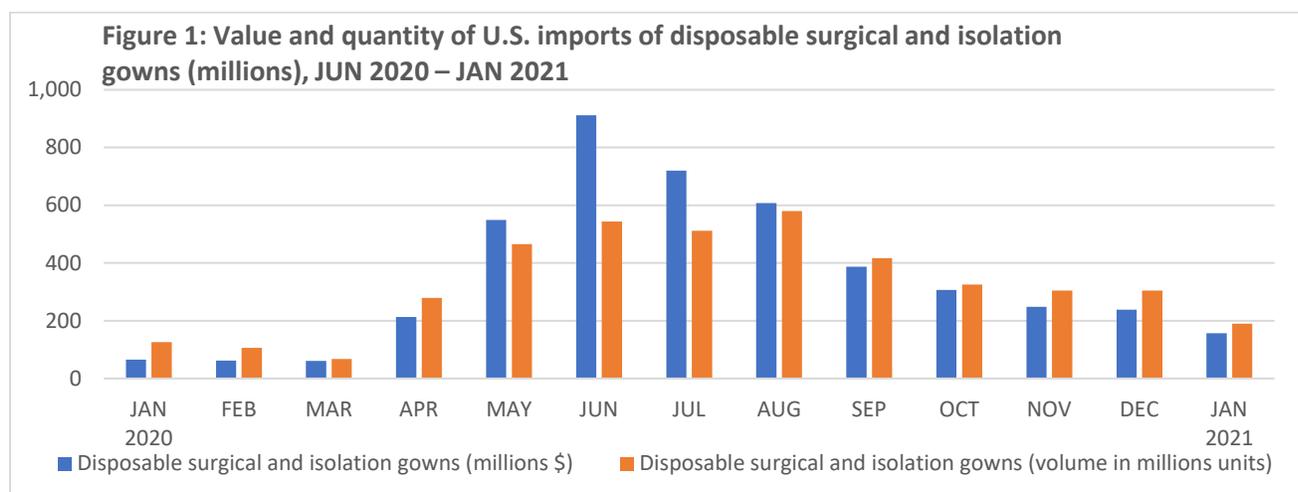
One Year into COVID-19: The Changing Story on Surgical and Isolation Gowns

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This Executive Briefing on Trade provides detailed data on U.S. imports of disposable surgical and isolation gowns from June 2020 to January 2021 and discusses demand and domestic production trends for the same period. Generally, demand for gowns waned in winter 2020-21, leading to decreased imports and U.S. production. Falling demand has alleviated constraints in spunbond-meltblown-spunbond (SMS) fabric, the main input to disposable gowns, which was affected by shortages and price hikes in mid-2020.

U.S. Gown Demand Falls Significantly in Winter 2020–21

Industry sources contend that U.S. gown demand declined steadily from June 2020 – January 2021 because there was an excess supply of gowns in the U.S. market due to increased global gown production and larger inventories on hand. To meet rising demand early in the pandemic, foreign suppliers added gown capacity in their factories in mid-2020. In summer and fall 2020, distributors purchased more than they could consume and stockpiled gowns in anticipation of the “second COVID-19 wave,” leading to an excess gown supply by late 2020. Distributors held roughly a 3- to 6-month inventory of gowns for large hospitals to prevent a recurrence of the gown shortages that occurred in spring 2020. The oversupply of gowns corresponded with a sharp decline in U.S. imports of disposable surgical and isolation gowns. Such imports fell sharply during June 2020 to January 2021 from \$912 million (544 million units) to a low of \$157 million (190 million units) (figure 1).



Source: USITC DataWeb/USDOC, HTS 6210.10.5000 and 6210.10.5010 (accessed April 5, 2021). Disposable surgical and isolation gowns were broken out into HTS 6210.10.5010 effective January 1, 2021. Data on reusable surgical and isolation gowns are not presented, as reusable gowns are not separately broken out in the HTS but rather enter under several HTS statistical reporting numbers, including 3926.20.9050, 6113.00.1012, 6210.10.2000, 6210.10.9040, 6210.50.5555, 6211.42.1081, and 6211.43.1091, which cover nonmedical gown apparel as well. In addition, U.S. imports of surgical and isolation gowns are largely comprised of disposable gowns.

Two other factors contributed to falling gown demand—a reduction in federal government requests for gowns and declining usage by customers. For most of 2020, U.S. gown demand was bolstered by federal government purchases to replenish the federal stockpile. However, industry sources state that there have been fewer requests for proposals (RFPs) from the federal government for large volume bids in recent months. The more recent RFPs from the federal government are often for smaller quantities of disposable gowns, which are usually imported from China because they are manufactured at a lower cost than domestically produced gowns. In addition, industry representatives mentioned that demand has softened

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because healthcare workers are now largely vaccinated against COVID-19; therefore, healthcare workers without direct contact to COVID-19 positive patients have less need to wear gowns. In addition, healthcare workers need less frequent gown changes due to falling hospitalizations for COVID-19 in early 2021.

In response to decreasing gown demand and oversupply in the market, gown prices have dropped. In March 2021, several industry representatives stated that surgical and isolation gowns are back to their normal pre-COVID pricing. The decrease in pricing is shown in the import unit values of disposable gowns classified under HTS statistical reporting numbers 6210.10.5000 and 6210.10.5010, which steadily decreased from \$37.21 per dozen in March 2020 to \$27.23 per dozen in January 2021.

Imports of Disposable Gowns Continue to Dominate the U.S. Gown Market

The majority of the U.S. gown market is comprised of disposable gowns, which are mainly imported, as opposed to reusable gowns (which experienced a rise in domestic production in response to supply constraints of disposable gowns in spring/summer 2020). There are a limited number of U.S. large firms producing or planning to produce disposable gowns in the near future. It is difficult for U.S. companies, especially small to medium-sized firms, to gain market share because customers are hesitant to switch to purchasing reusable gowns for their needs, because they are higher-priced and more expensive to produce within the United States. Industry sources noted that some customers perceive reusable gowns to be a higher risk. They believe that a healthcare worker wearing a reusable gown will transfer germs to patients, and consequently may potentially expose hospitals to more liability and insurance claims. Some industry sources claim that there is also insufficient infrastructure to support laundry capacity for reusable gowns, making it a less convenient option for hospitals. Lastly, disposable gowns are not subject to duties, whereas reusable gowns are subject to a 16 percent NTR duty as well as Section 301 tariffs, making disposable gowns a significantly cheaper option than imported or domestically produced reusable gowns.

Domestic Production Stalls, Especially from New Entrants

Industry sources state that U.S. gown production has been decreasing since late 2020, especially from new smaller-sized U.S. entrants, some of whom have recently ceased gown production due to lack of long-term demand. In contrast to smaller firms, some large U.S. gown producers continue to increase investments to ramp up production. A large domestic firm, Owens & Minor, increased its isolation gown production by 300 percent due to significant investments in machinery, which was procured through an agreement with the U.S. Department of Defense. Another large producer, Encompass Group, announced that they would produce 65 million AAMI level 3 (moderate risk) disposable isolation gowns in the United States in 2021, as well as add a new manufacturing line for disposable gowns in the first quarter of 2022.

SMS Fabrics Are No Longer a Major Supply Chain Challenge for Domestic Production

One major constraint to U.S. disposable gown production in 2020 was the shortage of nonwoven SMS fabric. However, with falling U.S. gown demand, the SMS fabric shortage was alleviated by winter 2020–21 because of cancelled orders. Industry sources state that prices for SMS fabrics have fallen significantly from a high of 4-5 times their normal prices in mid-2020 and are roughly double their normal pre-pandemic prices as of March 2021. Import unit values for a broader grouping of fabrics (HS 6-digit subheadings 5603.11 and 5603.12, which include SMS fabrics in addition to other types of nonwoven fabrics) indicate that prices peaked at \$3.96 per kilogram in March 2020 and steadily fell to a low of \$3.30 per kilogram in January 2021.

Sources: Industry representatives, interviews with USITC staff, February – March 2021; Owens & Minor, [Owens & Minor Welcomes President Biden Strategy on COVID Response](#), January 21, 2021; Vizient, [Vizient Invests with PPE Manufacturers](#), January 25, 2021.

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