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Health Sector Economic Growth and Resilience Working Group

From Crisis to Crisis: The US-Iran Conflict and Healthcare Supply Chains

Third meeting of the C.D. Howe Institute's Health Sector Economic Growth and Resilience Working Group

Meeting Overview

The C.D. Howe Institute's Health Sector Economic Growth and Resilience Working Group met for the third time on April 28, 2026, to assess the impact of the ongoing conflict in the Middle East on Canada's healthcare supply chain. The meeting featured presentations from Peter Longo, Chief Operating Officer of Mohawk Medbuy, and Annika Eberstein, Director of Government & Public Affairs (Europe) at Philips, followed by an open discussion among the group. The session examined four key areas of domestic supply chain exposure – helium, pharmaceutical goods, nitrile gloves, and fuel surcharges – and explored both immediate risk mitigation measures and longer-term strategies to strengthen Canada's health sector resilience within global markets.

The group largely concurred that, although the conflict is placing pressure on Canadian systems, disruptions to critical medical supplies are currently unlikely, but rising prices will likely increase costs. While the US and Iran are working towards a final deal to end the conflict, there is remaining uncertainty about ongoing stability in the region and the long-term pricing effects on fuel and raw materials inputs. The group underlined that the present conflict is the latest in a long series of disruptions over the past decade and re-emphasized Canada's need to update infrastructure and expand domestic production or secure strategic supplies of critical inputs to insulate healthcare from current and future shocks.

Canadian Healthcare Supply Chain Impact Assessment

The first presenter, Peter Longo, shared the results of an analysis of supply chain vulnerabilities for nitrile gloves, pharmaceutical goods, helium, and the potential for fuel surcharges. Mohawk Medbuy (a major procurement organization) surveyed 154 of its top vendors, convened a CEO-level council with the country heads of its 25 largest suppliers in Canada, and drew on approximately $7.4 billion in annual spend data to verify points of origin for critical products. Briefing materials developed from this analysis were shared with hospital CEOs, provincial supply chain leaders, and government agencies across multiple provinces. Overall, the current risk of supply disruptions remains low. The main risk to Canadian healthcare supplies comes in the form of increasing costs. However, existing supplier contracts protect against price instability in the short term.

Pharmaceutical Supplies and Nitrile Gloves: Critical High-Volume Healthcare Inputs

While the Middle East is not a major source of pharmaceutical products, many global trade routes related to active pharmaceutical ingredients and inputs could be affected by the broader trade disruptions. Several pharmaceutical vendors maintain production facilities in Israel, placing them at risk of output disruptions or damage from military strikes. At the time of the meeting, no supply disruptions or facility damage had been reported. As a precautionary measure, Longo's organization (Mohawk Medbuy) was working with the federal health regulator and member hospitals, including pharmacy and clinical teams, to identify alternative products or practice changes that could be implemented if disruptions occur.

For nitrile gloves, no supply disruptions had been reported at the time of the meeting. However, cost pressure was mounting because nitrile butadiene rubber, a petroleum-derived raw material, is sensitive to rising oil prices. The presenter emphasized that, unlike during the COVID-19 pandemic, raw materials continue to flow and production plants remain operational. The issue is cost, not availability. One major North American supplier had placed customers on allocation based on their normal purchase volumes, while two other large suppliers had imposed no restrictions. The presenter cautioned against triggering a run on products, noting the lessons of the pandemic. Contracts in place provided short-term price protection, and the organization had proactively gone to market on exam glove contracts to lock in pricing before further escalation.

Fuel surcharges

Rising fuel costs were prompting vendors to impose surcharges on deliveries. Existing contract terms provided protection, and the organization had declined to accept fuel surcharges on goods entering its network. Several vendors had invoked force majeure, which the presenter characterized as unfounded, absent actual damage to production facilities in the conflict zone. Non-supply by a vendor due to cost was framed as contract non-performance rather than a legitimate force majeure claim. Still, contract protections are a temporary shield and will not provide a permanent solution should disruptions persist.

Helium: Diagnostic Imaging and Microchips

Qatar produces about a third of the global supply of helium, and output has been severely affected by attacks on major energy infrastructure.[1] Helium is a critical input used to cool MRI systems and support clinical procedures. Helium is also a necessary input for the manufacture of microchips, which underpin many modern technologies, including healthcare technologies. The risk to hospitals was assessed as low: helium in MRI systems is not frequently replenished after initial installation, and clinical procedures

1 Shamim, S. 2026. "Helium hitch: Why US-Israel war on Iran could cause MRI scan delays." *Al Jazeera*. March 26. https://www.aljazeera.com/economy/2026/3/26/helium-hitch-why-us-israel-war-on-iran-could-cause-mri-scan-delays.

using helium do not consume volumes large enough to create meaningful supply pressure. Consultations with major MRI equipment manufacturers confirmed that each maintains longstanding relationships with helium suppliers and that alternative sources outside the Middle East exist. While at least one vendor was experiencing difficulty sourcing helium related to the Middle East, device companies and procurement agencies have secondary or alternative contracts with vendors less exposed to risk, reducing the likelihood of supply disruptions. In Canada, the risk of a disrupted helium supply is low. The following section provides an international perspective on the strategic importance of helium and the global market dynamics surrounding the current disruption in Qatari supplies.

International Perspective: Helium Market and Medical Technology

The second presenter, Annika Eberstein, Director of Government & Public Affairs (Europe) at Philips, provided a deeper analysis of global helium market dynamics and their implications for healthcare.

The helium market is structurally constrained and dominated by a small number of supplier countries. As previously mentioned, over 30 percent of global supply had historically come from Qatar, with other major sources in Russia, the United States, and Nigeria. The presenter noted that Qatari supply had been disrupted by the conflict's impact on production infrastructure and that Russia had recently introduced export controls on helium, further tightening supply even for countries that had not imposed sanctions related to the invasion of Ukraine.

These supply side disruptions are compounding a decade-long increase in demand driven principally by the semiconductor industry, where helium is a critical manufacturing input, and more recently by the global ramp-up in defence equipment production. Helium prices have increased by 50 percent or more, with even sharper spikes in spot purchases.[2] The presenter observed that these market pressures echo the helium crisis of 2022 and that the sector appears to be moving from crisis to crisis.

For MRI manufacturers, the presenter concurred that there are no immediate concerns about equipment supply or servicing agreements. However, hospitals without Original Equipment Manufacturer (OEM) servicing contracts are increasingly vulnerable, and early reports from hospital associations indicated difficulties obtaining helium at prices sustainable within publicly funded health budgets.

Eberstein highlighted several strategic recommendations. First, maintaining international collaboration and free trade in helium is essential to healthcare continuity. Philips' leadership was preparing to communicate directly with health ministers globally to discourage further export restrictions by supplier countries. Second, governments should signal to helium suppliers that healthcare should be prioritized over other industrial uses in times of scarcity – a step already taken by South Korea. Third, the structural vulnerability of the helium market requires longer-term solutions, including the accelerated adoption of low-helium and helium-free MRI technology, which several manufacturers are now bringing to market. The presenter noted that the European Union had already designated helium as a critical and strategic raw material three years ago. Finally, attention should be paid to the age of the installed MRI base: older systems, particularly those beyond their expected service life, are most vulnerable to downtime and costly helium loss events.

2 Spot prices for helium had doubled as of early March, following the start of the crisis. See: Kumar, A., S. Saha, and T. Sterling. 2026. "Helium prices soar as Qatar LNG halt exposes fragile supply chain." *Reuters*. March 12. https://www.reuters.com/business/energy/helium-prices-soar-qatar-lng-halt-exposes-fragile-supply-chain-2026-03-12/.

The discussion of Canada's domestic helium opportunity was cautiously optimistic. Saskatchewan was identified as having significant helium-rich reserves and existing nitrogen facilities. However, one participant who had been in direct conversations with an exploration company noted that fewer than 100 wells are currently tapped and that a liquefaction plant would cost roughly $150 million. The plant likely would not be online before 2030 at the earliest, making it a long-term rather than short-term fix. That said, multiple participants framed it as both an economic development opportunity and a contribution to global healthcare resilience, particularly given the concentration and volatility of the current supplier landscape.

Policy Discussion

The open discussion among the group focused on the near-term cost implications of the conflict, Canada's preparedness for future disruptions, and the strategic case for domestic production capacity.

The immediate impact of rising fuel costs drew particular concern for community-based care. A participant observed that fuel represents 15 to 20 percent of operating budgets for emergency medical services, ambulance providers, and clinical home care organizations. For private and non-profit providers already operating on thin margins, sustained price increases at current levels could eliminate profitability entirely, potentially forcing service reductions or market exits with direct consequences for patient access. This observation drew the group's attention to the distinction between cost pressure and force majeure – a line that several vendors had already tested. While no participant endorsed the force majeure claims that had been advanced, participants recognized that prolonged cost escalation could eventually shift these disputes from commercial negotiations to legal proceedings.

Several participants urged the group to look beyond the current conflict and assess Canada's readiness for a broader range of supply chain risks. The concentration of pharmaceutical and medical device manufacturing in hurricane-prone Caribbean jurisdictions, wildfire exposure in California, Taiwan's dominant position in specialty semiconductor production, and regulatory volatility around sterilization technologies in the United States were all cited as foreseeable vulnerabilities. There was consensus that Canada is not yet adequately prepared for the full scope of these risks. Significant analytical work is underway, however, including third-party analysis of billions of dollars in spend data to map US exposure by clinical category and product criticality, and vendor-led efforts to identify the most vulnerable MRI systems across the country. The moderator noted that alternative routing strategies and manufacturing options have been developed with the vendor community for many high-risk categories, and that this work is being shared with government.

The discussion repeatedly returned to the strategic importance of building domestic manufacturing capacity. Participants noted that nearly all personal protective equipment used in Canada's healthcare system can now be produced domestically – a direct legacy of pandemic-era investment – and argued that a similar approach should be extended to other critical medical supplies. Helium emerged as a particularly compelling case. Saskatchewan was identified as holding significant reserves in nitrogen-rich geology. But participants emphasized that domestic helium production remains a long-term opportunity that would require significant infrastructure investment. Despite these near-term constraints,

the potential for Canada to become a strategic helium supplier was framed as both an economic development opportunity and a meaningful contribution to global healthcare resilience, and was linked to a broader economic resiliency paper that the group is developing.[3]

Participants also emphasized the need for stronger engagement with federal bodies, including the national defence establishment and health emergency readiness agencies. The federal defence industrial strategy includes provisions for medical countermeasures and supply chain vulnerability assessments, and participants suggested that these agencies may currently have more direct influence on government priorities than the federal health regulator. There was candid acknowledgement that provincial governments have often been more agile than federal agencies in responding to supply chain pressures and that coordinated interprovincial action can sometimes advance priorities more quickly.

On the innovation front, a participant highlighted that a recent national procurement exercise had, for the first time, included helium-free MRI systems as a standalone category. This is a signal to the market that it is expected to accelerate the adoption of next-generation technology. The contrast between older and newer systems is stark: legacy MRI units require 1,500 to 2,000 litres of liquid helium, while the latest models require as few as seven litres. The group viewed procurement innovation of this kind as a practical lever for reducing long-term dependence on a volatile global helium market.

Policy Conclusions

Overall, there was consensus that the immediate supply chain risk from the Middle East conflict is primarily a cost risk, not a scarcity risk. Raw materials continue to flow and production remains operational, distinguishing the current situation from the COVID-19 pandemic. However, sustained cost pressure, particularly on petroleum-derived inputs and fuel, poses a real threat to health system budgets and the viability of community-based care providers operating on thin margins.

Proactive and disciplined supply contracts are the first line of defence against price volatility. Organizations with robust contracts, including firm pricing and clear force majeure definitions, are better positioned to manage near-term volatility. Procurement agencies that proactively go to market to lock in prices reduce the risk of further price escalation in the near term. Jurisdictions currently going to market face the greatest exposure to elevated prices.

Canada's healthcare supply chain remains structurally vulnerable to a range of geopolitical, environmental, and regulatory disruptions beyond the current conflict. The analytical foundations for understanding these vulnerabilities are being built – through spend data analysis, vendor mapping, and clinical alternative planning – but significant gaps remain, particularly at the federal level.

Domestic production capacity should be treated as a strategic priority, building on the personal protective equipment manufacturing gains of the pandemic era and extending them to other critical

3 In particular, helium's role in chip manufacturing makes it a critical input for modern technologies, including AI and medical equipment. The risk of disruption to helium supplies is especially acute for Taiwan and South Korea, which rely heavily on Qatari supply and are home to chip giants such as TSMC, Samsung, and SK Hynix. Meanwhile, Taiwan faces an added layer of exposure, with a third of its LNG imports coming from Qatar and very limited domestic energy production. See: Hui, K. 2026. "Iran Conflict Sparks Helium Shock, Threatens Global Chip Supply." Asia Pacific Foundation of Canada. https://www.asiapacific.ca/publication/iran-conflict-sparks-helium-shock-threatens-global-chip.

supply categories. Helium represents a particularly compelling opportunity, given Canada's natural endowments, growing demand, and the global market's structural fragility.

International collaboration remains essential. Canada should work with like-minded nations to maintain free trade in critical healthcare inputs, signal that healthcare should be prioritized in times of scarcity, and coordinate on longer-term innovation to reduce dependence on volatile supply chains.

Regulatory agility, particularly in the approval of alternative pharmaceutical products and the adoption of next-generation medical technologies such as helium-free MRI systems, is a key enabler of supply chain resilience and should be treated as a policy priority.

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Individuals participate in their personal capacities, and the views collectively expressed do not represent those of any individual, institution, or client.

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