



Additional Modifications to the 301 Action to Address COVID-19: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation

Docket ID: USTR-2020-0014

US-China Business Council

April 9, 2020

The US-China Business Council (USCBC) is pleased to provide comments to the Office of the United States Trade Representative (USTR) on additional modifications to the 301 Action to address COVID-19. USCBC represents over 220 American companies commercial engaged in China that operate in a diverse range of industries, including many pharmaceutical and medical device companies whose products are essential to the COVID-19 epidemic response.

The outbreak of COVID-19 has created an urgent need for a wide variety of medical products, including diagnostic equipment, life sciences research tools, and pharmaceutical industry inputs and supplies. We are pleased USTR has launched this process to reconsider Section 301 tariff exclusions for COVID-19 related products, as well as expedited pending tariff exclusions for medical products. This is an important first step to improving access to critical medical supplies, and removing some of the additional cost burden to companies at the forefront of America's epidemic response. But more can be done to help US hospitals and labs cope with increased demand, as well as to provide relief for businesses and consumers suffering from the unexpected economic impact of COVID-19.

First, despite the urgent need for medical supplies to treat patients and protect healthcare workers, tariffs on a host of pharmaceutical inputs, tools, and diagnostics remain in place and continue to hinder US companies' efforts to combat the epidemic. We strongly encourage USTR to immediately provide exclusions to all medical-related products subject to Section 301 tariffs so that these tariffs do not continue to hinder relief efforts. No potential process delays can be afforded during this time of crisis.

Second, beyond medical-related products, network communications equipment is critical to the health response and to broader US government efforts to "flatten the curve." Hospitals and healthcare providers rely on networking equipment to provide remote telehealth and virtual care services that help keep both patients and healthcare workers safe. Networking equipment is also critical to providing vitally important data to relevant government agencies tracking the epidemic. It is also playing a central role in enabling large portions of Americans to work and

study from home to reduce the infection rate—initiatives which most states across America have now mandated. The Department of Homeland Security Cybersecurity and Infrastructure Security Agency has designated the Communications and IT sectors as critical infrastructure essential to combating the COVID-19 emergency. We recommend USTR eliminate tariffs on networking equipment to help ensure these critical products are more ubiquitously and expeditiously deployed and used.

Finally, the severe economic toll of COVID-19 is already apparent, and threatens disastrous long-term economic repercussions without sufficient and immediate US government action. The Administration has already taken unprecedented steps to address liquidity challenges, including delaying many payments that will give Americans access to cash to help them cope during these challenging times. USTR can demonstrate immediate leadership in support of US businesses, farmers, and consumers already suffering from the shuttered economy, by delaying the collection of all Section 301 tariffs. This will help preserve cash flow that is critical to prolonging business operations that support US jobs and the economy overall, and will reduce costs for struggling businesses trying to stay afloat during this time.

In addition, there are many products subject to Section 301 tariffs which could easily be overlooked for tariff relief despite being in unusually high demand as a direct or indirect result of the COVID-19 outbreak. Delaying all tariffs will help mitigate any future supply chain challenges and improve access to the entire array of covered products without delay, providing important relief as the impact of the epidemic continues to evolve and touch other areas of the economy.

For your consideration, we have attached a list of specific products related to COVID-19 response efforts with corresponding HTS codes that should be exempt from Section 301 tariffs. However, we encourage USTR to consider a more comprehensive approach to tariff relief by immediately removing tariffs on all medical-related products, and delaying collection of all other Section 301 tariffs. Such an approach will promote efficient access to a variety of cost-effective products necessary for the epidemic response, and support long-term efforts to bolster the US economy during these challenging times.

USCBC looks forward to working with USTR as this tariff exclusion process progresses.