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October 21, 2021

The Honorable Katherine Tai
United States Trade Representative
600 17th Street NW
Washington, DC 20508

**RE: China Section 301 Tariffs**

Dear Ambassador Tai:

As the leading trade association representing the manufacturers of medical imaging equipment, radiopharmaceuticals, contrast media, and focused ultrasound therapeutic devices, the Medical Imaging and Technology Alliance (MITA) writes to share our perspective on the impact of Section 301 tariffs on the industry and our recommendations as the Administration considers next steps for restarting the tariff exclusion process.

Since its implementation in 2018, Section 301 tariffs have had a harmful impact on the manufacturing of medical imaging products and the components needed to produce them. While we understand and support the Administration's commitment to a fair and balanced trading relationship with China, additional tariffs on medical imaging products and their components have not and will not serve this aim. Unfortunately, the tariffs have harmed our ability to stay competitive as U.S. manufacturers and exacerbated supply chain challenges. Despite intending to encourage and promote U.S. manufacturing, Section 301 tariffs, in practice, have not incentivized the production of these needed components in the United States and continue to promote sourcing from outside the United States to avoid onerous tariffs. These tariffs have hurt domestic manufacturing of products essential to the hospitals and patients we serve, especially as we also face increased supply chain challenges and demand due to COVID-19.

We are encouraged to hear that the Administration is restarting the Section 301 exclusion process. The original exclusions process was flawed and did not apply transparent or consistent criteria, allow for due process, or give any explanations for denials. A new review process should directly address these failings. Additionally, we believe medical imaging products and their components should not be subject to additional tariffs for the following reasons: (1) as a general rule, medical imaging devices should be exempt from trade sanctions as a humanitarian good; and (2) the tariffs do not address the challenges confronting our industry in China and therefore have not achieved the desired outcomes.

**(1) Medical Imaging Devices should be exempt from trade sanctions as a humanitarian good**. Trade remedies and sanctions are not uncommon in today's world; however, medical devices more generally – and medical imaging equipment in particular – are traditionally left out of the scope of these measures. Medical devices are integral to global public health and disrupting the trade flows and adding cost to these products should be avoided in an effort not to impede patient access to health care. The continued impact of COVID-19 on the supply chain for medical imaging equipment manufacturing and availability (as well as the increased demand for) medical imaging products to diagnose, treat, and monitor COVID-19 patients underscores the need for exemption.

**(2) Tariffs on medical imaging devices have not achieved desired outcomes**. Second, but perhaps more important, we believe that the tariffs do not address the challenges of our industry and as a result have not achieved the desired outcomes set forth by the previous administration. While we realize that high-end medical technology products are included in China's initiative, the market access barriers our industry faces in China are not related to tariffs, but instead are largely due to procurement and investment restrictions.

Additionally, if the Administration's goal is to address the U.S. trade deficit with China, the U.S. medical imaging industry is not an appropriate target. The medical device industry has relatively balanced trade with China and the export of medical imaging devices covered by the Section 301 tariffs represents a trade surplus with China. As such, additional tariffs on medical imaging devices not only distort beneficial trade flows, but perversely disincentives U.S. manufacturing, a key priority of the President Biden Administration.

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In conclusion, as the Administration restarts the Section 301 exclusion process, a transparent and equitable process is essential. Application of Section 301 tariffs on the medical imaging industry has resulted in diminished competitiveness and disincentivized United States manufacturing. We welcome the opportunity to work with USTR and the Administration and request a meeting with you to further discuss the unique challenges we face as you address the United States and China trade relationship.

If you have any questions, please contact Holly Grosholz, Senior Manager, Government Relations, at hgrosholz@medicalimaging.org or 703-841-3228.

Sincerely,

Patrick Hope
Executive Director, MITA

*MITA is the collective voice of manufacturers of medical imaging equipment, radiopharmaceuticals, contrast media, and focused ultrasound therapeutic devices. It represents companies whose sales comprise more than 90 percent of the global market for medical imaging innovations. These products include: magnetic resonance imaging (MRI), medical X-Ray equipment, computed tomography (CT) scanners, ultrasound, nuclear imaging, radiopharmaceuticals, and imaging information systems. MITA Member company technologies are an important part of our nation's healthcare infrastructure and are essential for the screening, diagnosis, staging, managing and effectively treating patients with cancer, heart disease, neurological degeneration, and numerous other medical conditions.*