



**MITA**<sup>®</sup>  
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May 10, 2018

The Honorable Robert Lighthizer  
United States Trade Representative  
600 17th Street NW  
Washington, DC 20508

**RE: China 301 Public Comments (Docket USTR-2018-0005)**

Dear Ambassador Lighthizer,

As the leading trade association representing the manufacturers of medical imaging devices and radiopharmaceuticals, the Medical Imaging and Technology Alliance (MITA) takes this opportunity to present comments on Docket No.: USTR-2018-0005 regarding proposed remedies under the U.S. Trade Representative's (USTR) Section 301 investigation of China's trade practices and policies.

MITA has significant concerns about the proposed tariffs on the importation from China of medical imaging devices and the components used to manufacture medical imaging devices. While we understand and support the Administration's commitment to a fair and balanced trading relationship with China, we do not believe that applying additional tariffs on medical imaging products and their components will serve this aim. Rather, we believe that the implementation of the proposed tariffs would cause harm to the U.S. medical imaging industry, including the hospitals and patients that we serve.

The American medical technology industry is a true national economic success story. Our industry provides jobs for more than 400,000 people, paying salaries about 40 percent higher than the national average (\$58,000 vs. \$42,000), and invests nearly \$10 billion in research and development annually to advance patient care in the U.S. and around the world. The industry is fueled by innovative companies, the majority of which are small businesses, with 80 percent of companies having fewer than 50 employees. Unfortunately, the proposed tariffs will harm our ability to stay competitive and adversely affect the U.S. economy in ways that will be harmful to access to patient care.

Responses to a recent MITA survey about the proposed tariffs represent a majority of the U.S. medical imaging industry. Of those that responded and that are affected by the tariffs, 100 percent of medical imaging manufacturers said they would invest fewer resources in research and development and 100 percent said they would reduce workforce if the tariffs were put into effect. Consistent with these responses, one commenter said:

- *[Company Y] has been investing in the American market, creating new, high paying jobs with excellent insurance benefits. Our products deliver high quality medical equipment*

*to the healthcare market. A new tax would require this small company to lay off employees and also significantly raise the cost of healthcare as manufacturers will have to either cut R & D or pass on the 25% increase to the end users (healthcare providers).*

Another commenter said:

- *The proposed tariffs on health care technology would harm U.S. manufacturing competitiveness globally and decrease U.S. exports, including, ironically, U.S. exports to China.*

Specifically, MITA is concerned about imaging equipment and their components being included on the list and in the proposed remedies for the following reasons: (1) the current remedy proposal amounts to a double-tax on U.S. manufacturers; (2) as a general rule medical imaging devices should be exempt from trade sanctions as a humanitarian good; and (3) the proposed tariffs do not address the challenges of our industry in China and therefore will not achieve desired outcomes.

**(1) USTR’s Proposal Amounts to a Double-Tax on Manufacturers.** The U.S. medical imaging industry plays a significant role in global health and is known for providing innovative medical imaging solutions around the world. As a result of their global presence, a substantial proportion of the trade impacted by the proposed tariffs would simply be inter-company trade. That is – the shipment of components between two manufacturing facilities owned by the same exact company. For example, it is quite common that products will be imported from a manufacturer in China to their manufacturing facility in the U.S., where they are substantially transformed by and re-exported – often to China. Taxing these products on both ends of the supply chain could serve as a disincentive to manufacture in the U.S.

**(2) 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 of these products should be avoided in an effort not to impede patient access to health care.

**(3) Tariffs on medical imaging devices will not achieve desired outcomes.** Lastly, but perhaps most importantly, we believe that the proposed tariffs do not address the challenges of our industry and as a result will not achieve the desired outcomes set forth by the administration. Ambassador Lighthizer has been clear in his intention to address the trade deficit and to protect those industries identified in “Made in China: 2025.” We share the Administration’s concern about the so-called “Made in China 2025” policy, particularly as it related to the subsidizing of local companies, shielding them from competition and pressuring foreign companies to hand over technology. 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 largely to procurement and investment restrictions. Raising tariffs on imports from China will not lead to reciprocal treatment in those areas where we believe it is lacking and will instead add an additional burden for U.S. manufacturers.

Additionally, if the Administration is looking to address the U.S. trade deficit with China, the U.S. medical imaging industry is not the place to look. The medical device industry across the board runs very balanced trade with China and the medical imaging devices targeted by the Special 301 remedies in fact run a trade surplus with China. As such, additional tariffs on medical imaging devices will not only result in a lower trade deficit, but could in fact have the opposite impact.

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In conclusion, we share the Administration's goal to address unfair Chinese economic practices and create a level playing field that will give all Americans a better chance to succeed. Unfortunately, we believe that the current proposal as it relates to medical imaging devices and their components is in fact at odds with this goal.

As such, the proposed tariffs would threaten the vitality of an economically sound U.S. industry and could stifle medical innovation across the spectrum of academic, public and private institutions which could in turn result in the loss of jobs, reduced R&D, and slowed capital expansion. While we are strongly opposed to the currently proposed tariffs, we applaud the Administration goal to fight for a fair reciprocal trading relationship with China. We would welcome the opportunity to further discuss the challenges our industry faces in China and how the Administration might be able to act in this space to further the interests of the U.S. medical imaging industry in China.

If you have any questions, please don't hesitate to reach out to me at (703) 841-3235 or [phope@medicalimaging.org](mailto:phope@medicalimaging.org). Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick Hope". The signature is fluid and cursive, with the first name "Patrick" written in a larger, more prominent script than the last name "Hope".

Patrick Hope  
Executive Director, MITA

*MITA is the collective voice of medical imaging equipment and radiopharmaceutical manufacturers, innovators and product developers. It represents companies whose sales comprise more than 90 percent of the global market for medical imaging technology. These technologies include: magnetic resonance imaging (MRI), medical X-Ray equipment, computed tomography (CT) scanners, ultrasound, nuclear imaging, radiopharmaceuticals, and imaging information systems. Advancements in medical imaging are transforming health care through earlier disease detection, less invasive procedures and more effective treatments. The industry is extremely important to American healthcare and noted for its continual drive for innovation, fast-as-possible product introduction cycles, complex technologies, and multifaceted supply chains. Individually and collectively, these attributes result in unique concerns as the industry strives toward the goal of providing patients with the safest, most advanced medical imaging currently available.*