



February 21, 2024

Ambassador Katherine Tai
Office of the United States Trade Representative
Section 301 Committee
600 17th Street NW
Washington, DC 20508

Re: Docket Number 2023-28770: Extension of Exclusions and Request for Comments: China's Acts, Policies and Practices Related to Technology Transfer, Intellectual Property and Innovation

Dear Ambassador Tai,

The Health Industry Distributors Association (HIDA) appreciates the opportunity to provide comments regarding USTR's COVID-related exclusions extension and the four-year review of the actions taken in the Section 301 investigation. HIDA represents the healthcare distribution network – the essential link between medical supply manufacturers and healthcare providers. Medical-surgical distributors provide over one million discreet products ranging from gauze and gloves to diagnostic laboratory tests and capital equipment essential to everyday medical services and procedures. HIDA members operate more than 500 distribution centers nationally to bring critical products, supplies, and services to more than 560,000 healthcare settings across the U.S., including hospitals, long-term care, physician practices, home care, and laboratories.

The medical supply chain has a unique mission to support patient care and public health responses. Therefore, tariffs should be considered in the context of achieving three strategic priorities for healthcare:

1. Protecting Patients and Healthcare Workers
2. Bolstering Preparedness and Response To Public Health Emergencies
3. Strengthening Supply Chain Resilience

To achieve these priorities HIDA supports a strategic blend of global, nearshored, and domestically-produced medical products that are sustainable over the long term. This ensures products are widely available at the lowest cost possible and accessible across the healthcare

care continuum. ***Keeping costs low is crucial as providers are currently facing significant financial distress due to a myriad of issues that remain from responding to COVID-19 as well as influenza and RSV.***

Tariffs impact medical products and impede progress toward achieving the priorities outlined above. HIDA's position that tariffs' direct impact on the delivery of healthcare services and supply chain resilience has been consistently communicated to the USTR in 2018 and 2019 regarding lists 1, 2, 3, 4a, and 4b, and in 2021 and 2023.

Everyday Healthcare: Protecting Patients And Healthcare Workers

Most products currently subject to the tariff policy are used widely in healthcare from hospitals to nursing homes, doctor's offices, surgery centers, and laboratories. From annual wellness visits to major surgeries, these products are essential barriers to preventing infections, suppressing the spread of viruses, ensuring quality outcomes for patients, and keeping healthcare workers safe.

Products like gloves, isolation gowns, specimen bags, and wet wipes are used in virtually every provider-patient encounter. These products are also key to almost all public health responses. Their essential nature was proven throughout the COVID-19 pandemic, the recent RSV outbreak, and seasonal influenza.

Bolstering Preparedness And Response To Public Health Emergencies

Personal protective equipment, testing supplies, vaccine-related products, and infection prevention products are critical to preparedness for future pandemics. Product purchases are a key part of preparedness strategies such as stockpiling. Therefore, product cost is a key consideration and constraint for any public or private organization purchasing product to have on hand in case of emergency.

Strengthening Supply Chain Resilience

HIDA believes supply chain resiliency is best achieved through a strategic blend of global, nearshored, and domestic production. Specifically, HIDA supports expansion of domestic and nearshored manufacturing capacity for critical products to augment global sources. Leveraging the strengths of each manufacturing location (U.S., Regional, and Global) will result in the

highest level of supply chain resilience at the lowest overall cost. ***We believe the federal government's incentivizing U.S. manufacturing consistent market demand that will sustain the necessary expansion of domestic or near-sourced manufacturing to supplement global sources.***

HIDA also advocates for policies that direct the ***Strategic National Stockpile (SNS) to work with manufacturers and distributors to manage a cushion of inventory and invest in maintaining a domestic reserve manufacturing capacity that together can meet elevated and sustained demand.*** We were supportive of Congress including similar provisions in last year's enacted fiscal year 2023 Omnibus Appropriation legislation.

Conclusion

As discussed above, HIDA is committed to efforts to protect patients and healthcare workers, bolster preparedness and response efforts for future public health emergencies, and strengthen supply chain resilience. HIDA believes tariff relief, paired with tax incentives and other support of U.S. manufacturing, is key to a prepared, nimble, and resilient supply chain. Given their importance to patient care, we request the USTR reconsider its policy and remove tariffs on medical products.

HIDA appreciates the opportunity to share our concerns. If the USTR requires additional information, I can be reached at 703.838.6125 or rouse@hida.org.

Sincerely,



Linda Rouse O'Neill
Senior Vice President, Supply Chain Policy
HIDA