

October 26, 2021

The Honorable Katherine Tai
United States Trade Representative
Executive Office of the President
600 17th Street, NW
Washington, D.C. 20580

Dear Ambassador Tai,

We write to you to express concern with recent action by China related to the procurement of medical devices. As Senators representing states with a robust medical device industry, we are troubled that this adverse action could negatively impact jobs, consumers, and broader economic health, especially as industries recover from pandemic-induced supply chain disruptions.

The Chinese volume-based procurement (VBP) system inherently places American businesses at a disadvantage. The VBP distorts the Chinese medical device market, which in turn undermines the sustainability of U.S. exports and American jobs. Before VBP's introduction last year, the U.S. and China had a relatively balanced trade relationship in medical devices with U.S. exports exceeding \$6 billion. The current structure of the VBP focuses exclusively on the lowest price without regard for the quality and value of the medical device product. This action negatively affects American manufacturers, threatens jobs, and could seriously impact the viability of this industry in the future: over fifty percent of the U.S. medical device products sold in China are manufactured by American workers residing in the U.S.

Fair access to the Chinese market is critical to ensure American businesses can continue innovating and remain competitive. The medical device industry employs over 400,000 Americans and pays on average 28% higher wages than other manufacturing jobs. Given the importance of this industry to our country's economy, we must pursue policies that hold China accountable for deliberate actions that harm our job creators and employees. China keeping the current structure of the VBP in place will have ripple effects in communities supported heavily by the medical device industry and could jeopardize access to life-saving products made through cutting-edge technologies.

We urge you to raise this issue in diplomatic outreach to China's trade ministry and advocate for an equitable and transparent procurement process of mutual benefit. We further recommend consultation with industry representatives to understand the true scope of the problem and we stand ready to provide further counsel.

Sincerely,



Todd Young
United States Senator



Tom Carper
United States Senator