



Telecommunications Industry Association

Notice of Action and Request for Public Comment Concerning Proposed Determination of Action Pursuant to Section 301: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation

USTR-2018-0018

July 23, 2018

The Telecommunications Industry Association (TIA) appreciates the opportunity to comment on the “Proposed Determination of Action Pursuant to Section 301: China’s Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation.”

TIA represents approximately 250 manufacturers and suppliers of global communications networks in the United States and around the world. TIA is also an ANSI-accredited standards development organization.

In the annex to this document, we have listed a number of imported items that are incorporated into telecom products within the United States, and which we request be exempted from tariffs. We briefly summarize the reasons below.

Tariffs will hurt U.S. manufacturing. A number of the products listed in the annex are components used in U.S.-based manufacturing and assembly. Raising the cost of these items by 25 percent will increase burdens on American manufacturers – an outcome far removed from the original Section 301 investigation goal of combating unfair Chinese trade practices.

Tariffs will undermine American firms’ competitive edge in technology. Levying tariffs on items important to telecom networks, such as optical cables and integrated circuits, will make it more expensive for U.S. companies and consumers to purchase and upgrade their internet equipment. This would undermine a key competitive advantage of American industry – that it is an avid and early adopter of technology, which has in turn allowed companies in the United States to offer more efficient and higher-quality customer service than many international competitors.

Moreover, many of the U.S. companies the Section 301 investigation was intended to help in the first place are in the ICT industry. It is a particularly unfortunate turn of events that these same firms should now unexpectedly find their business threatened by a series of tariffs.



Tariffs will handicap access to ICT in the United States, at the same time China is promoting technology use. It would be distinctly unhelpful for the U.S. government to effectively levy a tax on internet equipment at a time China is doubling down on efforts to modernize its own information networks and encouraging Chinese firms to leverage technology to be more internationally competitive.

For example, one of the goals of the Made in China 2025 industrial plan is to strengthen the development of internet infrastructure and “develop a low-delay, high-reliability and wide-coverage industrial internet.”¹ Another Chinese aim is to “step up the deployment and development of the optical network, mobile communication network and wireless LAN” in manufacturing areas and to upgrade broadband networks.² A related plan is to generally encourage the use of the internet in manufacturing.³

In light of Beijing’s concerted attempts to encourage Chinese companies to better integrate the internet into their operations, it would be regrettable if the United States opted for a trade remedy that effectively impeded *American* companies’ use of information networks.

Not only is China seeking to broadly promote the use of the commercial internet, but the CM2025 roadmap calls for Chinese innovators to make “overall breakthroughs” in 5G communications and core routing and switching technology.⁴ Raising the price of important inputs to that technology in the United States could also needlessly undermine American R&D.

Conclusion: tariffs will be harmful to the U.S. economy. In short, where USTR has asked whether the use of duties would be practicable or effective to eliminate unfavorable Chinese trade practices, the answer is a definitive no. To the contrary, such an act would handicap companies (and indeed, consumers of the internet in general) in the United States. Because telecom networks are essential to U.S. productivity, and raising the costs of inputs would make it more expensive for companies to access that technology, we believe the proposed tariffs on inputs to telecom networks would cause disproportionate economic harm to U.S. interests. For this reason, we request that the items on the attached annex be exempted from duties.

¹ Notice on Issuing “Made in China 2025” (State Council, Guo Fa [2015] No. 28, issued May 8, 2015).

² *Id.*

³ *Id.*

⁴ *Id.*



ANNEX

LIST OF HTS CODES REQUESTED FOR REMOVAL FROM DRAFT TARIFF LIST

HTS Code	Product Description
3910.00.00	Silicones in primary forms
3919.10.20	Self-adhesive plates, sheets, other flat shapes, of plastics, in rolls n/o 20 cm wide, not having a light-reflecting glass grain surface
3919.90.50	Self-adhesive plates, sheets, other flat shapes, of plastics, not having a light-reflecting surface produced by glass grains, nesoi
3920.62.00	Nonadhesive plates, sheets, film, foil and strip, noncellular, not combined with other materials, of polyethylene terephthalate
8501.53.60	AC motors, nesoi, multi-phase, 149.2 kW or more but not exceeding 150 kW
8503.00.95	Other parts, nesoi, suitable for use solely or principally with the machines in heading 8501 or 8502
8507.80.40	Other storage batteries nesoi, of a kind used as the primary source of electrical power for electrically powered vehicles of 8703.90
8507.80.81	Other storage batteries nesoi, other than of a kind used as the primary source of power for electric vehicles
8511.80.20	Voltage and voltage-current regulators with cut-out relays designed for use on 6, 12 or 24 V systems
8511.80.40	Voltage and voltage-current regulators with cut-out relays other than those designed for use on 6, 12 or 24 V systems
8511.90.20	Parts of voltage and voltage-current regulators with cut-out relays, designed for use on 6, 12 or 24 V systems
8511.90.40	Parts of voltage and voltage-current regulators with cut-out relays, other than those designed for use on 6, 12 or 24 V systems
8529.10.91	Other antennas and antenna reflectors of all kinds and parts, for use
8533.90.40	For the goods of subheading 8533.40, of ceramic or metallic materials, electrically or mechanically reactive to changes in temperature
8536.30.80	Electrical apparatus for protecting electrical circuits, for a voltage not exceeding 1,000 V, nesoi
8536.50.70	Certain specified electronic and electromechanical snap-action switches, for a voltage not exceeding 1,000 V
8536.70.00	Connectors for optical fibers, optical fiber bundles or cables
8537.10.30	Electric control panels, for a voltage not exceeding 1,000, assembled with outer housing or supports, for goods of 8421, 8422, 8450 or 8516
8541.10.00	Diodes, other than photosensitive or light-emitting diodes
8541.40.60	Diodes for semiconductor devices, other than light-emitting diodes, nesoi
8542.31.00	Electronic integrated circuits: processors and controllers
8542.32.00	Electronic integrated circuits: memories
8542.33.00	Electronic integrated circuits: amplifiers
8542.39.00	Electronic integrated circuits: other



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8542.90.00	Parts of electronic integrated circuits and microassemblies
8543.70.45	Other electric synchros and transducers; defrosters and demisters with electric resistors for aircraft
8543.70.99	Other machinery in this subheading
8544.49.10	Insulated electric conductors of a kind used for telecommunications, for a voltage not exceeding 80 V, not fitted with connectors
8544.49.20	Insulated electric conductors nesoi, for a voltage not exceeding 80 V, not fitted with connectors
8544.60.60	Insulated electric conductors nesoi, not of copper, for a voltage exceeding 1,000 V, not fitted with connectors
8601.20.00	Rail locomotives powered by electric accumulators (batteries)
8602.10.00	Diesel-electric locomotives
9001.10.00	Optical fibers, optical fiber bundles and cables, other than those of heading 8544
9028.30.00	Electricity supply or production meters, including calibrating meters thereof
9030.84.00	Instruments and apparatus for measuring, checking or detecting electrical quantities or ionizing radiations, nesoi: with a recording device