

March 30, 2020

**VIA REGULATIONS.GOV**

The Honorable Robert E. Lighthizer  
United States Trade Representative  
Office of the U.S. Trade Representative  
600 17<sup>th</sup> Street, N.W.  
Washington, D.C. 20508

**Re: Request for Comments on Additional Modifications to the 301 Action to Address COVID-19: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation**

**Docket ID: USTR-2020-0014-0001**

Dear Ambassador Lighthizer:

In accordance with the notice published in the *Federal Register* on March 25, 2020, the PeopleForBikes Coalition (PeopleForBikes) respectfully requests that the Office of the United States Trade Representative (USTR) consider granting exclusions from the Section 301 tariffs on goods imported from China for the following bicycle products identified below:

1. All bicycles classified in U.S. Harmonized Tariff Schedule (HTSUS) subheading 8712.00.2500 (List 3) (narrow, product-specific exclusions have been previously granted in this subheading);
2. All bicycles classified in HTSUS subheading 8712.00.3500 (List 3) (narrow, product-specific exclusions have been previously granted in this subheading);
3. Bicycle tires of rubber classified in HTSUS subheading 4011.50.0000 (List 3) (one narrow product-specific exclusion was previously granted in this subheading);
4. Bicycle inner tubes of rubber classified in HTSUS 4013.20.0000 (List 3);
5. "Bicycle safety helmets" classified in HTSUS 6506.10.6045 (List 4A).

As explained in more detail below, bicycles and bicycle-related products have become essential for U.S. communities during the current COVID-19 crisis. The Federal Government, and state and local governments throughout our nation, have recognized bicycles as "essential," "life-sustaining," and "critical." Granting exclusions on these products will benefit thousands of Americans who rely on bicycles as essential transportation, particularly when public transit services have been greatly decreased at this time.

In addition, these tariffs are currently causing severe economic harm to the many U.S. small businesses that sell and repair bicycles. Bicycle sales are down, hurting bike suppliers, distributors, and small retail shops. With fewer bicycles being sold, bicycle service dollars (a critical source of income) have also decreased at bike repair shops. Excluding these products from the Section 301 tariff will provide badly-needed relief to these businesses.

#### **A. Introduction and Overview of Exclusion Requests**

We recognize that the Federal Government is facing an unprecedented challenge in fighting COVID-19. We are grateful for the work of all of our government officials as they try to save American lives.

The PeopleForBikes Coalition is the sole industry association for American manufacturers and suppliers of bicycles and bicycle products.<sup>1</sup> We have 175 members representing companies of all sizes. Our members encompass businesses that serve every facet of the domestic bicycle market, including complete bicycles, parts, components, and accessories. Our membership is a true cross section of the U.S. bicycle industry.

As the COVID-19 crisis has unfolded, bicycles and bicycle products have become essential for U.S. communities. While state and local governments are closing non-essential businesses, bicycle shops and service providers have been recognized as “essential,” “critical,” and “life-sustaining.” Bicycles are enabling Americans that do not own a car, do not wish to drive, or do not want to use public transportation for fear of putting themselves or others at risk, with a safe mode of travel for essential needs that respects the social distancing protocols that the Centers for Disease Control (CDC) has recommended.

The vast majority of these bicycles come from China, and there is very limited production of these bicycles in the U.S. Lower-income Americans in particular depend on imported bicycles from China. In 2018, the average import value of a bicycle from countries other than China was nine times the value of a bicycle imported from China. Low-income Americans are the ones most affected by higher tariffs on bikes from China, and they are also the ones being most affected by our current medical crisis.

Due to their role in reducing the spread of COVID-19, allowing people to transport themselves to essential jobs and obtain essential goods, and enabling Americans to maintain their health, we respectfully ask that you consider granting exclusions to the Section 301 tariff for the bicycle products identified below:

---

<sup>1</sup> Previous communications related to the Section 301 investigation were sent jointly to USTR by the PeopleForBikes Coalition and the Bicycle Product Suppliers Association (BPSA). These two organizations merged effective July 1, 2019 and now constitute a single, unified 501(c)(6) industry coalition representing American bicycle suppliers. The BPSA is now a committee of the PeopleForBikes Coalition.

1. All bicycles classified in U.S. Harmonized Tariff Schedule (HTSUS) subheading 8712.00.2500 (List 3) (narrow, product-specific exclusions have been previously granted in this subheading);
2. All bicycles classified in HTSUS subheading 8712.00.3500 (List 3) (narrow, product-specific exclusions have been previously granted in this subheading);
3. Bicycle tires of rubber classified in HTSUS subheading 4011.50.0000 (List 3) (one narrow product-specific exclusion was previously granted in this subheading);<sup>2</sup>
4. Bicycle inner tubes of rubber classified in HTSUS 4013.20.0000 (List 3);
5. “Bicycle safety helmets” classified in HTSUS 6506.10.6045 (List 4A).

For the bicycles, tires, and inner tubes identified above, we specifically request that ALL products imported under the relevant HTSUS subheadings be excluded from the Section 301 tariffs. As USTR has done in prior notices granting exclusions, it would be appropriate to simply list these tariff subheadings as subject to an exclusion so that all products imported under these classifications are excluded from the Section 301 tariffs. As with all other Section 301 product exclusions, we request that these exclusions be retroactive to the date that these tariffs were first imposed.

### **B. Bicycles, Bicycle Parts, and Bicycle Safety Equipment are Important to Responding to the COVID-19 Public Health Crisis**

One of our key priorities as a nation is to minimize our contact with other people to slow the spread of the virus. We must also reduce the number of non-COVID-19 related incidents and injuries that would strain our healthcare system, while still preserving the ability of Americans to work and stay physically and mentally healthy. The bicycle is a key tool in this public health fight.

While we are advocates for public transportation, particularly when used in connection with bikes, many Americans are refraining from riding buses, subways, and trains in order to minimize their contact with other people at this time. They are choosing bikes instead. New York City is one of many areas that has seen a rapid increase in bike riding as people discover it is the best way to meet their essential transportation needs and comply with social distancing protocols.<sup>3</sup> Other cities, such as Chicago, are even actively embracing bike commuting as a preferred way to move their health care workers.<sup>4</sup>

In addition, Americans and people throughout the world are being told to maintain their outdoor activities, to the extent it is consistent with social distancing protocols, during this time in order to

---

<sup>2</sup> An exclusion was previously granted for bicycle tires that have “a carbon steel wire-reinforced bead.” See Docket USTR-2019-0005-28175. While this was helpful, a significant number of bicycles tires utilize a folding Kevlar bead rather than a steel wire bead.

<sup>3</sup> A surge in biking to avoid crowded train in N.Y.C., New York Times (Mar. 14, 2020) (available at: [www.nytimes.com/2020/03/14/nyregion/coronavirus-nyc-bike-commute.html](http://www.nytimes.com/2020/03/14/nyregion/coronavirus-nyc-bike-commute.html)).

<sup>4</sup>City of Chicago Provides Financial Relief for Transportation During State’s Stay at Home Order (Mar. 24, 2020) (available at: [www.chicago.gov/city/en/depts/mayor/press\\_room/press\\_releases/2020/march/FinancialReliefTransportation.html](http://www.chicago.gov/city/en/depts/mayor/press_room/press_releases/2020/march/FinancialReliefTransportation.html)).

protect their physical and mental health. Exercise is one of several key mechanisms to boost the immune system. The CDC has specifically recommended that people continue to exercise while we combat COVID-19.<sup>5</sup> Biking is the one of the best methods for people to get sorely needed outdoor time and exercise while respecting the health measures that have been imposed.

We must ensure that people can safely ride bikes during our response to COVID-19, and that riding bikes for essential activities and to essential businesses does not result in unnecessary injuries that waste emergency response resources. We believe that bicycling is filling a critical need for moving people at this time that cannot be met by any other transportation mode. Bicycles permit social distancing, eliminate congestion on streets that would otherwise force unnecessary human contact, and provide underlying health benefits through physical activity. For these reasons, biking is a critical component of our public health response to COVID-19 that justifies the elimination of the Section 301 tariffs on the products identified herein.

### **C. The Federal Government and State and Local Governments Have all Recognized Bicycles as “Essential”**

The only way that bicycles can continue to be an effective public health response tool is if people can access bicycles, parts, and repair services while we implement stay-at-home orders and orders closing non-essential businesses. Every level of the U.S. government has recognized that bicycles are an essential need at this time by designating bicycle businesses as part of their essential or critical infrastructure.

U.S. states are overwhelmingly permitting bicycle shops to stay open in these closure orders. In doing so, they are following federal guidance regarding the “Essential Critical Infrastructure Workforce” issued by the Cybersecurity and Infrastructure Security Agency (CISA) of the Department of Homeland Security. This guidance specifically recognizes “[e]mployees who repair and maintain . . . bicycles” as part of the United States essential critical workforce.<sup>6</sup>

While these orders are changing rapidly, at the time of this letter twenty-one states and the District of Columbia are allowing bicycle shops to stay open as either essential, life-sustaining, or critical businesses.<sup>7</sup>

Likewise, most major U.S. cities have recognized bikes shops as essential in this crisis. While this is far from an exhaustive list, these municipalities include Atlanta, Chicago, Denver, Houston (Harris County), Los Angeles, New Orleans, New York City, Philadelphia, and San Francisco.

---

<sup>5</sup> Centers for Disease Control and Prevention, Coronavirus Disease 2019 (COVID-19), Manage Stress & Anxiety (available at: <https://www.cdc.gov/coronavirus/2019-ncov/prepare/managing-stress-anxiety.html>).

<sup>6</sup> Memorandum on Identification of Essential Critical Infrastructure Workers During COVID-19 Response, Cybersecurity and Infrastructure Security Agency (Mar. 28, 2020) (available at: [www.cisa.gov/publication/guidance-essential-critical-infrastructure-workforce](http://www.cisa.gov/publication/guidance-essential-critical-infrastructure-workforce)) (explicitly recognizing bicycle repair and maintenance in two areas of the Transportation and Logistics section).

<sup>7</sup> Alaska, Arizona, Colorado, Connecticut, Delaware, District of Columbia, Hawaii, Illinois, Indiana, Kentucky, Maine, Maryland, Montana, Minnesota, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Washington, and Wisconsin.

These actions are a strong statement concerning the views of the Federal Government and state and local governments regarding the role that bikes can play in this crisis. Every level of the American government is viewing bicycling as a critical public health tool.

#### **D. Specific Information on the Requested Exclusions**

##### 1. All bicycles imported under HTSUS subheadings 8712.00.2500 and 8712.00.3500

While USTR has previously granted certain product-specific exclusion requests submitted by individual companies for adult bicycles, ALL of the bicycles imported under tariff subheadings 8712.00.2500 and 8712.00.3500 should be excluded from the Section 301 tariffs to ensure that every adult American has access to a bike.

Bicycles imported under HTSUS 8712.00.2500 and 8712.00.3500 include almost all bikes with wheels that are greater than 25 inches in diameter. As a practical matter this mean all adult bikes. They are usually equipped with 26, 27.5, or 29-inch diameter wheels and tires, and they are most commonly made from steel, aluminum and carbon fiber.

These bicycles are classified in one of these two tariff subheadings depending on their weight and tire width design. If the bicycle weighs less than 16.3 kg (35.9 lb.) and is designed for use with tires having a cross-sectional diameter exceed 4.13 cm (1.6 inches) or less, they are classified in 8712.00.2500. This includes most drop-bar handlebar style bicycles and many other lightweight, narrow tire diameter style bikes used for transportation.

Other adult bicycles are classified in 8712.00.3500, which would typically include heavier bikes or bikes with wider tire widths. Both tariff classifications include many low-cost bicycles commonly used by Americans for transportation and recreation.

U.S. production of these bicycles is very limited. The vast majority of these bicycles, including those used for transportation, come from China. In 2018, China accounted for 86% of bicycles imported under 8712.00.2500 and 93% of bicycles imported under 8712.00.3500. Lower-income Americans in particular depend on imported bicycles from China. In 2018, the average import value of bicycles from China in these two tariff schedule subheadings was approximately \$100. The average import value for bicycles from countries other than China was \$900. Low-income Americans will be the ones most likely to suffer from the Section 301 tariff on imported bicycles in a time where many of them are losing their jobs as a result of COVID-19.

All of the public health benefits that bicycles can provide to support our response to COVID-19 (outlined above) will not be possible if people cannot obtain affordable bikes. Many people now need to (or would prefer to) ride a bike to ensure they are maintaining social distancing protocols, but do not currently own one. Others are finding neglected bicycles that are no longer operable or safe. We must ensure that adult Americans have access to bikes to fulfill their essential needs and facilitate essential work, particularly as they experience unheard of financial strain.

2. All bicycle tires imported under HTS 4011.50.0000 and inner tubes imported under HTS 4013.20.0000

Bicycles will only prove to be an effective public health response to COVID-19 if they are in safe working order. That means two things: 1) Americans must be able to purchase repair parts for common mechanical problems; and 2) bicycle shops must be permitted to provide repair services.

As documented above, the Federal Government and state and local governments are already doing their part to ensure that bicycle shops can remain open to support essential activities and essential businesses. However, we also need a continued supply of critical parts.

All bicycle tires are imported under HTSUS 4011.50.0000. That tariff subheading is limited to bicycle tires. Bicycle tires are made from rubber. They are pneumatic, meaning they hold air inside them either directly or with a rubber inner tube. They have tread on the outside, which varies depending on their application, and a protective casing to guard against punctures. They have either a wire or Kevlar bead which allows them to be mounted to the bicycle's wheel rim.

All rubber bicycle inner tubes are imported under HTSUS 4013.20.0000. That tariff subheading is limited to rubber bicycle inner tubes. The inner tube is circular, sealed tube that holds air. It is placed inside the bicycle tire and rests between the tire and rim. It has valve that can be used to put air in the tube or release air. Most bicycle wheel rims and tires are designed to utilize tubes.

The most common mechanical problem on a bicycle is a flat tire. A flat tire typically occurs for one of two reasons: 1) the inner tube has been punctured by a sharp object; or 2) the tire is so badly worn or damaged that common road debris is constantly infiltrating the tire casing and puncturing the tube. A bicycle with a flat tire cannot be ridden. A puncture is also a serious safety concern because it jeopardizes the bike rider's control over the bicycle and drastically increases their likelihood of crashing. People need access to bicycle inner tubes and tires to ensure their bicycles remain safe and functional.

America does not produce any bicycle tires or inner tubes. They are all imported. They are produced in various locations depending on a variety of factors including access to natural rubber. China is a critical source of these parts – it has access to both natural rubber and the ability to produce significant quantities of tires and tubes at affordable prices.

Americans need easily available, affordable, and safe bicycle inner tubes and tires to ride bikes. A leading distributor and PeopleForBikes member, Quality Bicycle Products of Bloomington, Minnesota, has recently seen an increase in demand for bicycle tubes as Americans have turned to bicycles for their transportation and health needs. We respectfully request that you exclude these items from the Section 301 tariffs to help protect against the risk of unnecessary injuries during the COVID-19 response.

3. Bicycle safety helmets imported under HTSUS 6506.10.6045

To effectively respond to this crisis, we must ensure that people do not use our limited medical resources to treat injuries that are not related to COVID-19. Ensuring that Americans have access

to affordable bicycle helmets is the best way to ensure that bike riding does not result in any traumatic injuries that take health care professionals away from those infected with COVID-19.

Bicycle helmets are imported under one of two tariff headings depending on their composition. The bicycle helmets subject to this request are covered by HTSUS 6506.10.6045. Bicycle helmets imported this subheading are typically made of expanded polystyrene (EPS) or expanded polypropylene (EPP) foam with an outer shell of thermoformed polycarbonate (PC) and an inner skeleton made of nylon. Other materials may be used depending on the helmet's application. The helmets in this subheading do not utilize reinforced or laminated plastics. Helmets vary in size and weight depending on design. A chin strap secures the helmet to the head. Helmets may also include cutouts for ventilation.

The ability of helmets to reduce or eliminate serious head and brain injuries makes them a critical piece of protective equipment for bike riders that are involved in crashes and collisions. According to the National Transportation Safety Board, “[i]n the event of a crash, the most effective method for a bicyclist to mitigate head injury is to properly wear a bicycle helmet that is compliant with the federal safety standard for bicycle helmets described in 16 CFR Part 1203.”<sup>8</sup>

It is also important to note that neither the U.S. nor third countries have manufacturing capability or capacity to produce these bicycle safety helmets in sufficient quality or quantity. We must source them from China.

Your office has already recognized the key role of helmets in protecting against unnecessary injuries by granting exclusion requests for bicycle helmets that are imported under HTSUS 6506.10.3045 on March 25, 2020.<sup>9</sup> We ask that you expand that action and exclude all bicycle helmets by adding an exclusion for “bicycle safety helmets” imported under 6506.10.6045. Ensuring that bicycle helmets are accessible and affordable will serve our current national interest of preventing all unnecessary injuries.

#### **E. Economic Impact of Section 301 Tariffs**

In addition to the negative economic effect that these tariffs have on low-income Americans, these tariffs are also causing severe economic harm to many businesses that import, sell, and repair bicycles. The COVID-19 epidemic is now posing a new and additional threat to the viability these businesses.

The American bicycle industry was not experiencing a strong market prior to the spread of COVID-19 in the U.S. Our most recent retail figures (through the end of January 2020) are both telling and alarming. Adult bicycle unit sales are down -10% over the previous year. Road bicycle

---

<sup>8</sup> National Transportation Safety Board, *Bicyclist Safety on US Roadways: Crash Risks and Countermeasures* at 55 (Nov. 5, 2019).

<sup>9</sup> Available at:

[https://ustr.gov/sites/default/files/enforcement/301Investigations/%24300\\_Billion\\_Exclusions\\_Granted\\_March\\_25\\_2020.pdf](https://ustr.gov/sites/default/files/enforcement/301Investigations/%24300_Billion_Exclusions_Granted_March_25_2020.pdf)

sales are down -15%. Transit and fitness bicycles are down -22%. Only mountain bikes provided some level of stability, with a still noteworthy decrease of -4%.

We believe much of this sales volume reduction is due to the Section 301 tariffs that have increased prices and reduced demand. Our tariffs have been raised to either 36% (HTS 8712.00.3500) or 30.5% (HTS 8712.00.2500) depending on the type of bicycle. While suppliers have attempted to absorb as much of the higher tariff in their cost structure as possible, the average selling price of an adult bicycle is up almost 9% from one year ago. That figure actually masks the severity of the problem. Average selling prices were up an astounding 19% in January 2020 as suppliers find there is no way manage the Section 301 tariffs other than increasing prices.

This is not translating into more dollars for the bike industry. Overall sales dollars for the bike industry are down -2% over the last year.

Unfortunately, the reduced purchase of new bicycles has an immediate effect on related services. Critically, bicycle shop service revenue is down -8% in dollars over the previous year. Bicycle shops have already been experiencing a difficult domestic market with respect to both sales and service. COVID-19 has a strong possibility of rendering it impossible for these businesses to stay afloat.

While many of our members are working to diversify their supply chain and move production to locations outside China, this production shift will take time and is costly. Our members have been actively seeking these opportunities since the Section 301 tariffs were implemented in 2018. However, it is very difficult to find manufacturers that can provide the safe and consistent product that is being built in China today.

The scale of current production is also extremely difficult to migrate. America alone imports 15-17 million bicycles each year. China provides most of the bicycles for the entire world market of more than 100 million. That level of production cannot be moved quickly or easily.

The combination of the Section 301 tariffs and the spread of COVID-19 will severely affect the U.S. bicycle industry. Bicycle retail and service shops, the vast majority of which are small businesses, will feel this pain most acutely. We ask you that support the efforts of state and local governments to sustain these businesses by reducing the tariffs on the products they need. This will help ease the economic pain our industry has been experiencing for nearly two years.

#### **F. These Products are Not Related to “Made in China 2025” or other Chinese Industrial Programs**

To our knowledge, no type of bicycle is mentioned in any strategic industrial or manufacturing plans of which we are aware, including Made in China 2025. In contrast to the types of advanced technologies discussed in these Chinese strategic plans (e.g., high-speed and advanced rail, high-tech maritime vessels, and new energy vehicles) bicycles involve no propriety or sensitive technologies that would aid China’s industrial advancement. No advanced materials are involved in the construction of bicycles. Most bicycles are made from aluminum or steel using production methods that have been established for many years. In short, the materials, parts, and production

The Honorable Robert E. Lighthizer  
March 30, 2020  
Page 9

methods used to manufacture bicycles are well-known and widely utilized. They do not relate to any Chinese industrial programs, nor would they be capable of advancing those interests.

**G. Conclusion**

For the foregoing reasons, PeopleForBikes respectfully requests USTR to issue a notice excluding all bicycle products imported under HTSUS subheadings 8712.00.2500, 8712.00.3500, 4011.50.0000, 4013.20.0000, and 6506.10.6045 from the additional duties that are being imposed as a result of this Section 301 investigation.

Please contact me if you require any further information on these products.

Respectfully submitted,



Alexander F. Logemann  
*Policy Counsel*  
*PeopleForBikes Coalition*