

## China's Export Restrictions Strand Medical Goods U.S. Needs to Fight Coronavirus, State Department Says

Products made by 3M, Owens & Minor, PerkinElmer sit in warehouses; GE ventilator production line in Wisconsin nearly brought to a halt



Pallets of personal protective equipment arrived in New Hampshire from Shanghai on Sunday.

PHOTO: STEVEN SENNE/ASSOCIATED PRESS

By *Kate O'Keeffe, Liza Lin and Eva Xiao*

Updated April 16, 2020 6:13 pm ET

New Chinese export restrictions have left American companies' U.S.-bound face masks, test kits and other medical equipment urgently needed to fight the coronavirus stranded, according to businesses and U.S. diplomatic memos.

Large quantities of critical protective gear and other medical goods are sitting in warehouses across China unable to receive necessary official clearances, said some suppliers and brokers.

Health-care equipment maker PerkinElmer Inc., PKI 2.16% ▲ based in Massachusetts, is unable to ship 1.4 million test kits for Covid-19, the disease caused by the new coronavirus, from its Suzhou factory because it lacks a certification required by the new rules, according to a State Department memo reviewed by The Wall Street Journal.

A Shanghai vice mayor told Minnesota-based conglomerate 3M Co. MMM 0.23% ▲ that

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lifting restrictions on distribution of the company's masks would require instructions from Beijing," the memo said.

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The policies were instituted this month, and Chinese officials have said they are intended to ensure the quality of exported medical products and to make sure needed goods aren't being shipped out of China. Instead, they have created bottlenecks at a time of urgent need, according to the suppliers, brokers and the State Department memos.

China's policies have "disrupted established supply chains for medical products just as these products were most needed for the global response to Covid-19," according to one of the memos sent this week. The State Department said in a statement: "We appreciate the efforts to ensure quality control. But we do not want this to serve as an obstacle for the timely export of important supplies."

The [number of coronavirus cases](#) in the U.S. and other countries is soaring, surpassing two million globally. Across the U.S., hospitals and local governments, as in many other countries, are running short of masks and ventilators to treat patients, protect medical workers and shore up emergency stockpiles.

"Every single day we don't have the proper protective equipment is a new health-care worker exposed, is a new hole in the ship that is our current hospital system and ICU bed structure," said Illinois Deputy Gov. Christian Mitchell, who is overseeing procurement for the state. He said at least one vendor told him to expect delays of six to 10 days for a shipment from China because of the new certifications.

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— Illinois Deputy Gov. Christian Mitchell

Asked about the complaints of export problems, Foreign Ministry spokesman Zhao Lijian told reporters in Beijing on Wednesday that China wants to ensure the quality of exported medical products given their importance. "Countries across the world are all hunting for medical supplies, causing a big challenge for China's efforts of quality control and regulation of export," the Chinese Embassy in Washington said.

China is an almost irreplaceable supplier, making more than 40% of the world's imports of masks, gloves, goggles, visors and medical garments, according to the Peterson Institute for International Economics.

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In recent weeks the U.S. set up a task force among its diplomats in China to help American companies, states and the government procure and ship medical supplies such as masks, gloves and ventilators to the U.S. people familiar with the matter said. One of the people

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The logjams are adding to strained ties between the Communist government and the Trump administration, which have traded blame over the pandemic while also pledging to work together. President Xi Jinping, in a phone call last month, promised to help the U.S. in dealing with the pandemic.

China has been stung by criticism from the U.S. and others over its handling of the coronavirus. The Trump administration has particularly cited Beijing's lack of transparency, which likely contributed to the virus' spread.

To repair its image, China has tried to reshape perceptions about its role in the crisis, leveraging its manufacturing power to export crucial medical supplies to affected countries. Beijing was then hit with complaints from European countries about the quality of masks, gowns and other products they received.

The export restrictions then followed. Chinese customs prohibited the export of medical products without certifications from China's National Medical Products Administration, even if the goods had been registered with the U.S. Food and Drug Administration. On Friday China added another hurdle, subjecting certain types of surgical protective gear and equipment—including ventilators and masks—to extra checks before they could be shipped overseas.

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Printed circuit boards used in ventilators manufactured by General Electric Co. sat in a warehouse for five days because of confusion over the new rules, according to people familiar with the matter. Without the shipment, a GE ventilator production line in Wisconsin would likely have run out of parts and have to suspend work.

After days of negotiations between manufacturers, local authorities and a business association, the shipment finally left Shanghai in a plane bound for the U.S. on Sunday, they said.

Others are still stuck. Virginia-based health-care logistics firm Owens & Minor Inc. has a shipment of 2.4 million masks that meet Food and Drug Administration specifications stuck in a warehouse in Shanghai's Pudong International Airport because the products lack the newly required certification, according to one of the State Department memo

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It said hospital operator Emory Healthcare can't get 100,000 N95 face masks and 40,000 isolation gowns out of China for the same reason.

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Cellex Inc., a biotech company based in North Carolina that has received inquiries from at least four state governments eager to purchase their coronavirus antibody tests, hasn't been able to fill orders without the Chinese certification, despite receiving an FDA emergency-use authorization on April 1, the memo said.

Owens, Emory and Cellex didn't respond to requests for comment.

Suppliers said the urgent demand has created a "complete sellers' market," with prices changing daily as factories, inundated by offers, dictate minimum purchasing quantities and buying conditions.

"China's between a rock and a hard place," said Solomon Matzner, the Shanghai-based founding partner of BioAktive Specialty Products, who assists U.S. and German institutions in sourcing KN95 masks. "They need to get as much product out as possible, but on the other hand, Chinese products are being criticized for quality."

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