



May 21, 2020

Support the BEAT CHINA Act, H.R. 6690

On behalf of our activist community, I urge you to contact your representative and ask him or her to support the Bring Entrepreneurial Advancements To Consumers Here In North America (BEAT CHINA) Act, H.R. 6690. Introduced by Rep. Chip Roy (R-Texas), the BEAT CHINA Act would provide tax incentives to medical and pharmaceutical companies to bring their manufacturing operations to the United States.

COVID-19 has heightened tensions with China. The Chinese Communist Party, in its usual deceit and secrecy, has lied to the world about the extent of COVID-19, including the number of cases and deaths caused by the virus that originated in Wuhan. China's lies about COVID-19 have come at a terrible cost. As of Wednesday, nearly 96,000 people in the United States have died from this virus.

Understandably, lawmakers want to punish China. Some have proposed forcibly reshoring medical and pharmaceutical supply chains by way of executive order as one way of doing so. This strategy will do more harm than good by dramatically disrupting supply chains and leading to higher costs for taxpayers at a time when taxpayers are already seeing deficits and debt not seen since the end of World War II. A "Buy American" mandate is the wrong approach to address these concerns.

Using the tax code to encourage medical and pharmaceutical companies to come to the United States is the proper response. While [28 percent of plants that make active pharmaceutical ingredients \(API\) for FDA-approved drugs are currently located in the United States](#), bringing more back should be the long-term goal. A recent brief by American Action Forum notes that [Ireland was the top source for foreign APIs in 2019](#), ahead of China and Singapore. One of the primary reasons for Ireland's prominence in this market, the [size of which exceeded \\$170 billion in 2019](#), is its pro-growth environment as exemplified by a low corporate tax rate and numerous incentives that attract significant overseas investment.

In order to grow our economy and increase our domestic manufacturing capabilities, the United States must adopt similar measures to be able to compete with incentives offered in foreign countries.

The BEAT CHINA Act would incentivize medical and pharmaceutical companies to move from overseas through 20-year nonresidential real property bonus depreciation and full deductibility of new property in the United States in the first year. Gross income gains earned from the disposition of assets from the country from which the company is moving would be excluded from taxes. A company must keep the same production levels they had in the country from which it moved to qualify for these tax incentives. These incentives are essential for economic recovery and should be adopted broadly for all industries in the United States.

For these reasons, I urge you to contact your representative and ask him or her to support the BEAT CHINA Act, H.R. 6690.

Sincerely,

A handwritten signature in black ink, appearing to read 'Adam Brandon', with a stylized flourish at the end.

Adam Brandon
President, FreedomWorks