

Docket No. USTR-2025-0001

Re: “Request for Comments to Assist in Reviewing and Identifying Unfair Trade Practices and Initiating All Necessary Actions to Investigate Harm From Non-Reciprocal Trade Arrangements”

The National Small Business Association (NSBA) is writing to outline the impact of intellectual property (IP) theft on America’s small businesses in response to USTR’s “Request for Comments to Assist in Identifying Unfair Trade Practices and Initiating All Necessary Actions to Investigate Harm From Non-Reciprocal Trade Arrangements”. NSBA is the nation’s first small business advocacy organization representing the 70 million owners and employees that make up American small business, championing efforts that foster the growth, strength, and impact of small businesses. As small business champions, we support bolstered U.S. IP protection, including holistic examination of China’s treatment of IP rights and robust safeguards against IP theft.

In the 2024 Annual Report of the President on the Trade Agreements Program (“2024 Report”), USTR outlined the state of IP rights. The U.S. government, USTR discussed, “identified laws, policies, and practices in foreign countries that fail to provide adequate and effective [IP] protection and enforcement for U.S. inventors, creators, brands, manufacturers, and service providers.” Among the challenges that were identified were copyright piracy, policies impacting patents and trade secrets, and counterfeit products.<sup>1</sup>

The 2024 Report highlighted China as a hub for challenges related to IP protection, noting that “China is home to widespread infringing activity, including trade secret theft, rampant online privacy and counterfeiting, and high-volume manufacturing and export of pirated and counterfeit goods to markets around the globe.” According to FY23 data, “shipments and goods coming from or through China and Hong Kong, China... accounted for the overwhelming majority (83% of the value measured by manufacturers’ suggested retail price) of all [CBP] border seizures of [IP] rights infringing merchandise.”<sup>2</sup>

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<sup>1</sup> United States Trade Representative, “2025 Trade Policy Agenda and 2024 Annual Report,” Mar 2025, <https://ustr.gov/sites/default/files/files/reports/2025/2025%20Trade%20Policy%20Agenda%20WTO%20at%2030%20and%202024%20Annual%20Report%2002282025%20--%20FINAL.pdf>.

<sup>2</sup> United States Trade Representative, “2025 Trade Policy Agenda and 2024 Annual Report,” Mar 2025, <https://ustr.gov/sites/default/files/files/reports/2025/2025%20Trade%20Policy%20Agenda%20WTO%20at%2030%20and%202024%20Annual%20Report%2002282025%20--%20FINAL.pdf>.

China's IP-infringing actions have a disproportionate impact on America's small businesses. Introducing the bipartisan *American IP Defense and Enforcement Advancement (IDEA) Act*, Sen. John Cornyn (R-TX) noted that "[IP] crimes cost American business hundreds of billions of dollars each year, and small businesses often lack the resources to protect themselves against foreign bad actors."<sup>3</sup> As such, small businesses are "particularly vulnerable to IP exploitation and loss."<sup>4</sup>

NSBA believes that the U.S. must reassert its position as the international leader in innovation by strengthening patent protections, and that USTR should play a critical role in this reassertion. Accordingly, we urge USTR, in its recommendations to the President, to specifically focus on China's IP theft and work with economic stakeholders, including small business, to develop a plan to deter this unfair and economically burdensome trade practice.

Thank you for allowing us the opportunity to comment on this request. Please do not hesitate to reach out to [rgrey@nsbaadvocate.org](mailto:rgrey@nsbaadvocate.org) if you have any questions.

Sincerely,

Rachel C. Grey

Director of Research & Regulatory Policy, NSBA

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<sup>3</sup> United States Senator Tammy Baldwin, "Baldwin, Cornyn Introduce Bipartisan Legislation to Protect American Businesses' Intellectual Property from Foreign Theft," Sept 2023, <https://www.baldwin.senate.gov/news/press-releases/baldwin-cornyn-introduce-bipartisan-legislation-to-protect-american-businesses-intellectual-property-from-foreign-theft>.

<sup>4</sup> National Intellectual Property Rights Coordination Center, "IPR Center Launches Community-Based Initiative to Help Small Business Protect Themselves Against Intellectual Property Theft, Other Fraud," Apr 2021, <https://www.iprcenter.gov/news/ipr-center-launches-community-based-initiative-to-help-small-business-protect-themselves-against-intellectual-property-theft-other-fraud>.