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## China's 1-cent masks drive US manufacturers to the brink

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American manufacturer Premium-PPE has seen its monthly mask production plunge nearly 90% from last year's peak, falling to 4 million to 5 million.

Idle equipment and piles of unsold merchandise fill its factory in the city of Virginia Beach. Its workforce, once boasting as many as 280 people, has shrunk to about 50. And the company blames cheap imports from China for its reversal of fortune.

"Selling the mask for less than a penny is not possible," said Brent Dillie, the chief revenue officer.

Premium-PPE is among the U.S. mask makers losing out to Chinese rivals that Dillie and his peers accuse of flooding the market with products priced below cost -- a problem that connects to debates over national security and the cost of self-sufficiency.

The business that became Premium-PPE sold electronic cigarettes before pivoting to disposable masks in March 2020 as the coronavirus pandemic spread like wildfire in the U.S. With medical personnel having to reuse masks in the face of a grave shortage, its products flew off the shelves.

Each box of masks declares the products are "Made in USA" in large letters, as a mark of quality. Demand has not vanished, even with the country's progress on vaccinations. But few consumers are willing to spend 10 times as much for an American alternative to a Chinese-made mask.

The U.S. has nearly 300 million masks sitting unused in warehouses, and producers are going under one after another, according to the American Mask Manufacturer's Association, which includes small and midsize companies. The group, chaired by Dillie, sent a letter to President Joe Biden in May asking for the government to buy up this inventory, among other support measures.

Maintaining mask production in the U.S. to prepare for future pandemics is "a matter of national security," the letter said. The group said imported Chinese surgical masks now sell for an average of 1 cent each.

The coronavirus laid bare American reliance on China for many medical products, alarming officials and lawmakers on both sides of the aisle.

The U.S. imported 72% of its face masks from China in 2019, the Congressional Research Service said. The government institute's report showed large shares of imports from the Asian country for a broad range of medical supplies. China remains the "world's factory" for many products that are cheap and difficult to differentiate.

Now that the worst of the crisis appears to be over in the U.S. and supplies are no longer as tight, the push to become more self-sufficient regarding medical products has lost much of its momentum from a year ago. Washington can respond to dumping of underpriced goods with import restrictions or legislation, but American companies may not have the wherewithal to last that long.

Few object to the idea of boosting American manufacturing to be less dependent on China, particularly given Beijing's past use of export restrictions as a diplomatic weapon. But uncomfortable discussions of the costs to government, businesses and consumers tend to fall by the wayside.

The Department of Defense has begun subsidizing construction of domestic facilities to produce rare-earth metals, strategically important materials used in applications including fighter jets. The process of separating and refining them is time consuming and harmful to the environment, and handled mainly in China. While imports are cheaper economically, the security costs ultimately fall on the public.

Lawmakers and industries have called for similar steps to move production home for any number of products in the name of national security.

"I think (making low-end products in the US) would be not just a big waste of resources, but it could potentially lead to crowding out investments in better things," said Scott Lincicome, a senior fellow at the libertarian Cato Institute.

The questions of what needs to be produced in the U.S. and what falls under the heading of "national security" remain up for debate.