



UNITED STATES COUNCIL FOR INTERNATIONAL BUSINESS

**Public Hearing Concerning China's Compliance with WTO Commitments  
before the interagency Trade Policy Staff Committee (TPSC)**

**Docket No. USTR-2010-0010**

**TESTIMONY**

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The United States Council for International Business (USCIB) welcomes the opportunity to provide comments and recommendations on China's compliance with its World Trade Organization (WTO) commitments. The WTO is the cornerstone of the global rules-based trading system and has helped spread growth and development for decades. China continues to be an important market for U.S. companies, and advancing the rule of law is vital to the relationship between the two economies. As the world's largest economy, China's practices and policies have a significant impact on its trading partners, and engagement with China can be challenging. China's continued growing importance in the global economy provides strong incentives for both countries to work together to address our common challenges and responsibilities. I am pleased to provide this interagency committee USCIB priorities and concerns based on member feedback, regarding China's fulfillment of its commitments related to several key issues for our companies.

USCIB works to promote open markets, competitiveness and innovation, sustainable development and corporate responsibility, supported by international engagement and regulatory coherence. Our members include top U.S.-based global companies and professional services firms from every sector of our economy, with operations in every region of the world. As the U.S. affiliate of the International Chamber of Commerce, the International Organization of Employers and the Business and Industry Advisory Committee to the OECD, USCIB has a unique global network through which it provides business views to policy makers and regulatory authorities worldwide and works to facilitate international trade and investment.

USCIB members continue to have serious concerns with a host of policies and practices maintained by China that undermine the ability of U.S. businesses to operate, including unfair and discriminatory governmental practices. We note that U.S. tariffs and Chinese retaliatory tariffs imposed as a result of the U.S. Section 301 investigation into China's forced technology transfer,



intellectual property, and innovation policies have been disruptive to U.S. business. The tariff actions have not to date resolved the underlying issues identified by the United States, nor have they changed any Chinese behavior regarding the matters covered by the investigation or the broader issues identified in our written submission. Accordingly, high-level bilateral dialogue between the United States and China continues to be of the utmost importance. We also urge both countries to utilize, in addition to the WTO, the full range of formal multilateral fora, including Asia-Pacific Economic Cooperation (APEC) Forum and the Organisation for Economic Cooperation and Development (OECD), to work toward improved commercial relations. Plurilateral dialogues that include U.S.-friendly jurisdictions such as the European Union, Canada or Australia should also be considered.

On China's fulfillment of its WTO obligations, USCIB acknowledges the efforts China has made since joining the WTO in 2001 to meet its obligations under the terms of its accession agreement. However, there continue to exist significant compliance concerns. Our written submission includes both cross-sectoral business issues, as well as those addressing individual specific sectors.

USCIB has consistently identified a number of key areas of concern, including market access, intellectual property, standards, transparency, subsidies, competition policy, technology transfer, and national and economic security issues. While small steps are occasionally made in a market opening direction, such as a draft amendment to the China patent law proposing patent term extensions for innovative drugs to restore patent life lost due to regulatory approval delays, or improvements to increased transparency, notification, and stakeholder input to proposed regulations, various sectors continue to experience either no change or a worsening of conditions. Examples include that China continues to maintain significant restrictions in its online video sector, there continue to be import restrictions on certain materials in the scrap commodity industry, China's implementation of the Cyber Security Law lacks objective standards and criteria to determine compliance, and the AML enforcement agencies regularly share confidential business information with Chinese companies. Further detail on these and other issues of concern can be found in our written submission.

This concludes my comments for today on China's compliance with its WTO commitments. We appreciate the opportunity to highlight these issues of concern to our members and would be pleased to elaborate further on any areas of interest to USTR and the Committee.