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EXPORT America

April 2000 Volume 1 Number 6
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U.S.-China TRADE Special Issue

Inside:

- The U.S.-China WTO Accession Deal: President Clinton's Speech, March 8, 2000
- High Tech Exports: How the Deal Will Benefit You
- Success Stories from Guangzhou & Jinan

WHITE HOUSE CHINA TRADE RELATIONS WORKING GROUP

"Passing permanent normal trade relations will open China's markets to us and will promote the cause of change in China."

—President Clinton, State of the Union Address
January 27, 2000

At www.chinapntr.gov you will find up-to-date and complete information on everything the Administration is saying or doing on the issue of permanent normal trade relations for China.

From speeches to press releases to reports and fact sheets, it is all here—as soon as we see it, you see it at www.chinapntr.gov.

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U.S.-CHINA TRADE SPECIAL ISSUE

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THE FEDERAL SCOOP

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International Trade Administration

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SECRETARY'S

NOTE

Last November, after years of negotiation, the United States concluded a comprehensive trade agreement with China.

The Agreement, which outlines our terms for China's accession to the World Trade Organization (WTO), secures substantial market access for U.S. goods, services and agricultural products. It ensures that China plays by the rules, it strengthens our ability to enforce Chinese commitments and it includes protections for US workers and farmers against potential unfair trade practices. In order to reap these benefits, we must grant permanently to China—what it has had for twenty consecutive years—normal trade relations.

In the coming weeks, Congress will debate whether or not the U.S. will grant permanent normal trade relations (PNTR) to China. WTO accession is a clear economic win for the United States, and together with PNTR, will open the world's largest nation to the United States in ways we cannot even yet imagine. Without PNTR, our competitors in Asia, Latin America, Canada and Europe will reap these benefits, while American farmers and businesses will be left behind.

In addition to the economic benefits, China's WTO accession also has deeper implications. Our relationship with China, given its size and economic weight, affects all of America's foreign policy and security goals in Asia and around the world. We have a fundamental responsibility to develop a stable, mutually beneficial relationship. WTO accession and PNTR will allow us to do so.

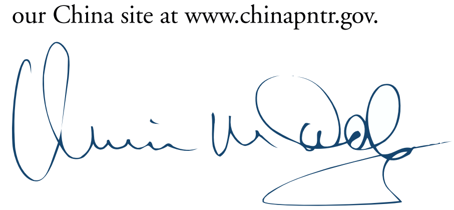
By integrating China more firmly into the Pacific and world economies, WTO accession will give China a greater stake in regional stability and prosperity. It will thus, together with our military presence in the Asia-Pacific region and our regional alliances, contribute to long-term regional peace. It will also help to bring reform to China, promoting the rule of law in many fields that are now dominated by state power and control. In fact, a number of leading Chinese dissidents have endorsed WTO membership not only for its economic value, but also as a foundation for broader future reforms.

In this issue of Export America, you will find a summary of the U.S.-China Bilateral Agreement and its benefits for U.S. business. You will also find stories from two U.S. companies that have found success in the Chinese market and are seeking to expand their presence in anticipation of the market opening measures found in the U.S.-China Bilateral Agreement.

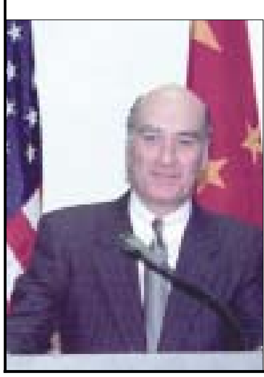
This issue also has articles discussing various U.S. Government initiatives such as the U.S. Compliance Initiative and the U.S. Commercial Strategy for China, as well as, an update on the Joint Commission on Commerce and Trade (JCCT). In addition, you will find statistics on the level of trade that U.S. small and medium-sized enterprises have with China.

Lastly, we will present some helpful advice on how to do business in China. Turley's Top Ten Tips discuss the nuts and bolts of what to do when entering the Chinese market, and our online resource guide lists over 50 websites containing useful information on exporting to China.

Next month we will return to our usual format; Global News Line, Trade Events and Export Statistics will be on headlines again. We also will have a special listing of World Trade Week events from around the country. Until then, the U.S. Department of Commerce remains committed to helping your company export. As always, we welcome your questions and comments. Please contact us at Export_America@ita.doc.gov and visit our China site at www.chinapntr.gov.



Honorable William M. Daley
The Secretary of Commerce



GOING GLOBAL MEANS CLEAN WATER FOR GUANGZHOU

by Curt Cultice
Office of Public Affairs

As an expert in financing and building wastewater treatment systems, Viet Ngo knows what it takes to quench the thirst of his customers. And that's good for the residents of Guangzhou, a major metropolitan center in Southern China.

Ngo is President and CEO of Lemna International, Inc., a Minneapolis, Minnesota firm, specializing in the financing of major infrastructure projects. Lemna recently completed a six-year quest culminating in the signing last November of an agreement for the construction of a water treatment plant in Guangzhou. The initial cost of the project is estimated at US$120 million.

"This is the first joint project between an American company and a Chinese partner for a water treatment project, so obviously we are very excited," says Ngo. "It has taken a great deal of planning and patience to bring this to fruition."

Photo courtesy of Lemna International, Inc.

Mr. Viet Ngo, Chairman of the Board of the joint venture, and Mr. Deng Han Ying, Deputy Director of the Guangzhou Municipal Construction Commission, shake hands at the signing ceremony for the service contract.

The joint venture, known as the Guangzhou Lemna Xilang Wastewater Treatment Co., Ltd., is a cooperative effort between Lemna and the Guangzhou Tunnel Development Authority.

When completed, the new system will add 400,000 cubic meters per day of municipal wastewater treatment capacity to the city's sewage treatment efforts.

"In China, local and national authorities have recognized the link between public and health protection, environmental protection, and the willingness of foreign investors to contribute to key local projects," said Ngo. "Guangzhou will benefit economically from the public display of its aggressive program to protect drinking water sources and its general aquatic environment."

Guangzhou, known in the West as Canton, is a 3.5 million-person city that has been the major international trade center for Southern China for the past 1,000 years. Located about 187 km by train up the Pearl River from Hong Kong, it has been one of the fastest growing large cities in China for the last few decades.

According to Ngo, Guangzhou has faced serious problems in producing fresh drinking water due to lack of sewage treatment facilities and the heavily polluted Pearl River, the city's main source of drinking water.

With a growth rate projected at more than 13 percent annually for the next five years, Guangzhou currently has just one sewage treatment plant treating 8 percent of the city's wastewater, and a second plant under construction.

Under the agreement, Lemna International and its Chinese partners will construct a third sewage treatment plant in Xi Lang in Guangzhou. Upon completion, the three plants combined will process about one-quarter of the city's sewage.

The City of Guangzhou began looking for a company that would invest private equity in the construction of a water treatment facility in 1993. Ngo says his firm was interviewed and ultimately selected for the project.

Over the next few years, Lemna worked closely with the U.S. Department of Commerce's U.S. and Foreign Commercial Service Offices in Beijing and Guangzhou, the Advocacy Center Network and the Office of Environmental Technologies.

"The Commerce Department played a key role in pushing the project along," says Ngo, "The Chinese government was greatly motivated by the prestige brought to bear by the visits of senior Commerce officials, including Secretary Daley's visit to China last April."

The Xi Lang treatment plant is central to the city's overall commitment to build a total of ten new wastewater treatment plants over the next few years—with the goal of protecting the raw water supply for the major manufacturing and trade center of southern China, and the partial remediation of the surface waters of the Pearl River estuary and upper Victoria Bay, Hong Kong.

Photo courtesy of Lemna International, Inc.

Lemna's Waste Water Treatment Project in Iskenderun, Turkey. The Xilang project will be a similar system.

"We do everything to make the project come into being, including arranging financing, engineering, planning, technology and procurement," says Ngo. "Once the project gets underway there will be dozens of contractors involved."

The Xi Lang plant in will be constructed in two phases. The first stage, expected to be completed in two or three years, will treat 52 million gallons of wastewater per day, and cost US$120 million to complete—with about one-third of the financing originating from Guangzhou and two-thirds from foreign sources. The second stage, scheduled for completion in 2005, will treat an additional 52 million gallons of wastewater.

"This project represents a major milestone in helping U.S. firms gain a foothold in an environmental market where our international competitors are very active," says Ngo.

"U.S. businesses will supply about $18 million in equipment exports and about $2 million in environmental services exports for the two-phase project."

The project is an important step for Ngo, who first started his company as an environmental design-engineering firm in 1983. The firm now employs a staff of several hundred, many of whom are based overseas.

With the signing complete, Ngo expects to iron out additional details and begin initial construction of the treatment facility by next year.

"The signing was a great day for the U.S. and for China," he says. "We hope this project helps lay the foundation for increased commercial cooperation between our two countries."

Mr. Ngo accompanied the late Commerce Secretary Ronald H. Brown to China in 1995 and served as member of the Executive Committee of the U.S.-China Business Council, where he represented U.S. environmental business interests.

RESTORING THE SILK ROAD

ITERIS, INC. IMPROVES CHINA'S TRANSPORTATION SYSTEMS WITH THE ASSISTANCE OF THE US&FCS

by Jake Bright
Office of Public Affairs

Is the road more traveled the road more congested? Usually. But, not for the residents of Jinan, China who are benefiting from the advanced traffic control technology of Iteris, Inc. A subsidiary of Odectics, Inc., Iteris is the global industry leader in the area of high technology products designed to improve vehicle safety and reduce traffic congestion.

"THE LARGEST PIECE OF ADVICE THAT I WOULD GIVE TO ANY COMPANY IS THAT INVESTMENT IN RELATIONSHIP DEVELOPMENT WILL CONTRIBUTE THE MOST TO LONG-TERM SUCCESS IN THE CHINESE MARKET."

In 1997, Iteris executives traveled to China to support their bid to develop a Computer Traffic Management System for the City of Jinan. Working closely with the U.S. & Foreign Commercial Service (US&FCS), Iteris won the contract worth just under $4 million.

Even though Iteris was offering the best package for the Chinese, the company did not originally have high hopes to win the contract. Its competitors, two European companies, were working with their governments to tie the contract to unrelated foreign grants. When Iteris heard that one government had offered a foreign assistance grant of up to 40 pecent of the value of the actual bid, it turned to its long-standing relationship with the Commerical Service for help. Iteris Senior Vice President for Asia sales, Donald Sinnar, worked closely with Karen Pilmanis of the Commercial Service in Beijing and Richard Swanson of the Orange County Export Assistance Center (EAC) to establish an advocacy strategy, including plans for the Jinan visit.

Photo courtesy of Iteris, Inc.

Don Sinnar, senior vice president of marketing, with his Chinese business partner, Chen Weimin.

According to Sinnar, the joint domestic and international Commerical Service assistance was instrumental in winning the contract. "Both Richard and Karen acted as catalysts in making this deal happen. After we developed our strategy, Karen traveled with us to the customer sites and played an important function as an advocate during the negotiating sessions and our presentations with numerous officials including the Mayor of Jinan."

Through these direct visits the Chinese delegation expressed an interest in reviewing Iteris' products and facilities first-hand in the U.S. "These kind of inspection tours are a commonplace occurrence when a large contract is being awarded by a Chinese municipal authority. They want to visit the American company to make sure that the substance and the technology being offered are a match. These visits play an important role in the final selection," noted Sinnar. This is where Commercial Service Officer Richard Swanson stepped in. "We worked very closely with Richard in establishing

Photo courtesy of Iteris, Inc.

Iteris' video wall at the Urban Traffic Center in the City of Jinan, Shandong Province, Peoples' Republic of China.

forums for the visiting delegation from China. His assistance was superb. Together with Richard, we arranged a visit to Los Angeles to view their traffic management system, a system we designed." This visit proved quite effective. While in LA, the Jinan delegation signed the initial phase of the contract for the implementation of Iteris' system.

Of the Commercial Service involvement in the deal, Mr. Sinnar believes, "Commercial Service assistance was a major contributing factor in securing the contract and sustaining a competitive status within the bidding process."

Iteris has been working with the Commercial Service since it decided to explore the Chinese market in 1994. "We felt that China was beginning to evolve into a very large market and we were very interested in participating in that market. After a great deal of research, we determined that the transportation involvements and improvements that were going to be made in China offered a lot of opportunity for our products. We found that the Chinese were very interested in American expertise and technology," said Sinnar.

Iteris has since completed the full implementation of the Jinan transportation system, including the training of all personnel, the automation of 65 traffic intersections and the construction of a traffic management center at the traffic police headquarters. In 1998, the Ministry of Transportation in Beijing selected the City of Jinan as the model for the future development of China's transportation systems. The Jinan system is used annually as a showplace for meetings of China's traffic officials.

When asked what advice Iteris would give to those looking to do business in China, Sinnar notes the tremendous opportunities, but stresses the importance of patience and the development of long-term relationships. "China is a country that is quickly developing the infrastructure to support the rapid economic growth that they are achieving as they become a very large player in the world's business community. Because of this rapid transformation, they have the ability to jump over many generations of development to get to the latest products and technologies. But at the same time, China does business at a pace much different from the West. In China, it is more important, and takes more time to establish, a successful business rapport. The largest piece of advice that I would give to any company is that investment relationship development will contribute the most to long-term success in the Chinese market."

Iteris has continued its relationship in Jinan and has also gone forward to sell its products through an established dealer network. Vice President Sinnar sees a very promising forecast for continued success: "We have positioned ourselves very well in China. We have established a great reputation there and feel we have laid the foundation to win more contracts to develop transportation systems around the country. We are also optimistic about the increased business opportunities from China's pending WTO membership. With the agreement, many of the barriers will come down and China's internal business climate will significantly improve. This will certainly advance our abilities to sell our products and systems throughout the Chinese market."

With its well-established business rapport and advanced products, Iteris is certain to continue its role making all of China's roads fast, efficient and safe.

INTERESTED IN EXPORTING TO CHINA? TAKE ADVANTAGE OF USDOC EXPORT PROMOTION SERVICES. To learn more about how you can use the Department of Commerce's Commercial Service Programs, contact the Trade Information Center at 1-800-USA-TRAD(E) or visit the Commercial Service's new website (www.usatrade.gov).

THE TRADE COMPLIANCE INTITIATIVE

TRIPLING U.S. GOVERNMENT EFFORTS

by Tyler Shields
Market Access & Compliance

& Man Cho
Import Administration

The Administration has announced an interagency Trade Compliance Initiative in the FY2001 budget submission to Congress. This multi-faceted initiative will provide a robust and comprehensive approach to trade compliance and market access issues confronting U.S. industry, and is critical to our efforts to assure that countries like China comply with their trade obligations to us. Participating agencies include the Departments of Commerce, State, Agriculture and the Office of the U.S. Trade Representative.

Two units within the Department of Commerce's International Trade Administration will be responsible for carrying out the Commerce elements of the Initiative: Market Access and Compliance (MAC) and the Import Administration (IA). The following is a detailed outline of the various components each unit will contribute to the overall plan.

MARKET ACCESS & COMPLIANCE

The Market Access and Compliance unit is the U.S. Government's front-line offensive team working to unlock foreign markets for American goods and services country-by-country and region-by-region. MAC's overriding objectives are to obtain market access for American firms and workers, and to achieve full compliance by foreign nations with trade agreements they sign with our country. In addition, MAC develops strategies to overcome obstacles faced by U.S. businesses in foreign markets.

The Compliance Initiative in the President's FY2001 budget requests an increase of $6.3 million and 46 new employees to enable MAC to more effectively tackle trade barriers faced by U.S. firms in the new century. The components of this initiative for MAC are:

OVERSEAS COMPLIANCE OFFICERS

For the first time, MAC will develop a group of specialized overseas officers devoted exclusively to monitoring foreign government practices that restrict market access or contravene U.S. rights under trade agreements. Some officers will be located on the ground in Beijing, Tokyo and Brussels. These groups will be staffed by compliance, trade law and market access experts, and will focus on China, Japan, the European Union and other countries.

CHINA TRADE COMPLIANCE

This initiative will more than triple the number of compliance officers in Washington devoted to China to ensure effective monitoring and enforcement of the U.S.-China Bilateral Agreement on China's accession to the WTO and other bilateral trade agreements. In addition, it will provide expert staff to work with our Embassy and Overseas Compliance Officers on market access and compliance issues.

JAPAN TRADE COMPLIANCE

The Trade Compliance Initiative will almost double the number of trade analysts and compliance officers in Washington devoted to Japan and provide more experts to work with our Embassy and the Overseas Compliance Officers on overcoming trade agreements violations and anti-competitive practices that impede U.S. exports.

EU & REST OF THE WORLD TRADE COMPLIANCE

The initiative will increase by 15 percent the professional staff devoted to overcoming market barriers in the EU and other geographic regions. This increase will enable MAC to support commercial initiatives in the Near East and Africa, help underpin foreign policy efforts in these regions, combat changes in regulatory areas that have resulted in significant new problems for U.S. exporters, and deal with the accession of several new trading partners to the WTO, including China, Taiwan and others.

ENFORCEMENT OF OUR WTO RIGHTS, INCLUDING DISPUTE SETTLEMENT

This initiative will assist MAC in enforcing our WTO rights that come into effect in 2000 (such as intellectual property, investment measures and customs valuation) and monitoring other obligations undertaken by WTO members.

IMPORT ADMINISTRATION

The Import Administration impartially enforces our trade laws, ensuring that U.S. companies face a level playing field in the domestic marketplace. The Import Administration's portion of the Trade Compliance Initiative contains the following critical elements.

OVERSEAS COMPLIANCE PROGRAM

To support the Administration's commitment to vigorous enforcement of the Antidumping and Countervailing Duty (AD/CVD) trade laws, IA will deploy specialized attaches to countries including China to conduct the following tasks: AD/CVD verification, AD/CVD education, technical support and research for suspension agreement negotiations and market studies.

CHINA TRADE COMPLIANCE & JAPAN TRADE COMPLIANCE

Consistent with our rationale for the Overseas Compliance Corps is the urgent need for greater attention to both Japanese and Chinese trade practices. IA must enhance its study and evaluation of the trade practices of both countries to provide consistent remedial relief to U.S. industry. IA must work proactively on-site in both China and Japan to monitor trade compliance activities, and to investigate hidden subsidy and anti-competitive practices. IA must also expand headquarters strength in order to be able to monitor specific Chinese and Japanese trade practices — including more than 75 antidumping orders on both countries — that could over time have a significant impact on U.S. industries.

IMPORT SURGE MONITORING, EXPEDITED INVESTIGATIONS AND SUBSIDIES ENFORCEMENT

This portion of the initiative will enhance the vigorous enforcement of the AD/CVD laws by enabling IA to implement critical U.S. trade policy initiatives and new requirements set forth in the Uruguay Round Agreements Act (URAA). Both the Administration and Congress have recognized the continuing need to: 1.) monitor import surges brought about by sudden international economic changes; 2.) expedite AD/CVD investigations when warranted by import surges; and, 3.) further strengthen our subsidies enforcement activities, which assist U.S exporters in combating unfair competition in foreign markets due to subsidization.

TRADE LAW TECHNICAL ASSISTANCE CENTER

IA will establish a center to counsel potential petitioners regarding the remedies available under the AD/CVD laws. The costs of legal representation to small businesses and the complexity of the AD/CVD process can be overwhelming to small businesses fighting to remain solvent. By dedicating additional staff to meet with potential petitioners and by developing user-friendly instructional materials, those businesses in the greatest need of relief, but least able to hire expensive legal representation, will be able to effectively and meaningfully participate in the AD/CVD process and obtain relief from unfair trade practices.

ENFORCEMENT OF WTO RIGHTS & DISPUTE SETTLEMENT

IA will maintain a more proactive AD/CVD trade policy approach and will place more emphasis on promoting greater transparency and fairness on the part of those countries that possess or are developing AD/CVD programs.

The Trade Compliance Initiative fully supports the Department of Commerce's commitment to vigorous enforcement of our trade laws and agreements. Only with a level playing field can U.S. companies position themselves to expand into new export markets. An industry permitted to be injured by unfair foreign trade practices in its home market can only focus on its immediate survival and not on export strategies for future growth; that is why it is essential to enforce the AD/CVD laws. Similarly, companies that encounter unfair trading practices and market access problems are not able to enter new markets; that is why it is important to ensure foreign compliance with our trade agreements. As trade agreements become more numerous and more complicated, additional well-trained staff will be needed to ensure that our trading partners abide by their commitments. Nowhere is this perhaps more evident than with China's accession to the WTO, where careful expert monitoring is a necessity. This initiative will provide the resources necessary for the U.S. Government to accomplish these goals.

"THE U.S. TRADE COMPLIANCE INITIATIVE WILL MORE THAN TRIPLE THE NUMBER OF COMPLIANCE OFFICERS IN WASHINGTON DEVOTED TO CHINA TO ENSURE EFFECTIVE MONITORING AND ENFORCEMENT OF THE WTO ACCESSION AGREEMENT AND OTHER BILATERAL TRADE AGREEMENTS."

THE U.S.–CHINA JOINT COMMISSION ON COMMERCE AND TRADE

by Cheryl McQueen
Office of the Chinese Economic Area, Market Access & Compliance

Commerce Secretary William M. Daley and Chinese Minister of Foreign Trade and Economic Cooperation Shi Guangsheng will co-chair the 13th session of the U.S.-China Joint Commission on Commerce and Trade (JCCT), April 6-7, 2000 in Beijing, China. Since its beginning in 1983, the JCCT has been the most significant continuous means of commercial dialogue between the United States and China, and both sides consider this year's meeting to be the most important yet.

Photo courtesy of USDOC

Secretary William Daley and Minister Shi Guangshang at the JCCT meeting, December 1998, Washington, D.C.

The JCCT, established shortly after China began its modernization campaign in the industrial sector in the early 1980s, was designed to tackle bilateral commercial concerns. Chaired on the U.S. side by the Secretary of Commerce, it includes strong interagency representation. The Ministry of Foreign Trade and Economic Cooperation (MOFTEC) chairs the JCCT on the Chinese side. In its 17-year history, the JCCT has elevated the level of bilateral trade dialogue and has contributed to developing closer trade relations between the U.S. and China. The JCCT stands today as the premier forum for U.S.-China high-level discussion and promotion of commercial relations.

Participants in this year's JCCT will seek ways that both sides can cooperate to help China transition to a rules-based, transparent global trading system with equal protections for foreign and domestic traders and investors. They will also work to reach an agreement on a series of events designed to boost U.S. business' knowledge of opportunities to export to China.

Agreement in principle on these agenda items was reached during the JCCT sub-ministerial meeting co-chaired by Commerce Under Secretary for International Trade David L. Aaron and MOFTEC Vice Minister Sun Zhenyu on February 28, 2000 in Washington, DC.

BUILDING ON A RICH TRADITION

Among the JCCT's many functions are resolving problems affecting day-to-day business of U.S. companies in China, conducting promotion events in industry sectors and undertaking joint studies in areas such as infrastructure development, finance and human resource development. The evolution of the JCCT agenda has mirrored the changes China underwent as it emerged from a planned economy to one that includes market mechanisms. Early JCCT meetings were heavily weighted towards seeking a common ground, but by the late 1980s, with trade rapidly expanding, the focus shifted to addressing specific difficulties faced by U.S. companies in China, such as inadequate intellectual property protection and lack of a transparent legal regime.

INSTITUTIONAL INFRASTRUCTURE & FOCUS

In 1994 the late Secretary of Commerce Ronald H. Brown and former MOFTEC Minister Wu Yi established three working groups to broaden the scope of the JCCT. These groups have become the Commission's backbone.

- Chaired on the U.S. side by Commerce Assistant Secretary for Market Access and Compliance Patrick A. Mulloy, the **Trade and Investment Working Group** covers issues related to market access, trade data, trade finance, business facilitation, standards, and testing and certification. Past accomplishments include: 1) stationing an Export Import Bank officer in Beijing to provide on-the-spot help to U.S. firms and to work with the State Development Planning Commission, China's premier project approval organization; 2) cooperation in the standards area to reduce China's redundant and opaque requirements applied to imported products; and 3) a thorough comparative joint study on the differences in U.S. and Chinese trade statistics.

- The JCCT's **Business Development and Industrial Cooperation Working Group** is chaired on the U.S. side by Commerce Assistant Secretary for Trade Development Michael Copps. It has fostered several hundred exchanges in sectors of mutual interest, including information technologies, aviation and airport infrastructure, telecommunications, environmental technologies and healthcare. Sectoral activities typically support crosscutting commercial themes such as progress on IPR and project transparency.

- Commercial law has been an important part of the JCCT from the beginning. Even prior to the establishment of a formal **Commercial Law Working Group**, chaired on the U.S. side by Commerce General Counsel Andrew J. Pincus, the JCCT supported Chinese legal reforms through a series of seminars and exchanges. The formation of the Commercial Law Working Group provided the United States with an improved opportunity to focus on the development of China's legal regime.

  China's directive on software piracy is a successful case in point. Despite improvements in Chinese enforcement efforts, pervasive piracy remains a problem for U.S. software companies. After the working group first addressed the problem in April 1999, China's State Council issued a decree ordering Chinese agencies to use only legitimate software. The Working Group will follow up on the implementation of the software decree as well as on a directive by the Supreme People's Court enforcing foreign arbitral awards.

- While a formal working group was not created, a separate dialogue was established to foster cooperation on export controls. Commerce Assistant Secretary for Export Enforcement Amanda DeBusk and Assistant Secretary for Export Administration Roger Majak lead the discussion on the U.S. side. These discussions are a key part of the larger trade policy dialogue. As China takes steps to improve export controls, including enhanced cooperation on end-use visits, opportunities for U.S. companies increase significantly.

ADVANCING U.S. INDUSTRY CONCERNS

Prior to each JCCT session, Commerce Department officials canvas U.S. industry to assess companies' most pressing concerns. These consultations have already been completed for the current session of the JCCT. U.S. firms, though, are still encouraged to contact working group coordinators to have their concerns reflected in forthcoming JCCT agendas [see sidebar for contact information.] ■

JCCT CONTACTS

TRADE AND INVESTMENT WORKING GROUP

Coordinator: Cheryl McQueen
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Fax: (202) 482-1576
Issues: Market access, trade finance, trade data, business facilitation, standards, testing and certification.

BUSINESS DEVELOPMENT WORKING GROUP

Coordinator: Tiffany Smith
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Fax: (202) 482-5697
Subgroups: Information technologies, motor vehicles and allied products, aviation and airport infrastructure, chemicals and allied products, medical technologies, environmental technologies, telecommunications and pharmaceuticals.

COMMERCIAL LAW WORKING GROUP

Coordinators: John Cobau
Tel: (202) 482-2319
William Yue
Tel: (202) 482-3623
Fax: (202) 482-4076
Issues: Trade and investment and other commercial law issues, including executive-level legal programs, IPR, arbitration, software protection and dispute resolution.

EXPORT CONTROLS DIALOGUE

Coordinator: Stephen Leacy
Tel: (202) 482-3618
Fax: (202) 482-4173
Issues: End use visits and information exchange. ■

ASK THE TIC

NEW PACKAGING LAWS MAY EFFECT YOUR EXPORTS

by Susan Lusi & Rachael Farber
Trade Information Center, Trade Development

WHY DO COUNTRIES REGULATE WOOD PACKAGING ASSOCIATED WITH IMPORTING GOODS INTO THEIR MARKETS?

Wood packaging that protects consumable products can accidentally introduce foreign pests and diseases that are harmful to forestry. With this in mind, many countries, including the United States, have intervened to create regulations to prevent the introduction of foreign pests and diseases through untreated solid wood packaging materials (SWPM). The occurrence of an infestation can burden the economy with prohibitive costs associated with pest removal.

HOW HAVE OTHER COUNTRIES REGULATED WOOD-PACKAGING?

China, the United States, Brazil, New Zealand and Australia have particular concerns about the transmission of wood-borne pests. The U.S. Department of Agriculture's Animal and Plant Health Inspection Services (APHIS) is charged with developing U.S. regulations to prevent the introduction and infestation of harmful pests and is also responsible for implementing the appropriate port controls. APHIS accomplishes this function through carrying out agricultural quarantine inspections at land, sea and border ports, and through offering pre-clearance certification in the country of origin. U.S. exporters need to be aware of the evolving regulations abroad relating to wood packaging. Some of the more recent developments are listed below.

CHINA

In mid-1999, the Government of China notified the United States that it had detected the presence of the pinewood nematode, an insect pest that is occasionally found in certain U.S. softwood species, in shipments containing wood-packing materials originating in the United States. On January 1, 2000, China enacted a new import rule for wood packaging. All U.S. companies shipping goods to China from the United States must comply with the rule. The rule requires exporters to make one of three declarations: 1.) Their cargo contains no solid wood packaging material (that is, the pallets, crating or stabilizers are all made from processed wood, such as plywood or fiberboard, or from non-wood materials, such as metal or plastic); 2.) Their cargo does contain solid wood packaging material, but it is all of hardwood (non-coniferous) species, such as oak, ash or maple; or 3.) Their cargo is made of coniferous solid wood packaging material, but the material in the pallets and containers has undergone heat treatment. The rule also applies to shipments coming to China from Canada and Japan, and is estimated to affect 25 to 35 percent of all imports to China.

Chinese Customs requires exporters using softwood solid wood packaging material (SWPM) to submit a certificate from the U.S. Department of Agriculture/APHIS that the SWPM has undergone heat treatment according to the Chinese standard. "Heat-treated" is defined as "raising the core temperature of the wood to 56ºC for 30 minutes." This heat treatment destroys pinewood nematode. The rule currently applies to all softwood species, including Southern Yellow Pine. At this time, China will only accept heat treatment. Other treatments, such as fumigation or pressure treatments do not meet the Chinese standard.

To certify that your packaging meets China's regulations, you must contact APHIS. You may find the closest regional APHIS office on APHIS's website (www.aphis.usda.gov). Based on local shipping conditions, the regional office can tell you the minimal lead-time needed and other details on obtaining certification. Exporters of coniferous SWPM must know, and be able to document, that the conifer wood in their shipment has been properly heat-treated. Exporters will certify the heat treatment on the Certificate of Heat Treatment, PPQ Form 553. APHIS will then review the exporter's declaration and, if accepted, endorse it. Documentation of heat treatment must be made available for official review (if required) for one year after date of issuance. The APHIS website has all the required forms in downloadable formats.

If you are using non-solid wood packing material or non-coniferous solid wood packing material, China requires that you fill out the appropriate declarations. Failure to present the appropriate declaration may lead to costly delays at the port of entry. If your pallets or crates contain no solid wood packaging material (that is, the packaging is made of plywood, fiberboard, metal or plastic), then use the "declaration of no-wood packing material" (found online at www.aphis.usda.gov/oa/chinaswp/nonconifer.html). If your pallets or crates are made from solid wood components, but only from hardwood species (such as maple, oak, ash, etc), then use the "declaration of non-coniferous wood packing material" (found online at www.aphis.usda.gov/oa/chinaswp/nowood.html).

BRAZIL

On January 5, 2000, the Brazilian government implemented a new law (Portaria Interministerial - 499) requiring that solid wood packaging material from the United States, China, Japan and North and South Korea be fumigated before entry into Brazil. This regulation was established to prevent the introduction of the asian long-horned beetle, a wood-boring pest native to East Asia that can live in untreated wood packing material. The requirement may soon be dropped for shipments from the United States, however, as the United States has a control program in place for the asian long-horned beetle.

At the time of this writing, Brazil still requires that importers document, with a phytosanitary certificate, that the SWPM originating from the United States has been fumigated at the port of export. However, please note that APHIS does not issue phytosanitary certificates for SWPM. Therefore, U.S. shipments will probably be held and treated upon arrival at the port of entry, at the importer's expense. Processed wood packaging materials, such as plywood, particleboards and wood resin material, are not considered to be SWPM by the Brazilian government and are not subject to the fumigation procedure.

U.S. exporters are encouraged to ensure that SWPM used in shipments to Brazil are free of bark, insects and evidence of insect damage. To avoid processing delays, U.S. exporters are recommended to document that the material has been heat-treated or document, within 15 days prior to shipment, that the SWPM has been fumigated. If the SWPM has been treated, the Ministry of Agriculture also requires a "Pest Risk Test", issued by its Sanitary Department, performed at the port, also at the importers' expense.

AUSTRALIA

The Australian Quarantine and Inspection Service (AQIS) requires that the exposed timber components of containers be permanently treated to AQIS standards. SWPM will be permitted entry if the consignment is accompanied by a valid treatment certificate that documents the associated SWPM has undergone fumigation, heat treatment, irradiation or treatment with preservatives. Crating and dunning made from plywood, chipboard or particleboard are exempt from the treatment requirements if they have been manufactured in the United States, Canada, Europe, Australia, the United Kingdom or Israel, and have not been previously used. The packaging must be shipped to Australia within 21 days of the treatment.

AQIS also has some additional documentation requirements for shipments that contain wood packing materials. Their excellent website (www.aqis.gov.au/import/index.htm) has more details on acceptable treatments for timber, required documents and the quarantine process. You can also direct questions to the Australian customs office, which is attached to the Australian Embassy, at Tel: (202) 797-3245.

NEW ZEALAND

New Zealand's Ministry of Agriculture maintains regulations on SWPM. The Ministry of Agriculture and Forestry Quarantine Officers inspect all wood and wood packaging upon entry to New Zealand. In order for goods to clear customs immediately, the Ministry of Agriculture recommends that exporters fumigate, heat treat or kiln dry their solid wood packaging materials within 21 days of shipment or containerization. The customs process can be expedited if all wood and wood products are accurately described on the manifest and if the sterilization certificates reach the Ministry of Agriculture and Forestry Quarantine Offices in New Zealand before the shipment arrives. Sterilization and fumigation certificates should contain specific information, including the name of the company who carried out the procedure, the duration of the procedure and other information depending on the type of treatment. If a shipment containing unprocessed, uncertified wood packaging material is found to have, or is suspected of being infected by, an unwanted organism, the cargo will be sterilized at the importer's expense.

An updated list of phytosanitary requirements can be obtained from the Manager of Quarantine Services at Tel: (64) 9 377-3008. Some information is also available at the New Zealand Customs website (www.customs.govt.nz). American exporters with specific questions should also contact the Ministry of Agriculture and Forestry at Tel: (64) 4-474-4100, or visit their website (www.maf.govt.nz/forestry).

For more information about wood packaging regulations, contact your regional APHIS office, APHIS headquarters at Tel: (301) 734-8965, the APHIS website (www.aphis.usda.gov) under "Hot Issues", or the Trade Information Center at Tel: 800-USA-TRAD(E), Internet: http://tradeinfo.doc.gov.

This column was written with the assistance of Export Services at APHIS, and Michael Hicks and Roseann Freese at the Foreign Agricultural Service.

TURLEY'S TOP TEN TIPS

ON DOING BUSINESS IN CHINA

by Alan Turley
U.S. & Foreign Commercial Service, Beijing

1 DO YOUR DUE DILIGENCE

Preparation is the key to success in any endeavor. Some firms have falsely assumed that China is too different and too opaque, so they enter the market with less information than they would normally require. This is foolish. Just as you will carefully consider market research reports, the record of your customers and partners and other relevant factors at home, you should do the same in the Chinese market. Due diligence is important

2 BE SELECTIVE IN CHOOSING THE RIGHT PARTNER

Your partners are all of the firms and people you do business with: your agent, your distributor, your customers, your suppliers, your advisors and your local joint venture partners. Before establishing a relationship with a potential partner, get to know them. Visit their facilities. Talk to their employees, clients and competitors. A good partner does not guarantee success, but a bad partner ensures failure.

3 TAKE A VERY LONG-TERM VIEW OR A VERY SHORT-TERM ONE

If you have been attracted to China by the long-term potential of the market, stay focused on your long-term goals, even if you encounter problems. At the same time, the rapidly changing Chinese market often presents excellent short-term opportunities. American firms should not be afraid to also avail themselves of short-term opportunities.

4 PAY ATTENTION TO "GUANXI"

Much has been said about the Chinese concept of "guanxi" (relationships). Guanxi is a network of relationships with people at various levels across a broad range of organizations. As in any business, it's important to have the right contacts and to cultivate those relationships. With perseverance, courtesy and goodwill, you can construct your own web of supporting relationships in China.

5 REMEMBER THAT CHINA IS NOT JUST ONE MARKET

From Harbin on the frozen north to subtropical Haikou on Hainan Island, China encompasses diverse topographies, climates, cultures and peoples. The Cantonese speak a language incomprehensible to the Shanghaiese, whose words are unintelligible to the people in Beijing. Consider that the national currency, the Renminbi, has five different languages on each bill. To help you take a regional approach, we have offices in five cities in the PRC and one in Hong Kong [see sidebar for contact information].

6 VISIT CHINA OFTEN

"Ninety-nine percent of success is showing up." As mentioned earlier, China is a huge market. Each region has its own consumer preferences and business needs. No one is better suited than you, as the representative of your business, to investigate and determine if your product or service would fit in a particular market. Winter coats in Beijing are useless in hot and humid Guangzhou. By visiting China, you can better understand the needs of your customers and what you can do to meet them. You should also use this opportunity to investigate potential customers and cement your relationship with your current business partners.

7 USE PROFESSIONAL HELP

Reputable, reliable, professional service providers are available in China. You had a lawyer draw up your standard contracts in the United States; find a qualified Chinese lawyer to do the same for you in China. You had a realtor to help you find office space, an accountant to keep your books and pay your taxes and perhaps a market research firm to help you find out about the market. These services are also available in China. Do not forget that interpretation is a professional skill. Being bilingual does not qualify one to interpret. If communication is important to your business, then hire a professional interpreter.

8 TRANSLATE YOUR BUSINESS MATERIALS

You have only one chance to make a great first impression. Exchanging business cards is one of the first things you do when meeting with potential Chinese customers and clients. Have someone give you a real (two or three character) Chinese name and get business cards printed in Chinese. Also remember to have your brochures, pamphlets and annual reports translated into Chinese. This demonstrates that you are serious about doing business in China.

9 UNDERSTAND THE CULTURE

The two most important words in Chinese are "xie xie", which mean "thank you". Learn how and when to use them effectively. Don't plan a trip around the local holidays. Chinese are inordinately proud of their cuisine, which they readily acknowledge to be the best in the world. Eat the sea slugs and fishgut they give you (it's the best they have to offer) with a smile.

10 WORK WITH THE COMMERCIAL SERVICE

One of the greatest assets that American firms have at their disposal is the U.S. and Foreign Commercial Service (US&FCS). The Commercial Service team in China, led by Senior Commercial Officer Alan Turley, has a wealth of information and experience to help U.S. firms establish themselves in the Chinese market and begin exporting their products and services. Whether it is showing your product at a local trade show or identifying potential agents and distributors, the Commercial Service has a set of ready-made products designed especially for your small or medium-sized company. To learn more about how you can take advantage of the Commercial Service, visit their website (www.usatrade.gov). ■

COMMERCIAL SERVICE HELP

COMMERCIAL SERVICE OFFICES IN CHINA

BEIJING
U.S. Embassy—Beijing
The Commercial Service
No. 3 Xiu Shui Bie Jie
Beijing, China 1000600
Tel: (86 10) 6532-6924
Fax: (86 10) 6532-3297
Email: Beijing.Office.Box@mail.doc.gov

CHENGDU
U.S. & Foreign Commercial Service
American Consulate General
4 Lingshiguan Road
Chengdu 610041
Sichuan, China
Tel: (86 28) 558-3992
Fax: (86 28) 558-9221
Email: Chengdu.Office.Box@mail.doc.gov

GUANGZHOU
U.S. & Foreign Commercial Service
14th Floor, China Hotel
Liu Hua Road
Guangzhou 510015 China
Tel: (86 20) 8667-4011
Fax: (86 20) 8666-6409
Email: Guangzhou.Office.Box@mail.doc.gov

SHANGHAI
U.S. & Foreign Commercial Service
U.S. Commercial Center
Shanghai Centre
Suite 631, East Tower
1376 Nanjing Xi Lu
Shanghai 200040 China
Tel: (86 21) 6279-7630
Fax: (86 21) 6279-7639
Email: Shanghai.Office.Box@mail.doc.gov

SHENYANG
U.S. & Foreign Commercial Service
52, 14th Wei Road
Heping District 110003
Shenyang, China
Tel: (86 24) 2322-1198
Fax: (86 24) 2322-2206

HONG KONG
U.S. & Foreign Commercial Service
U.S. Consulate General
33 Garden Road, 17th Floor
Hong Kong
Tel: (85 22) 521-4780
Fax: (85 22) 845-9800

CHINA TRADE

EXPORT ADVICE ONLINE

One of the most effective means of accessing trade and up-to-date business information on China from a variety of sources is through the web. Below we have listed over fifty web addresses, including business, government, and general information sites as an overview of what is available. It should be noted that these particular sites have been included for illustrative purposes and therefore are not to be considered as endorsements or necessarily representative of the views or the policy of *Export America* or the United States Department of Commerce.

BUSINESS RELATED SITES

APEC Tariff Listing
www.apectariff.org
Detailed listing of APEC country tariff rates

Asian Development Bank
www.ADB.org
Asia specific Reuters Reports

Business Coalition for U.S.-China Trade
www.business4chinatrade.org
Detailed information on PNTR and general China trade

Business Roundtable
www.brtable.org
Currently supporting efforts to extend PNTR to China

Canadian SME Survival Guide to the Chinese Market
www.dfait-maeci.gc.ca/china/viewdocument-e.asp?name=76520#9
Extremely informative for SMEs of any country

China Council for the Promotion of International Trade
www.ccpit.org
News briefs, regulations, & Chinese government and corporate links

ChinaPages
www.chinapages.com
China Business Information Resources

China Trade Search Engine
www.chinatrading.com
Search engine for Chinese companies

Economist Intelligence Unit
www.eiu.com
Pay site. In-depth economic and political analysis

Sino Source
www.sinosource.com
Search engine for Chinese companies, exhibition listings, etc.

U.S. China Business Council
www.uschina.org
Pay service. Up-to-date China business analysis

Webcast on business in China
http://globalspeak.com/html/featured_webcasts.htm

World Bank
www.worldbank.org

UNITED STATES & CHINESE GOVERNMENT SITES

American Chamber of Commerce Beijing
www.amcham-china.org.cn
Trade statistics, membership information

Beijing Foreign Economic and Trade Commission
www.tpbjc.gov.cn
Beijing investment information

China Economic Information Network
www.cei.gov.cn
Chinese government supplied economic data

China Trade Relations Working Group
www.chinapntr.gov
Information on Administration's efforts on the issue of PNTR for China

Dalian Municipal Government
www.dalian-gov.net

Export-Import Bank of the United States
www.exim.gov

Ministry of Foreign Trade and Economic Cooperation
www.moftec.gov.cn
Government info, statistics, links

Trade Information Center
http://www.tradeinfo.doc

U.S. Embassy Beijing
www.usembassy-china.org.cn
Contact China updates, industry reports, contact information

U.S. Foreign Agricultural Service
www.fas.usda.gov

U.S. National Trade Data Bank
www.stat-usa.gov
Pay site. Access to DOC country and industry reports

U.S. Trade Representative
www.ustr.gov

GENERAL INFORMATION & NEWS

ABC Country Book of China
www.theodora.com/wfb/china_geography.html

Asia Business Connection Online Newspaper Catalogue
www.asiabiz.com/news.html

Asia Wall Street Journal
www.awsj.com

Asian City Web
www.guangzhou.com
The largest free email network in the world

Asiaweek
www.pathfinder.com/Asiaweek

The Beijing Page
www.flashpaper.com/beijing/

Business Asia's Reuters Reports
www.businessasia.com/reuter/reuters
Asia-specific Reuters Reports

China.com
www.china.com

ChinaBig
www.ChinaBiG.com
China's Yellow Pages

China Online
www.chinaonline.com
The Information Network for China

China Today
www.chinatoday.com
A comprehensive information base on today's China

China Vista
www.chinavista.com
News, search engines, China links; considered the premier China portal

China Vista's Beijing Vista
www.chinavista.com/beijing/home.html

Guangzhou Web Page (in Chinese)
www.guangzhou.gd.cn

Inside China
www.insidechina.com

Nanjing City Pages
www.chinapages.com/jiangsu/nanjing/nanjing.htm

Shanghai-ed
www.shanghai-ed.com

Guide to life and business in Shanghai

Shanghai Guide, Life in Shanghai
www.shanghaiguide.com

Shantou (in Chinese)
www.shantou.gd.cn

South China Morning Post
www.scmp.com/news

Surf China
www.surfchina.com
China reports, search engine

University of MD, School of Law
www.qis.net/chinalaw/
Provides information on Chinese laws and regulations

Welcome to Shanghai on the Internet
www.sh.com

Window on Shanghai - General Info
china-window.com/shanghai/elink/eindex.html

Zhaodaola
www.zhaodaola.com

INTERNET SEARCH ENGINES & WEB- CATALOGUE SITES

AWETO
www.aweto.com/china
Internet search index

Orientation
www.orientation.com
Web directory interactive database of China Sites

SOHOO
www.sohoo.com.cn
Chinese Language Web Index

WhatSite
www.whatsite.com
Chinese Internet Catalog

CHINA'S ACCESSION TO THE WTO

A STRONG DEAL IN THE BEST INTERESTS OF AMERICA

by the White House's China Trade Relations Working Group

Last fall, after years of negotiation, the United States signed a bilateral agreement to bring China into the World Trade Organization. As part of the U.S.-China Bilateral Agreement, China has agreed to lower its tariffs and open its markets to U.S. businesses in virtually every one of our key sectors, including telecommunications, agriculture and insurance. In addition, key provisions within the Agreement will enable the United States to better ensure fair trade between the two countries and to protect U.S. agricultural and manufacturing companies from import surges, unfair pricing and other abusive trade practices. In order to gain all these benefits, the United States has to simply maintain the market access policies that we already apply to China, and have for over 20 years, and make its normal trade relations status permanent.

Advertisements frame a busy downtown street in Shenyang.

Photo by Curt Carnemark, Courtesy of The World Bank

GENERAL PROVISIONS

GENERAL PROVISIONS OF THE U.S.-CHINA WTO DEAL

ELIMINATION OF QUOTAS & LICENSES:

The WTO bars quotas and other quantitative restrictions. China has agreed to eliminate these restrictions with phase-ins limited to five years.

PRODUCT-SPECIFIC SAFEGUARDS:

China has agreed to a 12-year product-specific safeguard, which allows the United States to address rapidly increasing Chinese imports in a targeted fashion, if they are disrupting the U.S. market. This provision does not apply to U.S. exports to China.

ANTI-DUMPING:

China has agreed that current U.S. practice under its antidumping law with respect to non-market economy countries can apply to imports from China for 15 years after its accession.

LOCAL CONTENT & TECHNOLOGY TRANSFER:

China has agreed to eliminate local content requirements immediately after it accedes to the World Trade Organization and not to enforce provisions in existing contracts which impose this requirement.

Photo by Curt Carnemark, Courtesy of The World Bank

China, as part of its WTO accession deal with the U.S., will reduce its current average tariff rate on construction equipment by over 50 percent from 13.6 to 6.4 percent.

Granting China permanent normal trade relations (PNTR) and accepting the benefit of the U.S.-China Bilateral Agreement is in the best interests of the America. But it is also in our national interest for China to enter the WTO. This Agreement represents the most significant opportunity in nearly three decades to create positive change in China—change that would almost certainly result in strengthening the rule of law in China, widening the scope of personal freedom for the average Chinese citizen and creating a safer environment for the region and the world.

As President Clinton stressed in his State of the Union speech, January 27, 2000, "No one can know for sure what direction [China] will choose. We must do everything in our power to increase the chance that they will choose wisely, to be constructive members of the global community."

CHINA'S ACCESSION INTO THE WTO WILL BE GOOD FOR THE U.S. ECONOMY

China's Entry to the WTO Will Slash Barriers to the Sale of American Goods and Services in the World's Most Populous Country: China's entry into the WTO will dramatically cut import barriers currently imposed on American products and services. This Agreement locks in and expands our access to a market of over one billion people. China's economy is already among the world's largest and over the past 20 years has expanded at a phenomenal annual rate of nearly 10 percent. During this period, U.S. exports to China have grown from negligible levels to over $14 billion each year.

China Made Unilateral Concessions—We Would Simply Maintain the Market Access Policies We Already Apply to China by

Granting it Permanent Normal Trade Relations: China made significant, one-way market-opening concessions across virtually every economic sector, including increasing access to its markets for agriculture, services, technology, telecommunications and manufactured goods. China also agreed to eliminate "unseen" barriers, such as exclusive rights to import and distribute goods.

- On U.S. priority agricultural products, tariffs will drop from an average of 31 percent to 14 percent by January 2004, with even sharper drops for beef, poultry, pork, cheese and other commodities. China will significantly expand export opportunities for bulk commodities, such as wheat, corn and rice, and it will eliminate trade-distorting export subsidies. Our producers may also export and distribute directly inside China for nearly every agricultural product without going through state-trading enterprises or middlemen. Sales in the Chinese market will be a boon to American farmers, who have recently faced tough times.

- Industrial tariffs on U.S. products will fall from an average of 24.6 percent in 1997 to an average of 9.4 percent by 2005. Considering that manufactured goods comprise a large proportion of American exports, the drop in Chinese tariffs is good news for our high tech manufacturers and basic industries.

- At present, China severely restricts trading rights (the right to import and export) and the ability to own and operate distribution networks, both essential to move goods and compete effectively in any market. China will phase in these trading rights and distribution services over three years, and also open up sectors related to distribution services, such as repair and maintenance, warehousing, trucking and air courier services. This will allow our businesses to export to China from here at home, and to have their own distribution network in China, rather than being forced to set up factories there to sell products through Chinese partners. This is a top priority of U.S. manufacturers and agricultural exporters.

- China will participate in the Information Technology Agreement and will eliminate tariffs on products such as computers and semiconductors by 2005. Our IT firms will lead the world and stand to earn handsomely in this huge, expanding and information-hungry market.

- The Agreement also opens China's market for services. For the first time, China will open its telecommunications sector and significantly expand investment and other activities for financial services firms. And, it will greatly increase the opportunities open to professional services such as law firms, management consulting, accountants and environmental services. China also agrees to ensure the existing level of market access already in effect at the time of China's accession for U.S. services companies currently operating in China, protecting against new restrictions.

The Agreement Strengthens Our Ability to Ensure Fair Trade and to Protect U.S. Agricultural and Manufacturing Base from Import Surges, Unfair Pricing and Abusive Investment Practices such as Offsets or Forced Technology Transfer: Prior to the negotiations, Democrats and Republicans in Congress raised legitimate concerns about the importance of safeguards against unfair competition. As a result, no agreement on WTO accession has ever contained stronger measures to strengthen guarantees of fair trade and to address practices that distort trade and investment. This Agreement addresses those concerns through:

- *A China-specific safeguard.* For the first 12 years—in addition to the existing safeguard provisions—China has also agreed to a country-specific safeguard that is stronger and more targeted relief than that provided under our current Section 201 law. This ensures that the U.S. can take effective action in case of increased imports of a particular product from China that cause, or threaten to cause, market disruption in the United States. This applies to all industries, permits us to act based on a lower showing of injury and permits us to act specifically against imports from China.

- *Strong anti-dumping protections.* The Agreement includes a provision recognizing that the U.S. may employ special methods, designed for non-market economies, to counteract dumping for 15 years after China's accession.

- *Requiring China to eliminate barriers to U.S. companies that cost American jobs.* For the first time, Americans will have a means, accepted under the WTO rules, to combat such measures as forced technology transfer, mandated offsets, local content requirements and other practices intended to drain jobs and technology away from the U.S. As stated above, we will be able to export to China from home, rather than see

"THE AGREEMENT WILL ENABLE THE UNITED STATES TO BETTER ENSURE FAIR TRADE BETWEEN THE TWO COUNTRIES AND TO PROTECT U.S. AGRICULTURAL AND MANUFACTURING COMPANIES FROM IMPORT SURGES, UNFAIR PRICING AND OTHER ABUSIVE TRADE PRACTICES."

TARIFF REDUCTIONS

TARIFF REDUCTIONS UNDER THE U.S.-CHINA BILATERAL AGREEMENT

One of China's key concessions in the U.S.-China WTO accession deal is its agreement to lower tariffs on U.S. products across a wide range of sectors.

- Tariffs will be cut from an average of 24.6 percent to an average of 9.4 percent overall and 7.1 percent on U.S. priority products.
- China will participate in the Information Technology Agreement (ITA) and will eliminate all tariffs on products such as computers, telecommunications equipment, semiconductors, computer equipment and other high-technology equipment.
- Auto parts tariffs will be cut to an average of 10 percent by mid-2006.
- In the wood and paper sectors, tariffs will drop from present levels of 18 percent on wood and 15 to 25 percent on paper down to levels generally between 5 and 7.5 percent.
- China will also be implementing the vast majority of the chemical harmonization initiative. Under that initiative, tariffs will be at 0, 5.5 and 6.5 percent for products in each category. ■

companies forced to set up factories in China to sell their products.

- Provisions in WTO rules that allow the U.S.—even when dealing with a country that enjoys NTR status—to continue to block U.S. imports of goods made with prison labor, to maintain our export control policies, to use our trade laws and to withdraw benefits, including NTR, in a national security emergency.

CHINA'S ACCESSION WILL HELP PROMOTE REFORM IN CHINA AND CREATE A SAFER WORLD

The Agreement will encourage Chinese leaders to move in the direction of meeting the demands

Photo by Curt Carnemark, Courtesy of The World Bank

Current restrictions on the distribution of U.S. imported goods, such as steel, will be greatly relaxed upon China's accession

Photo by Curt Carnemark, Courtesy of The World Bank

To alleviate the uncertainty associated with China's inconsistent application, refund and waivers of its 17 percent VAT tax, China has agreed to apply all taxes and tariffs uniformly to both domestic and foreign businesses.

of the Chinese people for openness, accountability and reform. The Agreement:

- *Deepens Market Reforms.* Obligates China to deepen its market reforms, empowering leaders who want their country to move further and faster toward economic freedom. This Agreement will expose China to global competition and thereby bring China under even more pressure to privatize its state-owned industries and expand the role of the market in the Chinese economy. Chinese, as well as foreign, businesses will gain the right to import and export on their own, and to sell their products without going through government middlemen.

- *Accelerates Removal of Government from Lives of China's People.* Accelerates a process that is removing the government from vast areas of China's economic life. China's people will have greater scope to live their lives as they see fit. In opening China's telecommunications market, including to Internet and satellite services, the Agreement will over time expose Chinese people to information, ideas and debate from around the world. As China's people become more mobile, prosperous and aware of alternative ways of life, they will seek greater say in the decisions that affect their lives.

- *Strengthens the rule of law in China.* The Agreement obliges the Chinese government to publish laws and regulations, and subjects pertinent decisions to the review of an international body. That will begin to strengthen the rule of law in China and increase the likelihood that it will play by global rules as well. It will advance our larger interest in bringing China into international agreements and institutions that can make it a more constructive player in the world, with a stake in preserving peace and stability

China's WTO membership will benefit the U.S. on many fronts. It will allow American businesses increased access to the world's greatest emerging market; it will provide new and exciting opportunities to U.S. exporters; and it will represent a decisive step toward deeper and swifter reform within China. The U.S.-China Bilateral Agreement on China's Accession to the WTO is a strong deal for America.

"THE VOTE ON PNTR WILL NOT DECIDE WHETHER CHINA ENTERS THE WTO. CHINA WILL BECOME PART OF THE WTO WITH OR WITHOUT PNTR"

WHY PERMANENT NORMAL TRADE RELATIONS IS ESSENTIAL

by the White House's China Trade Relations Working Group

One of the most frequently asked questions about the U.S.-China Bilateral Agreement is why the United States must grant permanent normal trade relations (PNTR) to China. Why can't we just continue extending normal trade relations (NTR) on a yearly basis and still continue on with China's accession to the WTO?

The answer to that question is simple: America must grant permanent normal trade relations to China to obtain the full market opening benefits we negotiated. Without PNTR, American farmers, workers and businesses may be left behind.

Without the passage of PNTR, the United States could forfeit the large bulk of China's WTO accession. We cannot guarantee critical benefits negotiated in November—including WTO dispute settlement, the strong provisions against import surges and the right to provide key services such as distribution and telecommunications—without PNTR.

To compete effectively, American companies, farmers and workers need the ability to import, export and distribute goods in China—rights currently denied but which will be permitted under the agreement. These rights will allow our businesses to export to China from here at home, and to have their own distribution networks in China, rather than being forced to set up factories there to sell products through Chinese partners. Our firms also need access to China's fast-growing services market in sectors like telecommunications.

If Congress were to refuse to grant PNTR, our Asian, Latin American, Canadian and European competitors would reap these benefits but American farmers, workers and businesses may well be left behind.

"WITHOUT THE PASSAGE OF PNTR, THE UNITED STATES COULD FORFEIT THE LARGE BULK OF CHINA'S WTO ACCESSION."

WTO RULES REQUIRE THAT WE GRANT PERMANENT NORMAL TRADE RELATIONS TO CHINA

A fundamental principle of the WTO is that you treat imports from all WTO members the same. You cannot give special advantages or impose special disadvantages or hardships on some countries' products and not others.

A mandatory review of NTR status is discriminatory and disadvantageous and violates the fundamental WTO principle that all WTO members must be treated the same.

GATT Article I requires that all WTO members grant each other "any advantage, favor, privilege or immunity" provided to other countries "immediately and unconditionally". This rules out granting NTR to China on anything less than a permanent basis.

Some people have argued that the annual or periodic renewal of China's NTR status would be acceptable under WTO obligations if NTR status was not conditioned upon any "extraneous" factors, such as Jackson-Vanik's freedom-of-emigration-related requirements. But, this is clearly and obviously not the case. A fundamental principle of the WTO is that you treat all imports from all WTO members the same. You cannot give special advantages or impose special disadvantages or hardships on some countries' products and not others.

The United States grants NTR treatment to all countries with whom we share and enjoy all the benefits of the

WTO without the condition of an annual review. A mandatory annual or periodic review of whether products from China will be treated the same or differently than products from all other WTO members will inject uncertainty and unpredictability into business decisions affecting imports from China. NTR status provides non-discriminatory treatment of products both at the U.S. border and after the products enter into commerce within the United States.

If we do not grant China PNTR and continue to condition NTR status upon mandatory periodic reviews, we risk losing the full benefits—to our farmers, workers and companies—of the strong, rules-based and enforceable market opening agreement we just negotiated.

In recent weeks, the President has urged the U.S. Congress to grant China permanent normal trade relations. The vote on PNTR will not decide whether China enters the WTO. China will become part of the WTO with or without PNTR. So, if Congress does not grant PNTR, then U.S. businesses, farmers and workers will be at a competitive disadvantage in the Chinese market. This is an historic opportunity that the U.S. cannot afford to let pass. ■

For additional information on the U.S.- China Bilateral Agreement or the issue of PNTR for China, please visit the China Trade Working Group website (www.chinapntr.gov).

Photo by Curt Carnemark, Courtesy of The World Bank

These bicyclists in Beijing could be among the 20 million Chinese projected to become Internet users by the end of this year.

SECRETARY DALEY'S MESSAGE

Excerpts from Secretary of Commerce William M. Daley's Remarks to the Electronic Industries Association, March 14, 2000

I am grateful to serve during the longest economic expansion in our history, when you have created 21 million jobs, when we have the lowest unemployment rate in 30 years.

But as I look at my tenure—and I have a lot of energy left in these 10 months—there is nothing I wish for more than to help open a market of over a billion consumers to American businesses. I can't imagine any Commerce Secretary in the next 30 years having the kind of opportunity I have in the next three months: to help open the biggest potential market in the world. There is no larger step to take than to bring China into the world trading system…

It is easy for me to feel confident America in the end will do the right thing, because it all boil down to this: we live in a new economy; we are watching old China wanting to become a new China; and, I really hope, we are seeing old trade politics give way to new trade politics that is more than about jobs and economics. It is about creating a better and more stable world…

This was no easy decision for China's leaders to join the world trading system…But the Chinese concluded without open markets, they cannot build the world-class industries they need in this century. So, they have handed us what every president since Richard Nixon hoped for: a more open market…

A vote against this would leave China with less access to information. It would leave it with less contact with the democratic world. Ironically, it would do it as the cyberworld has brought great change to our society, and could do the same for China. The leaders of China are smart people. They know if our high tech industry goes in and wires China, and everybody is connected to the Internet, that change will come more rapidly in ways they cannot control. They have made the decision to let it happen. We should not let our disagreements get in the way… ■

GRANTING CHINA PNTR

THE CASE LAID OUT

Excerpts of President Clinton's Remarks to the Paul H. Nitze School of International Studies, March 8, 2000

Last fall, the United States signed the Agreement to bring China into the WTO, on terms that will open its market to American products and investment. When China concludes similar agreements with other countries, it will join the WTO. But, for U.S. companies to benefit from that we must first grant it permanent normal trading status—the same arrangement we have given other countries in the WTO.

In March, I submitted legislation to do that, and I again urge Congress to approve it as soon as possible.

Congress will not be voting on whether China will join the WTO. Congress can only decide whether the United States will share in the economic benefits of China joining the WTO. A vote against PNTR will cost America jobs, as our competitors in Europe, Asia and elsewhere capture Chinese markets that we otherwise would have served.

Supporting China's entry into the WTO, however, is about more than our economic interests. It is clearly in our larger national interest. It represents the most significant opportunity that we have had to create positive change in China since the 1970s, when President Nixon first went there, and later in the decade when President Carter normalized relations. I am working as hard as I can to convince Congress and the American people to seize this opportunity.

For a long time now, the United States has debated its relationship with China through all the changes, particularly of the last century. And like all human beings everywhere, we see this relationship through the prism of our own experience. In the early 1900s, most Americans saw China either through the eyes of traders seeking new markets, or missionaries seeking new converts. During World War II, China was our ally; during the Korean War, our adversary. At the dawn of the Cold War, when I was a young boy, beginning to study such things, it was a cudgel and a political battle: Who lost China? Later, it was a counterweight to the Soviet Union. And now, in some people's eyes, it's a caricature: Will it be the next great capitalist tiger with the biggest market in the world, or the world's last great communist dragon and a threat to stability in Asia?

Through all the changes in China and the changes in our perception of China, there has been one constant: We understand that America has a profound stake in what happens in China and how China relates to the rest of the world. That's why, for 30 years, every President, without regard to party, has worked for a China that contributes to the stability of Asia, that is open to the world, that upholds the rule of law at home and abroad…

The WTO Agreement will move China in the right direction. It will advance the goals America has worked for in China for the past three decades. And, of course, it will advance our own economic interests.

Economically, this Agreement is the equivalent of a one-way street. It requires China to open its markets, with a fifth of the world's population—potentially, the biggest markets in the world—to both our products and services in unprecedented new ways. All we do is to agree to maintain the present access that China enjoys…

If Congress passes PNTR, we reap these rewards. If Congress rejects it, our competitors reap these rewards. Again, we must understand the consequences of saying no. If we don't sell our products to China, someone else will step into the breach, and we'll spend the next 20 years wondering why in the wide world we handed over the benefits we negotiated to other people…

Most of the critics of the China-WTO Agreement do not seriously question its economic benefits. They're more likely to say things like this: China is a growing threat to Taiwan and its neighbors; we shouldn't strengthen it. Or, China violates labor rights and human rights; we shouldn't reward it. Or, China is a dangerous proliferator; we shouldn't empower it.

These concerns are valid. But the conclusion of those who raise them as an argument against China-WTO isn't. China is a one-party state that does not tolerate opposition. It does deny its citizens fundamental rights of free speech and religious expression. It does define its interests in the world sometimes in ways that are dramatically at odds from our own. But the question is not whether we approve or disapprove of China's practices. The question is what's the smartest thing to do to improve these practices?

I believe the choice between economic rights and human rights, between economic security and national security, is a false one. Membership in the WTO, of course, will not create a free society in China overnight, or guarantee that China will play by global rules. But over time, I believe it will move China faster and further in the right direction—and certainly will do that more than rejection would. To understand how, it's important to understand why China is willing to do what it has undertaken to perform in this Agreement.

Over the last 20 years, China has made great progress in building a new economy, lifting more than 200 million people out of abject poverty; linking so many people through its new communications network that it's adding the equivalent of a new Baby Bell every year. Nationwide, China has seen the emergence of more than a million nonprofit and social organizations, and a 2,500 percent explosion of print and broadcast media.

But its economy still is not creating jobs fast enough to meet the needs of the people. Only about a third of the economy is private enterprise. Nearly 60 percent of the investment and 80 percent of all business lending still goes toward state-owned dinosaurs that are least likely to survive in the global economy and most likely to be vulnerable to corruption.

Much of China's economy today still operates under the old theory that if only they had shoveled coal into the furnaces faster, the Titanic would have stayed afloat. It is ironic, I think, that so many Americans are concerned about the impact on the world of a strong China in the 21st century. But the danger of a weak China was set by internal chaos and the old nightmares of disintegration. It's all so real, and the leaders of China know this as well.

So they face a dilemma. They realize that if they open China's market to global competition, they risk unleashing forces beyond their control—temporary unemployment, social unrest and greater demand for freedom. But they also know that without competition from the outside, China will not be able to attract the investment necessary to build a modern, successful economy. And the failure to do that could be even more destabilizing with more negative consequence.

So with this Agreement, China has chosen reform, despite the risks. It has chosen to overcome a great wall of suspicion and insecurity and to engage the rest of the world.

The question for the United States, therefore, is, do we want to support that choice or reject it, becoming bystanders as the rest of the world rushes in. That would be a mistake of truly historic proportions.

You know, as we debate about China here—and we love to do it; it absorbs a great deal of our time and energy—it's easy to forget that the Chinese leaders and their people are also engaged in a debate about us there. And many of them believe that we honestly don't want their country to assume a respected place in the world. If China joins the WTO, but we turn our backs on them, it will confirm their fears.

All I can say to you is that everything I have learned about China as President and before, and everything I have learned about human nature in over half a century of living, now convinces me that we have a far greater chance of having a positive influence on China's actions if we welcome China into the world community, instead of shutting it out…

By joining the WTO, China is not simply agreeing to import more of our products; it is agreeing to import one of democracy's most cherished values—economic freedom. The more China liberalizes its economy, the more fully it will liberate the potential of its people—their initiative, their imagination, their remarkable spirit of enterprise. And when individuals have the power not just to dream, but to realize their dreams, they will demand a greater say.

Already, more and more, China's best and brightest are starting their own companies, or seeking jobs with foreign-owned companies, where generally they get higher pay, more respect and a better working environment. In fits and starts,

"THE WTO AGREEMENT WILL MOVE CHINA IN THE RIGHT DIRECTION, AND IT WILL ADVANCE THE GOALS AMERICA HAS WORKED FOR IN CHINA FOR THE PAST THREE DECADES."

Photo courtesy of AP/World Wide Photos

President Clinton addresses a large gathering of students at Beijing University, June 29, 1998.

for the first time, China may become a society where people get ahead based on what they know rather than who they know. Chinese firms, more and more, are realizing that unless they treat employees with respect, they will lose out in the competition for top talent. The process will only accelerate if China joins the WTO, and we should encourage it because it will lift standards for Chinese workers and their expectations.

There's something even more revolutionary at work here. By lowering the barriers that protect state-owned industries, China is speeding the process that is removing government from vast areas of people's lives.

In the past, virtually every Chinese citizen woke up in an apartment or a house owned by the government, went to work in a factory or a farm run by the government and read newspapers published by the government. State-run workplaces also operated the schools where they sent their children, the clinics where they received health care, the stores where they bought food. That system was a big source of the Communist Party's power. Now people are leaving those firms. And when China joins the WTO, they will leave s them faster.

The Chinese government no longer will be everyone's employer, landlord, shopkeeper and nanny all rolled into one. It will have fewer instruments, therefore, with which to control people's lives. And that may lead to very profound change.

A few weeks ago, The Washington Post had a good story about the impact of these changes on the city of Shenyang. Since 1949, most of the people of Shenyang have worked in massive, state-run industries. But as these old factories and mills shut down, people are losing their jobs and their benefits. Last year, Beijing announced it was going to be awarding bonus checks to Chinese citizens to celebrate China's 50th anniversary under communism. But Shenyang didn't have the money to pay, and there was a massive local protest.

To ease tensions, the local government has given the people a greater say in how their city is run. On a limited basis, citizens now have the right to vote in local elections—not exactly a democracy; the party still puts up the candidate and decides who can vote, but it is a first step. And it goes beyond Shenyang. Local elections now are held in the vast majority of the country's 900,000 villages.

When asked why, one party official in Shenyang said, “This is the beginning of a process. We realize that in order to improve social control we have got to let the masses have a say." Well, sooner or later that official will find that the genie of freedom will not go back into the bottle. As Justice Earl Warren once said, "Liberty is the most contagious force in the world."

In the new century, liberty will spread by cell phone and cable modem…We know how much the Internet has changed America, and we are already an open society. Imagine how much it could change China.

Now, there's no question China has been trying to crack down on the Internet…but I would argue to you that their effort to do that just proves how real these changes are and how much they threaten the status quo. It's not an argument for slowing down the effort to bring China into the world; it's an argument for accelerating that effort. In the knowledge economy, economic innovation and political empowerment, whether anyone likes it or not, will inevitably go hand in hand…

Now, I want to be clear. I understand that this is not in and of itself a human rights problem. But, still, it is likely to have a profound impact on human rights and political liberty. Change will only come through a combination of internal pressure and external validation of China's human rights struggle. We have to maintain our leadership in the latter, as well, even as the WTO contributes to the former.

We sanctioned China under the International Religious Freedom Act last year. We're again sponsoring a resolution in the UN Human Rights Commission condemning China's human rights record this year. We will also continue to press China to respect global norms on nonproliferation. And we will continue to reject the use of force as a means to resolve the Taiwan question, making absolutely clear that the issues between Beijing and Taiwan must be resolved peacefully and with the assent of the people of Taiwan. There must be a shift from threat to dialogue across the Taiwan Strait…

In other words, we must continue to defend our interests and our ideals with candor and consistency. But we can't do that by isolating China from the very forces most likely to change it. Doing so would be a gift to the hardliners in China's government, who don't want their country to be part of the world—the same people willing to settle differences with Taiwan by force; the same people most threatened by our alliance with Japan and Korea; the same people who want to keep the Chinese military selling dangerous technologies around the world; the same people whose first instinct in the face of opposition is to throw people in prison. If we want to strengthen their hand within China, we should reject the China-WTO Agreement.

Voting against PNTR won't free a single prisoner, or create a single job in America, or reassure a single American ally in Asia. It will simply empower the most rigid anti-democratic elements in the Chinese government. It would leave the Chinese people with less contact with the democratic world, and more resistance from their government to outside forces. Our friends and allies would wonder why, after 30 years of pushing

China in the right direction, we turned our backs, now that they finally appear to be willing to take us up on it.

I find it encouraging that the people with the greatest interest in seeing China change agree with this analysis. The people of Taiwan agree. Despite the tensions with Beijing, they are doing everything they can to cement their economic ties with the mainland and they want to see China in the WTO.

The people of Hong Kong agree. I recently received a letter from Martin Lee, the leader of Hong Kong's Democratic Party, who has spent a lifetime struggling for free elections and free expression for his people. He wrote to me that this Agreement, "represents the best long-term hope for China to become a member of good standing in the international community. We fear that should ratification fail, any hope for political and legal reform process would also recede." Martin Lee wants us to vote in favor of PNTR.

Most evangelicals who have missions in China also want China in the WTO. They know it will encourage freedom of thought and more contact with the outside world. Many of the people who paid the greatest price under Chinese repression agree, too. Ren Wanding is one of the fathers of the Chinese human rights movement. In the late 1970s, he was thrown into prison for founding the China Human Rights League. In the 1980s, he helped lead the demonstration in Tiananmen Square. In the 1990s, he was thrown in prison yet again. Yet, he says of this deal, "Before, the sky was black; now it is light. This can be a new beginning."

For these people, fighting for freedom in China is not an academic exercise or a chance to give a speech that might be on television. It is their life's work. And for many of them, they have risked their lives to pursue it. I believe if this Agreement were a Trojan Horse they would be smart enough to see it. They are telling us that it's the right thing to do, and they are plainly right.

So if you believe in a future of greater openness and freedom for the people of China, you ought to be for this Agreement. If you believe in a future of greater prosperity for the American people, you certainly should be for this Agreement. If you believe in a future of peace and security for Asia and the world, you should be for this agreement. This is the right thing to do. It's an historic opportunity and a profound American responsibility.

I'll do all I can to convince Congress and the American people to support it. And, today, I ask for your help. ■

SMALL AND MEDIUM-SIZED ENTERPRISES PLAY A CENTRAL ROLE IN EXPORTS TO CHINA

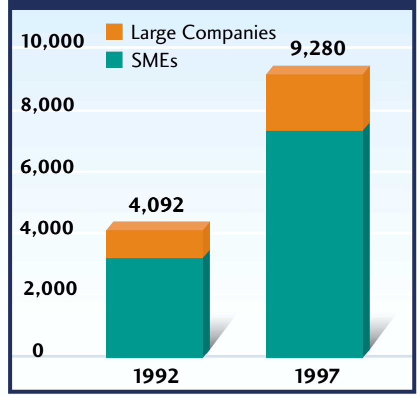
by William Kolarik, Georg Mehl & Katherine McCurdy

Office of Trade & Economic Analysis, Trade Development

A total of 9,280 U.S. firms are known to have exported merchandise to China in 1997—the last year for which data are available. This is more than double the number in 1992, when 4,092 firms exported to China.

The number of small and medium-sized enterprises (SMEs) exporting to China has been rising much faster than the number of large companies. From 1992 to 1997 the number of SMEs exporting to China surged by 141 percent, compared to 81 percent for large-company exporters.

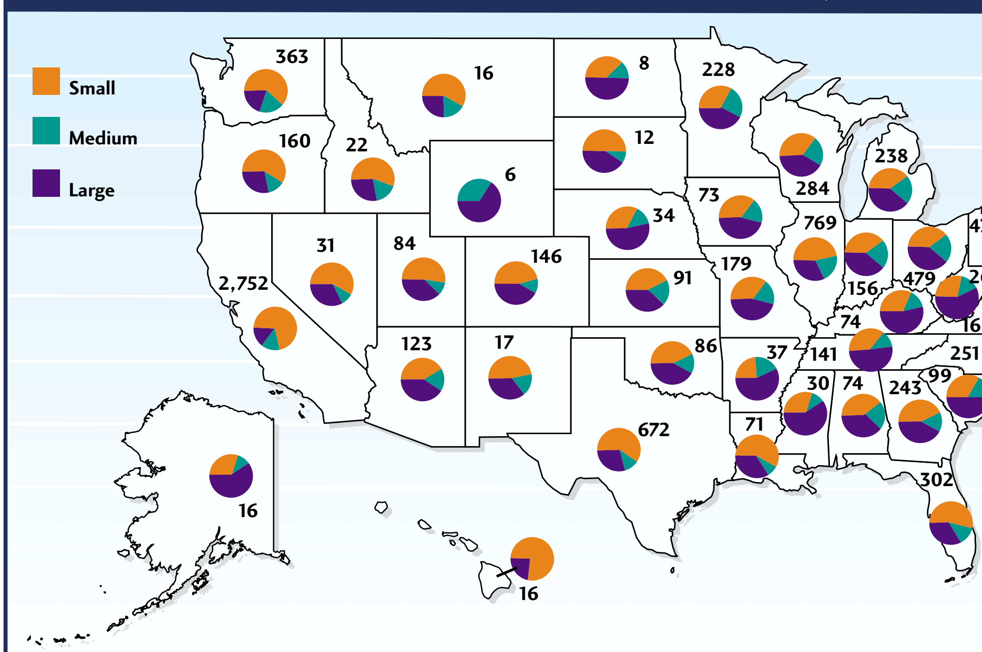
FIRMS EXPORTING TO CHINA



Twenty-four states had over 100 companies that exported to China in 1997.

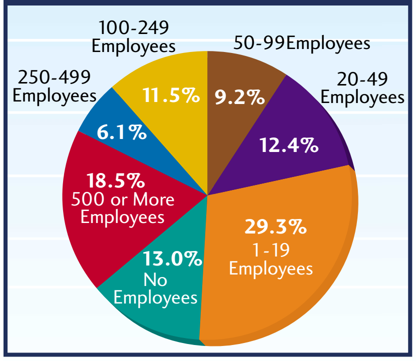
- The states with the most exporters to China were California (2,752), New York (954), Illinois (769), Texas (672) and New Jersey (566).
- In 40 states, SMEs made up over half of all exporters to the China market.

NUMBER OF FIRMS EXPORTING MERCHANDISE TO CHINA BY STATE, 1997



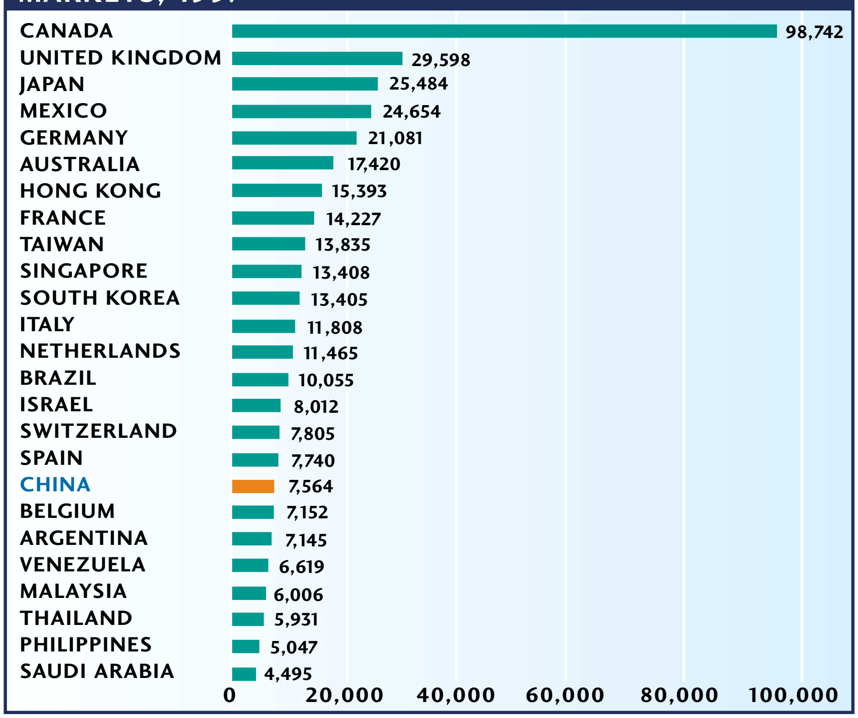
NOTES: Each state is labeled with the total number of firms exporting to China from that state in 1997. Of the 9.280 U.S. firms that exported goods to China in 1997, a total of 7,564 (82%) were SMEs. Small enterprises have less than 100 employees, medium-sized enterprises have 100-499 employees, and large enterprises have 500 or more employees.

9,280 U.S. FIRMS EXPORTED TO CHINA IN 1997 WITH:



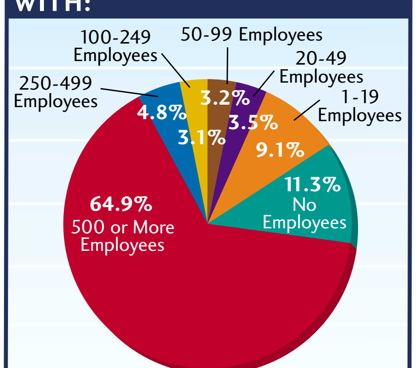
A dominant and growing share of U.S. exporters to China are small and medium-sized enterprises. Eighty-two percent of all U.S. exporters to China in 1997 were SMEs. This is up significantly from 1992, when 77 percent of exporters to the China market were SMEs.

NUMBER OF SMEs EXPORTING TO TOP 25 U.S. EXPORT MARKETS, 1997



The number of known SME exporters to China in 1997 totaled 7,564—up from 3,143 SMEs in 1992.

SHARE OF 1997 U.S. EXPORTS TO CHINA BY COMPANIES WITH:



SMEs are responsible for a growing share of U.S. exports to China.

- In 1997, SMEs generated 35.1 percent—over one-third—of all U.S. merchandise exports to China. This is up significantly from a 27.6 percent share in 1992.
- Also, the 35.1 percent SME share of the China market in 1997 was higher than the SME share of overall U.S. merchandise exports (30.6 percent) in that year.

EXPORTER DATA BASE

WHAT IS THE EXPORTER DATA BASE?

- All statistics in this report are from the Commerce Department's Exporter Data Base (EDB), which provides an annual statistical profile of U.S. exporting companies—including their number, size, industry composition, and geographic distribution. The EDB is a joint project of the Census Bureau and International Trade Administration (ITA). However, ITA is solely responsible for the content of this article.

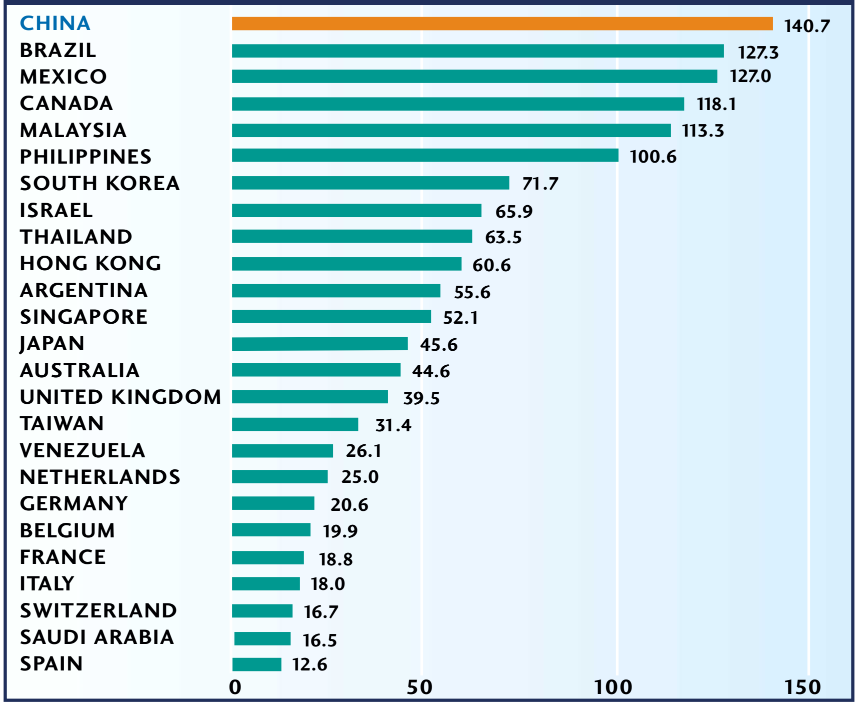
- The Exporter Data Base is comprised of all enterprises that could be identified from Shippers' Export Declarations (SEDs) that were filed, per U.S. regulations, for merchandise exiting the country. To identify exporters from SEDs, the Census Bureau used Employer Identification Numbers (EINs) and other SED information to link these documents to the Bureau's Business Register (which contains information on company characteristics and locations).

- EDB data on individual firms—including company names and addresses—are not available to the public due to federal regulations that prohibit public release of confidential business information provided to the U.S. Government.

- Latest available data from the EDB are currently for 1997. Statistics for 1998 will be available sometime during first-half 2000, and will initially be available from the Census Bureau.

Over the 1992-97 period, the number of SMEs exporting to China rose faster than the number of SMEs exporting to any other major market.

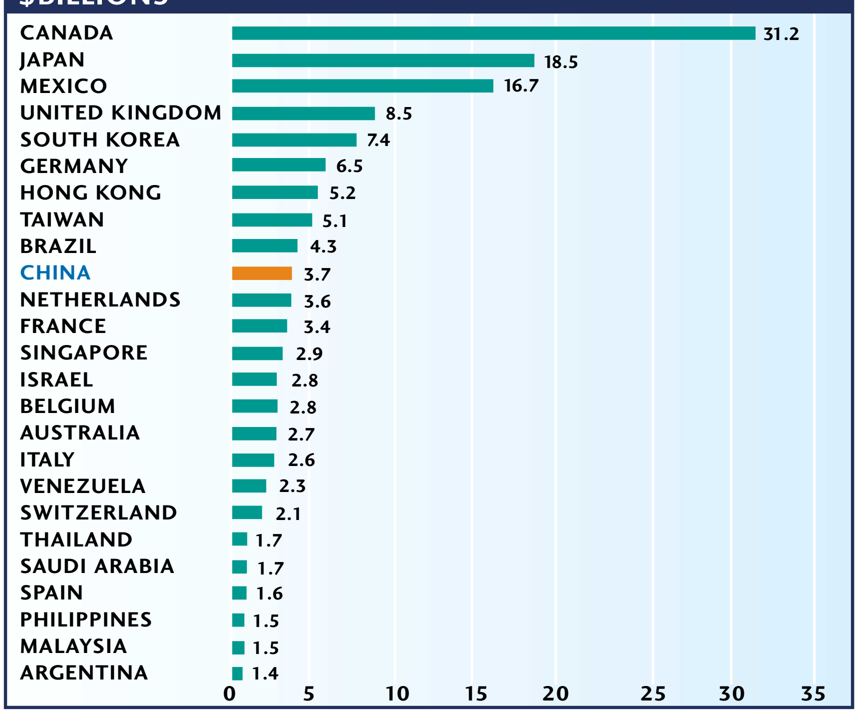
PERCENT INCREASES IN NUMBER OF SME COMPANIES EXPORTING TO TOP 25 U.S. MARKETS, 1992-97



China is a significant and growing market for SMEs.

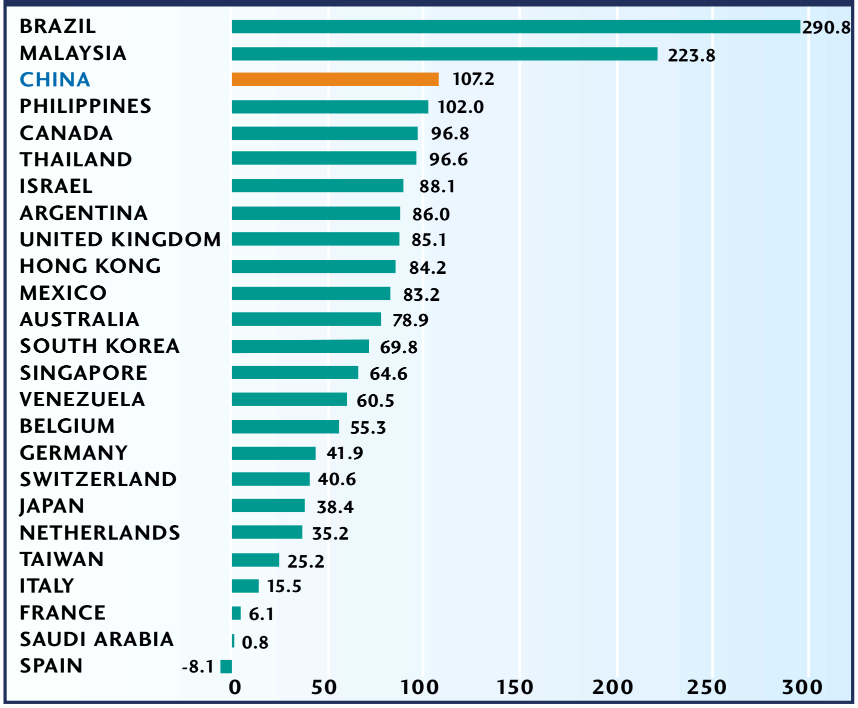
- In 1997, China was the 10th largest export market for SMEs, up from 12th place in 1992.

SME EXPORTS TO TOP 25 U.S. EXPORT MARKETS, 1997; $BILLIONS



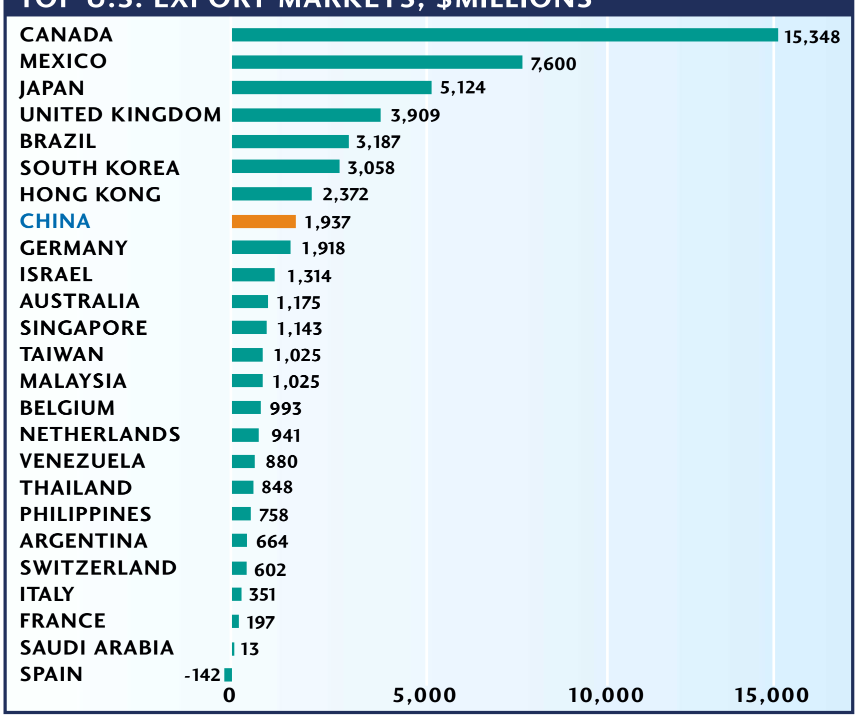
From 1992 to 1997 the value of SME exports to China more than doubled, rising by 107 percent. Among SMEs, only exports to Brazil (291 percent increase) and Malaysia (224 percent) grew faster.

1992-97 PERCENTAGE CHANGES IN EXPORTS BY SMEs TO TOP 25 U.S. EXPORT MARKETS



Measurable SME exports to China rose by nearly $2 billion during 1992-97—the eighth largest gain posted by SMEs to any market.

1992-97 DOLLAR EXPORT CHANGES BY SME FIRMS TO TOP U.S. EXPORT MARKETS; $MILLIONS



EDB TECHNICAL NOTES

EXPORTER DATA BASE: TECHNICAL NOTES

- The 1997 Exporter Data Base consists of 209,455 exporting firms, accounting for 82 percent of measurable merchandise export value. Due to misreporting and other data collection problems, export documents accounting for 18 percent of export value could not be linked to the companies that filed the forms. Because of the inability to link all export declarations to the firms that filed the documents, the EDB may slightly understate the total number of exporters—especially as regards small companies with only a few export transactions.

- The EDB only captures companies that have at least one export shipment during the year valued at $2,501 or more. Also, the EDB tracks only exporters of merchandise—i.e., goods. Firms that export services only are excluded. However, service companies that export goods, as well as services, are included.

- All businesses included in the EDB are direct exporters—i.e., entities that ship merchandise from their facilities to a foreign destination. Excluded from the EDB are so-called "indirect" exporters whose export role is limited to supplying firms that directly market products internationally.

- Companies in this report are classified according to employment size ranges. Small firms are defined as those with fewer than 100 employees. Medium-sized firms employ from 100-499 workers. Large firms have 500 or more employees.

- EDB statistics profiling exporters at the state level are compiled on an Exporter Location (EL) basis. Tabulations on an EL basis assign exporters to sub-national areas based on the zip code location of the "exporter of record" as specified on export declarations. The exporter of record is the party principally responsible for the export transaction. The exporter's zip code location is very often the point of sale, or marketing location. In some circumstances, the exporter's location may also reflect the location of the company's home office ("headquarters effect") or the location where export paperwork was performed.

CHINA

A KEY MARKET FOR U.S. EXPORTS

by Bruce Miller
Industrial Trade Staff, Trade Development

& Heather West
Office of Chinese Economic Area, Market Access & Compliance

China is fast becoming one of the most important U.S. export markets in the world, as is evidenced by statistics recently reported by the U.S. Department of Commerce.

China is the thirteenth largest destination for U.S. goods and services. In 1998, U.S. merchandise exports to China totaled $14.3 billion, which is a more than 60 percent increase over 1993 sales of $8.8 billion. This increase in exports to China exceeded growth in total U.S. exports to the world by 14 percent. An even more striking statistic is that while U.S. exports to the Asian region declined by 1 percent during 1997-1998, largely due to the Asian economic downturn, U.S. export sales to China increased by 11 percent.

INDUSTRY SECTOR EXPORT FACTS

The largest U.S. export to China in 1998 was transportation equipment, which totaled $3.7 billion. Other top exports to China in 1998 included industrial and commercial machinery and computer equipment ($2.4 billion), chemicals and allied products ($2 billion), and electronic and other electrical equipment and components ($1.8 billion).

STATE LEVEL EXPORT FACTS

Forty-one U.S. states increased their exports to China between 1993 and 1998. Exports from 14 of these states, including Washington, California, New Jersey, Florida and Minnesota, grew by at least $100 million. In addition, 19 states, including New Mexico, Colorado, Nebraska, Idaho and North Dakota, more than doubled their exports to China during this period. China was also among the top 15 export markets in 1998 for 25 states, including Illinois, Louisiana and Missouri.

In 1998, Washington state, with exports to China totaling $3.2 billion, was the top individual state exporter. California ($2.5 billion), Illinois ($909 million), New York ($679 million), New Jersey ($669 million) and Texas ($583 million) were the other major U.S. state exporters that year. Eighteen other states in 1998, including Arizona, Colorado, Connecticut, Georgia, Massachusetts and Michigan, recorded export sales to China each totaling between $100 million and $500 million.

METROPOLITAN LEVEL EXPORT FACTS

Many U.S. cities benefit from trade with China. For example, the Seattle-Bellevue-Everett, Washington metropolitan area recorded $3.2 billion in exports in 1998. Other metropolitan areas with significant exports to China in 1998 included Los Angeles-Long Beach, California ($799 million), Chicago, Illinois ($609 million) and Tampa-St. Petersburg-Clearwater, Florida ($305 million). Some of the metropolitan areas with the fastest growing exports to China in 1998 included Albuquerque, New Mexico (76,000 percent increase), Colorado Springs, Colorado (9,800 percent increase), Harrisburg-Lebanon-Carlisle, Pennsylvania (8,600 percent increase) and Lubbock, Texas (8,300 percent increase).

STATE-BY-STATE OPPORTUNITY REPORTS

The Administration has prepared state-by-state opportunity reports, which illustrate for each state the benefits of the U.S.-China Bilateral Agreement on China's Accession to the WTO. The reports include the following components:

- **State Export Profiles** describe export trends of each state to the world and to China.
- **Sector Snapshots** list the products and services that are key exports from each state to China.
- **Specific Industry Benefits** explain how the WTO agreement will enhance key industries' abilities to export to China.
- An **Overview** summarizes over 25 key issues addressed in the Agreement.
- An **SME Insert** illustrates the importance of trade with China to small and medium-sized enterprises.
- **Trade Stories** provide examples on a state-by-state basis, of specific companies and their trade experience with China.
- The **Industry Tariff Table** summarizes major tariff concessions in the Agreement for industrial goods.
- **The Agriculture Tariff and Tariff-Rate Quota Table** summarizes major tariff and tariff-rate quota commitments.

U.S. DEPARTMENT OF COMMERCE
International Trade Administration
February 2000

OPPORTUNITIES FROM CHINA'S ACCESSION TO THE WTO

California

The U.S.-China Bilateral Agreement on China's accession to the WTO opens an important market to California's exports, benefiting key industries and creating export and employment opportunities. The importance of exports to China and the benefits of the Agreement for California and its key industries are outlined below.

Export Profile

China is California's 12th largest export market. From 1993 to 1998, California's exports to China grew faster than its exports to the world.

California's merchandise exports to China in 1998 totaled $2.5 billion.

During 1993–98, California's exports to China rose by $817 million, an increase of 50 percent.

Most California export categories registered triple-digit growth in sales to China over the 1993–98 period.

Several California metro areas posted large dollar gains in exports to China during 1993–98. This group included San Jose (up $513 million), Los Angeles–Long Beach (up $87 million), Oakland (up $62 million), Orange County (up $59 million), and San Diego (up $51 million).

The California metro areas that recorded large 1993–98 percentage gains in exports to China included Bakersfield (4,245 percent increase), Fresno (2,983 percent), Santa Cruz–Watsonville (839 percent), and Salinas (743 percent).

Sector Snapshot

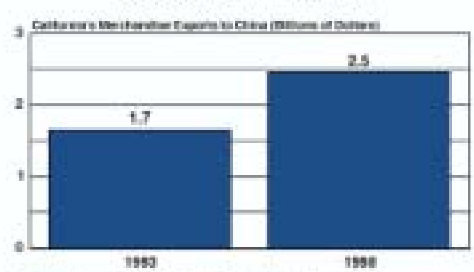
U.S. farmers no longer will have to compete with export subsidies on China's agricultural products. China also has agreed to eliminate sanitary and phytosanitary barriers that are not based on sound scientific evidence, such as the restrictions on meat, poultry, citrus, and wheat. In addition, exporters will benefit from broadening the right to import and distribute imported products in China and from tariff cuts on a wide range of products including vegetables, fruits including grapes and citrus, tree nuts, dairy products, beef, and wine. China also will end its import monopoly for bulk commodities and establish large low-duty tariff-rate quotas for cotton and rice.

As a result of the Agreement, California's key export sectors benefit from reduced tariffs in China, strong intellectual property protection and improved trade rules protecting U.S. industries against unfair trade practices and removing burdensome obstacles, including:

- Tariff elimination for information technology products; beer, furniture, toys and game products.
- Major tariff reductions for civil aircraft, paper and wood products, scientific and measuring instruments, medical equipment, optical fibers and fiber optic cables, pumps and compressors, power generation equipment, agricultural and construction equipment, glass fibers, food processing machinery, environmental technology equipment, recorded media, and air conditioning equipment.
- Low tariffs for most chemicals at WTO harmonization rates, including pharmaceuticals.
- Elimination of import restrictions for products such as construction and medical equipment.

The agreement will open the market for a wide range of services, including telecommunications, banking, insurance, financial, professional, hotel, restaurant, tourism, motion pictures, video distribution, software entertainment distribution, periodicals distribution, business, computer, environmental, and distribution and related services.

California Increased Its Exports to China by Almost 50 Percent from 1993 to 1998



Source: U.S. Department of Commerce, Exporter Location Series.

The first page of California's eight page report is depicted here. To obtain downloadable copies of each of the 50 state-by-state opportunity reports, visit www.chinapntr.gov on or after April 11, 2000.

THE U.S.-CHINA WTO ACCESSION DEAL

A CLEAR WIN FOR U.S. HIGH TECHNOLOGY, GREATER OPENNESS AND U.S. INTERESTS

by the White House's China Trade Relations Working Group

Over the past three decades, the United States has witnessed the evolution of its economy from one that focused largely on manufacturing for domestic consumption to one that increasingly relies on producing high technology products and services for global trade. In fact, in the past 30 years, as a percentage of GDP, trade has increased from 10 to 24 percent.

Information technology (IT) has made a crucial contribution to this new economy by helping to fuel record growth, higher wages and changes in the way business is done. IT accounts for only 8 percent of total jobs, but has been responsible for nearly one-third of U.S. economic growth. Declining IT prices have lowered the overall inflation rate by nearly one percentage point, and wages in the IT industry are 77 percent higher than the private sector average.

But, even though we are enjoying the longest period of economic expansion in our nation's history, our unemployment rates are the lowest levels they have been in 30 years, and we are the global leaders in the Internet and e-commerce industries, we cannot afford to become complacent. Access to new markets, especially for our information technology exports, is imperative to maintain our advantage.

The U.S.-China Bilateral Agreement on China's Accession to the WTO will give American IT companies access to China's growing market, which will be vital to maintaining U.S. global leadership in information technology.—without having to make any concessions in return.

CHINA'S GROWING MARKET

The statistics show that access to China's market has not only been beneficial for U.S. companies—U.S. high technology industry exports to China have increased over 500 percent between 1990 and 1998—but will become even more important in the coming decades.

- Right now, China's information technology equipment market is estimated to be growing at 20-40 percent annually. Some analysts predict that by the end of 2000 China will become the world's second largest personal computer market and that by the end of 2001 it will be the third largest semiconductor market.

- China is already the world's fastest growing telecommunications market. Each year, China installs enough phone lines to replace networks the size of Pacific Bell. By the end of 1999, China boasted approximately 40 million cellular subscribers. Only the U.S. telecommunications market is expected to be larger by the end of 2000.

- In 1999 alone, the number of Chinese Internet users quadrupled, jumping from 2 million at the beginning of the year to 9 million by December. Growth predictions put Internet users in China at over 20 million by the end of 2000. As the world's leader in Internet exports, American information technology companies are uniquely positioned to help China build an information infrastructure to support tens of millions new Internet users.

CHINA'S ACCESSION TO THE WTO

China's accession to the WTO will significantly benefit American IT companies. China made significant, one-way market-opening concessions across a wide range of high technology products and services. The United States made no market opening concessions. China will eliminate information technology tariffs by 2005, grant trading and distribution rights by 2003, open its Internet and telecom markets to investment and services, and provide stronger protection of intellectual property. The Agreement also eliminates distortive investment practices such as local content, forced technology transfer and export performance requirements that can displace U.S. jobs.

The following is an overview of how the U.S.-China Bilateral Agreement will benefit U.S. IT companies.

China Will Eliminate Tariffs and Quotas on Information Technology Products by 2005: Chinese tariffs on information technology products currently average 13 percent. Upon accession to the WTO, China will adopt the Information Technology Agreement, which eliminates import duties on these products. China will eliminate two-thirds of its tariffs by 2003 and the remaining one-third by January 1, 2005. China will also eliminate quotas immediately upon accession.

China Will Allow Foreign Investment in Telecommunications Services for the First Time: China now prohibits foreign investment in telecommunications. With WTO accession, it will permit 50 percent foreign equity share participation for value-added services (including, for example, electronic mail, voice mail, Internet, online information and database retrieval, and enhanced/value added facsimile services) and paging services two years after accession; 49 percent foreign equity share for mobile voice and data services (including all analogue/digital cellular and personal communications services) five years after accession; and for domestic and international services (including, for example, voice, facsimile, intra-company email, voice and date services) six years after accession. Geographic restrictions will be eliminated for paging and value added services two years after accession, for mobile voice and data services in five years, and for domestic and international services in six years.

China Will Adopt WTO Norms for Telecommunications Regulation: China has agreed to implement the pro-competitive regulatory principles embodied in the WTO Basic Telecommunications Agreement. These include access to the public telecom networks of incumbent suppliers (i.e., interconnection rights) under non-discriminatory terms and at cost-oriented rates, as well as independent regulatory authority. China has also committed to technology-neutral scheduling, which means that any basic service may be provided through any means of technology (e.g., cable, wireless, satellites).

Photo courtesy of the U.S.-China Business Council

Technicians at the Beijing Computer Technique Research Institute assembling microcomputers.

BENEFITS FOR HIGH TECH

AMERICAN COMPUTER MANUFACTURERS CURRENTLY FACE HUGE BARRIERS WHEN EXPORTING TO CHINA

Tariffs averaging 13 percent can add hundreds of dollars to the price of a computer. A $1,500 computer, for example, would be slapped with a tariff of nearly $200. U.S. manufacturers are often forced to use a state-run middleman to import into China. Joint venture contracts often require U.S. companies to transfer technology to their Chinese partners, use a certain percentage of locally sourced parts and export a minimum quantity of their products. American companies are not allowed to distribute directly to customers, hamstringing their efforts to tailor products to specific markets and preventing them from providing direct, quality after-sales service and support.

China has pledged to sign on to the Information Technology Agreement, thereby committing to eliminate tariffs on all products covered by the ITA—two thirds of ITA products by 2003 and the remaining one-third by 2005. American companies will also be able to import most products, including ITA products, into any part of China. This will allow our businesses to export to China from here at home, rather than being forced to set up factories there to sell products through Chinese partners. U.S. companies that do operate in China will no longer be forced by government regulations to give up cutting-edge technology to their competitors, and will no longer be forced to use locally made parts or to export a certain percentage of their products. U.S. companies will also—for the first time—be able to operate their own distribution networks in China, allowing them direct access to customers for sales and service. ■

The Agreement Will Provide Strong Protection for Intellectual Property Rights: China has agreed to implement the Agreement on Trade Related Aspects of Intellectual Property Rights immediately upon accession and with no transition period. The TRIPs agreement is the best vehicle to combat piracy of U.S. software and create a healthy environment for the development of China's software industry. Under the TRIPs agreement, the U.S. software industry will be better able to enforce its intellectual property rights in Chinese courts and administrative tribunals.

The Agreement Contains Strong Provisions against Unfair or Market-Distorting Chinese Trade: The Agreement guarantees our right to the special antidumping methodology we apply to non-market economies for 15 years after China's accession to the WTO. China has also agreed to a 12-year product specific safeguard that ensures that the U.S. can take effective action in case of increased imports from China that cause market disruption in the United States. This applies to all industries, including high technology, permits us to act based on a lower showing of injury and to act specifically against imports from China. After 12 years, current U.S. safeguard provisions—Section 201—will remain available to address increasing imports.

China Will Eliminate Practices that Cost American Jobs and Technology: China will abolish requirements that U.S. companies transfer their technology in order for U.S. companies to export or invest in China. This will better protect U.S. competitiveness and the results of U.S. research and development. In addition to implementing the WTO's Agreement on Trade-Related Investment upon accession, China will eliminate trade and foreign exchange balancing, local content and export performance requirements and refuse to enforce contracts containing those requirements. China will not condition import approval or investment licenses on performance requirements of any kind, including offset and technology requirements or the existence of a competing domestic producer. All this will make it significantly easier for American companies to export to China from the United States, rather than having to set up in China in order to sell products there.

The U.S.-China Bilateral Agreement will certainly lead to obvious benefits for U.S. high technology companies. Increased market access and lower tariffs will translate into more opportunities for U.S. businesses in the fast growing Chinese market. But, opening China's information technology market will also help integrate China into the global economy and fuel an information revolution in China. The WTO Agreement will make the tools of communication cheaper, better and more widely available. It will enable Chinese businesses and consumers to connect and integrate with the global economy and advance China's integration into that economy. It will increase the flow and exchange of information among Chinese and between China and the outside world. This cannot help but promote the right kind of change in China. ■

UNTAPPED POTENTIAL

THE U.S. COMMERCIAL STRATEGY FOR CHINA

by the Trade Promotion Coordinating Committee

No market in the world represents as much untapped potential to U.S. exports as China. The China WTO accession agreement provides the framework for American businesses to unlock this potential. Over the next couple of years, the U.S. commercial strategy will emphasize helping U.S. companies realize all the benefits of this agreement by focusing primarily on compliance and export promotion.

At the same time, we will work with the Chinese to ensure that they have the capacity and infrastructure to meet their WTO obligations. We will also create a compliance monitoring system that will quickly identify any violations of the agreement and then assertively use bilateral channels, and where appropriate, the WTO system to address them. To directly help U.S. businesses, we will increase our efforts to foster U.S. export growth to China through an aggressive trade promotion effort and by increasing U.S. businesses' awareness of their new options in profiting from the Chinese market.

ENSURING COMMERCIAL COOPERATION

To help China obtain the expertise necessary to implement a kind of market-based, rule-of-law system, required by membership in the WTO, the Administration is making assistance to the Chinese in meeting their WTO obligations a priority. This will be done principally through the U.S.-China Joint Commission on Commerce and Trade (JCCT), the Commercial Law Development Program (CLDP) and the WTO Monitoring Accession Plan.

THE JCCT

The JCCT provides a government-to-government framework to promote U.S.-China commercial cooperation in a variety of sectors. The U.S. plans to use the JCCT forum to work with the Chinese on several WTO related issues including:

- Expansion of a dialogue on commercial cooperation to exchange ideas concerning commercial laws and regulations that will need to change as a result of China's entry into the WTO. This dialogue will identify areas in which we can work together. This public-private partnership could involve U.S. and Chinese experts in government, business, labor and academia. The dialogue would be co-chaired by government officials from relevant agencies on both sides;

- An agreement to deepen support for China's adoption of international standards, acceptance of international conformity assessment practices and fulfillment of the provisions of the Technical Barriers to Trade Agreement (TBT) of the WTO. Over the next twelve months, dialogues will occur on China's adoption of internationally accepted codes, standards and conformity assessment practices for laboratory accreditation, nuclear power plants, cosmetics, automobiles and medical devices; and,

- China's agreement to establish a U.S. standards expert in Beijing to facilitate these and other TBT implementation initiatives in 2001.

COMMERCIAL LAW DEVELOPMENT

WTO rules will require widespread and complex changes in China's application of trade rules and policies. Training can head off problems that might occur because of lack of knowledge. Subject to funding, the State Department will work with the Department of Commerce's Commercial Law Development Division on a technical assistance package that will manage technical assistance to Chinese legal and administrative initiatives that are oriented toward market-based commercial activity. This technical assistance may include, but will not be limited to, assistance to bring the Chinese legal and regulatory system in greater compliance with international standards in government procurement regulations and processes, customs regulations and procedures, government ethics, judicial review of administrative action, legislative and regulatory publications, trade regulations and administration, and deregulation.

WTO ACCESSION MONITORING PLAN

The WTO agreement will strengthen our ability to ensure China comes into compliance with its obligations by giving us the option of pursuing violations under the WTO dispute settlement system. To ensure that China actually makes the changes required in its trade rules and regulations and lives up to its commitments, the Administration has proposed the largest and most comprehensive monitoring and enforcement effort ever mounted for any trade agreement.

As part of the President's Compliance Initiative, the Administration has asked for $22 million for a major increase in overall compliance activities, with China's WTO compliance a prominent feature. All U.S. Government trade-related agencies will participate in monitoring China's efforts to meet its obligations in the WTO. [For more details on the Compliance Initiative, please see pp. 8-9.]

CREATING OPPORTUNITIES FOR U.S. BUSINESSES

The rationale behind making sure China becomes a viable member of the WTO is to make it easier for U.S. businesses to export. With China's accession into the WTO, U.S. businesses will face significantly lower tariffs, reduced licensing and quota restrictions, non-discriminatorily applied value-added tax, and will not be required to go through state-owned trading enterprises to export. To ensure that U.S. companies are able to take advantage of the prospects presented by China's accession into the WTO, TPCC agencies are working on a number of fronts, from trade missions to trade finance, to increase U.S. companies' knowledge of the U.S.-China Bilateral Agreement so that they can make the most of the opportunities it presents.

The main venue for this effort will be the JCCT, which, in addition to its activities in providing assistance to the Chinese in living up to their WTO commitments, also assists U.S. firms in taking advantage of the new opportunities created by those commitments. The JCCT activities over the coming year will include:

Virtual Trade Missions: At this year's JCCT, it is hoped that the U.S. Government will obtain Chinese agreement to announce a joint U.S.-China initiative to hold a virtual trade mission via the Internet and video conferencing, giving U.S. SMEs the ability to sell to new customers in China.

Purchasing Missions: The U.S. Department of Commerce is working with the Chinese to develop several purchasing missions that will come to the United States in 2000 and 2001. These missions will bring Chinese buyers, who are seeking specific U.S. products, to the U.S. to meet with U.S. businesses.

Promotional Events: TPCC agencies and the Chinese will host over 30 events to highlight market opportunities in key industry sectors such as agricultural equipment, environmental technologies, information, aviation and motor vehicles. Trade missions for the clean energy and housing sectors and official U.S. participation in major automobile, medical-equipment, nuclear-energy and machine-tool shows are being planned in China for mid-FY2000 and early-FY2001.

Partner Events: To help increase private sector and state activities in China, TPCC agencies will continue to support dozens of other events and missions such as the franchising trade fair, the State of Illinois trade mission, the National Association of Home Builders trade mission and the PhRMA trade mission, among many others. Key among these efforts is the Market Development Cooperator Program (MDCP) which helps underwrite the start-up costs of programs of nonprofit export multipliers (states, trade associations, chambers of commerce).

In addition to the above export assistance programs and events, the JCCT will also be coordinating U.S. efforts to

"TRADE PROMOTION COORDINATING AGENCIES ARE POSITIONING THEMSELVES TO ENSURE THAT U.S. EXPORTERS ARE ABLE TO TAKE ADVANTAGE OF THE TREMENDOUS OPPORTUNITIES THE CHINA WTO ACCESSION DEAL WILL PROVIDE."

promote U.S. agricultural exports and provide trade financing.

AGRICULTURE

To help cope with the expected boost in Chinese demand for agricultural commodities like beef, citrus and wheat, and as a result of the agreement, the Department of Agriculture has proposed establishing an Agricultural Trade Assistance Center (ATAC) in Beijing. Staff at this center will assist U.S. farmers, agricultural associations and states in identifying opportunities in China, especially in the more rural areas.

TRADE FINANCING

The Export-Import Bank of the United States (Ex-Im) is an independent U.S. Government agency that helps finance the overseas sales of U.S. goods and services. To better help U.S. firms export to China, Ex-Im has recently expanded the number of financial institutions in China from which it will accept credit. Ex-Im is also planning to place a joint Ex-Im Bank/Commerce Department representative in Beijing later this year.

It is clear that China's WTO accession, following passage of legislation extending permanent normal trade relations to China, will be a solid economic win for the United States. It will open China's enormous market to U.S. products and services without changing China's access to the United States' market. It will also help open and liberalize China's economy, and integrate China more fully into the world economy. TPCC agencies are positioning themselves to ensure that U.S. exporters are able to take advantage of the tremendous opportunities this agreement will provide. If you would like more information on participating in any of the export promotion programs listed above, please contact the Trade Information Center at 1-800-USA-TRAD(E). ■

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