

The Office of the U.S. Trade Representative and the U.S. Department of Commerce

The U.S.-China Joint Commission on Commerce and Trade (JCCT)

Fact Sheet

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U.S. Trade Representative Susan C. Schwab and U.S. Commerce Secretary Carlos M. Gutierrez, together with Chinese Vice Premier Wu Yi, convened today the 18th U.S.–China Joint Commission on Commerce and Trade (JCCT) in Beijing, China. The U.S. Department of Agriculture also participated. The JCCT, a high-level government-to-government dialogue, seeks to address market access issues and provide a forum to discuss trade and investment matters.

JCCT OUTCOMES

Intellectual Property Rights

- China reported on steps it has taken since the previous JCCT in April 2006 to improve protection of intellectual property rights in China, including accession to the World Intellectual Property Organization (WIPO) Internet treaties, a crackdown on the sale of computers not pre-loaded with legitimate software, enforcement efforts against counterfeit textbooks and teaching materials, and joint enforcement raids conducted by the Federal Bureau of Investigation and Chinese security agencies.
- China and the United States agreed to exchange information on customs seizures of counterfeit goods in order to further focus China's enforcement resources on companies exporting such goods. In 2006, 81 percent of seizures by U.S. Customs and Border Protection of counterfeit goods are from China.
- China agreed to strengthen enforcement of laws against company name misuse, a practice in which some Chinese companies have registered legitimate U.S. trademarks and trade names without legal authority to do so. The two sides also agreed to cooperate on case-by-case enforcement against such company name misuse.

Product Safety

Pharmaceutical Ingredients

- The two sides noted the signing of a Memorandum of Agreement between the U.S. Department of Health and Human Services and China's State Food and Drug Administration on active pharmaceutical ingredients (APIs). Beyond this, China agreed in the JCCT to address specific loopholes in its regulation of bulk chemicals used as APIs. China committed to expand its regulations to control bulk chemicals used as the underlying source of many counterfeit drugs.

Market Access

Medical Devices

- China agreed to take action to eliminate remaining redundancies in its testing and certification requirements for imported medical devices, and committed to implement a "one test, one fee" policy, establishing a single conformity assessment system for medical device testing.
- China also agreed to suspend implementation of AQSIQ Decree 95, a regulation that would have produced additional testing and inspection redundancies targeted exclusively at imported medical devices.
- The U.S. medical device industry estimates it exported \$713 million in medical devices to China, and that the costs of testing redundancies are in the tens of millions of dollars. Such delays prevent

Chinese patients from benefiting from new medical technologies and cause lost sales opportunities for U.S. companies.

Agriculture

- China agreed to allow six U.S. pork processing facilities to resume exports to China.
- China agreed to remove “contract value” requirements from draft agricultural licensing regulations that would have required U.S. farmers and agricultural exporters to disclose confidential business information.
- China agreed to eliminate the requirement to submit viable biotech seeds for testing, which will reduce the possibility of illegal copying of patented agricultural materials.

Telecommunications

- China confirmed that it will lower the registered capital requirements for U.S. telecommunications service providers to operate in China.

Government Procurement Agreement (GPA)

- China confirmed it will submit, by the end of 2007, its initial offer on Chinese government agencies that will be covered by the WTO Government Procurement Agreement. China’s joining the GPA will provide American companies access to a \$35 billion per year government procurement market.

Other Issues

Tourism

- China and the United States signed a Memorandum of Understanding to increase Chinese tourist travel to the United States, and to allow U.S. travel destinations to market freely in China.

Aircraft Financing

- China committed to join the Cape Town Convention on International Interests in Mobile Equipment and the Protocol on Matters Specific to Aircraft Equipment, which will reduce the financial risk of cross-border aircraft financing, making it easier for U.S. aircraft and aircraft parts manufacturers to sell products in China.

Ensuring Open and Non-discriminatory Investment Regime

- China made a strong statement reiterating its commitment to open investment and competition policies, and to the principle of non-discrimination in investment regulation. The two sides also agreed to investment-related discussions in the U.S.-China Legal Exchange to address specific U.S. concerns about implementation of the Anti-Monopoly Law and Mergers and Acquisitions regulations.