



Highlights of [GAO-08-405](#), a report to the Chairman, Committee on Finance, U.S. Senate

Why GAO Did This Study

Congress mandated that the United States Trade Representative (USTR) annually assess China's trade compliance and report its findings to Congress. In addition, USTR conducted an interagency "top-to-bottom review" of U.S. trade policies toward China. USTR's resulting February 2006 report outlined U.S objectives and action items.

GAO was asked to (1) evaluate USTR's annual China trade compliance reports to Congress and the degree to which they present information necessary to fully understand China's compliance situation and (2) examine the status of the plans presented in USTR's February 2006 top-to-bottom report. GAO systematically analyzed the contents of USTR's compliance reports from 2002 to 2007 and reviewed information on the status of agencies' monitoring and enforcement activities.

What GAO Recommends

To improve U.S. monitoring and enforcement related to China, USTR should (1) systematically identify and report the number, type, and disposition of issues in its annual compliance reports to Congress; (2) update and improve the plans in its 2006 top-to-bottom report; and (3) take steps to assess its implementation of these plans. USTR did not comment on GAO's recommendations but expressed concern about quantifying compliance information and said the top-to-bottom report was a one-time policy document, not a plan. Still, GAO believes effective reporting enhances USTR's ability to provide useful information on China's WTO compliance and the status of U.S.-China trade objectives to Congress.

To view the full product, including the scope and methodology, click on [GAO-08-405](#). For more information, contact Loren Yager at (202) 512-4347 or yagerl@gao.gov.

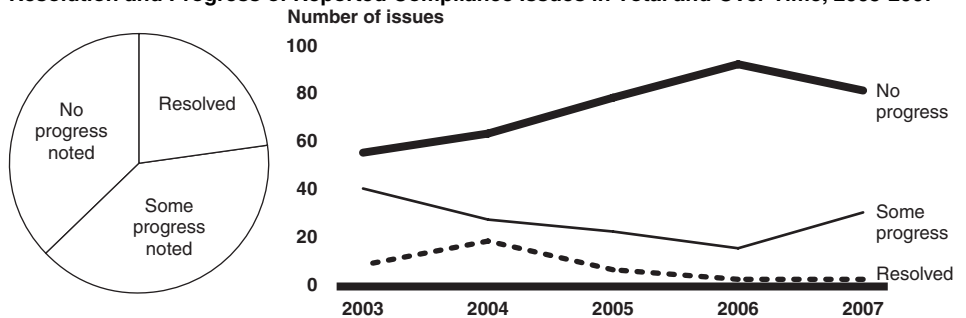
U.S.-CHINA TRADE

USTR's China Compliance Reports and Plans Could Be Improved

What GAO Found

USTR's annual reports to Congress, which detail U.S. industry concerns with China's compliance and progress on resolving such concerns, are very consistent in format and language. However, they lack any summary analysis about the number, scope, and disposition of reported issues that would facilitate understanding of developments in China's trade compliance and better tracking of the effectiveness of U.S. monitoring and enforcement efforts with China. For example, USTR's narrative reports make it difficult to understand the relative level of progress China made in each trade area in a given year. USTR reported issues that spanned nine trade areas and ranged from very specific issues to broader concerns; however, USTR's narrative reports make it difficult to ascertain specific changes or trends. GAO's systematic content analysis quantified the number, type, and disposition of trade issues and identified 180 individual compliance issues from 2002 to 2007. GAO analysis showed that China resolved a quarter of these issues, but made no progress on one-third of them. Also, GAO's analysis revealed that China's progress in resolving compliance issues varied by trade area and has been slowing over time, especially since 2004, when most progress was made.

Resolution and Progress of Reported Compliance Issues in Total and Over Time, 2003-2007



Source: GAO analysis of USTR data.

GAO could only partially determine the status of U.S. agencies' implementation of USTR's 2006 top-to-bottom report, which outlines broad objectives and priority goals for U.S.-China trade relations as well as specific action items. GAO found that key trade agencies made considerable progress implementing planned action items. They increased bilateral engagement with the Chinese and monitoring and enforcement capacity by increasing staffing levels and training opportunities, but staffing gaps and limited Chinese language capacity are challenges at some agencies. However, GAO could not determine agencies' progress toward achieving some U.S. objectives and goals identified in the report. USTR does not formally assess its progress or measure program results. The lack of linkages between U.S. objectives and planned action items and undefined terms make it difficult to assess whether the steps agencies described taking were effective. Furthermore, the report has not been updated to reflect recent developments.