



Trade Facts

Office of the United States Trade Representative
April 21, 2004

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The U.S.-China JCCT: Outcomes on Major U.S. Trade Concerns

Established in 1983, the U.S.-China Joint Commission on Commerce and Trade (JCCT) is a government-to-government consultative mechanism that provides a forum to resolve trade concerns and promote bilateral commercial opportunities.

Previously led by the U.S. Secretary of Commerce and the Chinese Commerce Minister, the status of the JCCT was elevated following the December 2003 meeting of President Bush and Chinese Premier Wen to focus higher-level attention on outstanding trade disputes.

This year's JCCT – chaired by Commerce Secretary Don Evans, U.S. Trade Representative Robert Zoellick and Chinese Vice Premier Wu Yi – achieved concrete results on key U.S. systemic trade concerns and laid the foundation for further progress.

Industrial Policies

During the JCCT, China announced steps toward a market-based and technology neutral approach to the development of next generation wireless standards for computers and mobile phones. These steps will enable American firms to participate fully in China's growing market for information technology.

- With respect to its proprietary WAPI encryption standard for wireless computer networks, China announced that it will:
 - Suspend indefinitely its proposed implementation of WAPI as a mandatory wireless encryption standard.
 - Work to revise its WAPI standard, taking into account comments received from Chinese and foreign firms.
 - Participate in international standards bodies on WAPI and wireless encryption for computer networks.
- With respect to third generation telecommunications standards (3G) for mobile phones, China stated that:
 - It supports technology neutrality with respect to the adoption of 3G.
 - Telecommunications service providers in China will be allowed to make their own choices as to which standard to adopt, depending on their individual needs.
 - Chinese regulators will not be involved in negotiating royalty payment terms with relevant intellectual property rights holders.

Intellectual Property

China presented an action plan designed to address the piracy and counterfeiting of American ideas and innovations. Under this plan, China has committed to:

- Significantly reduce IPR infringement levels.
- Increase penalties for IPR violations by taking the following actions by the end of 2004:
 - Subject a greater range of IPR violations to criminal investigation and criminal penalties.
 - Apply criminal sanctions to the import, export, storage and distribution of pirated and counterfeit products.
 - Apply criminal sanctions to on-line piracy.
- Crack down on violators by:
 - Conducting nation-wide enforcement actions against piracy and counterfeiting – stopping the production, sale and trade of infringing products, and punishing violators.
 - Increasing customs enforcement action against the import and export of infringing products and making it easier for rights-holders to secure effective enforcement at the border.
- Improve protection of electronic data by:
 - Ratifying and implementing the World Intellectual Property Organization (WIPO) Internet Treaties as soon as possible.
 - Extending an existing ban on the use of pirated software in central government and provincial agencies to include local governments.
- Launch a national campaign to educate its citizens about the importance of IPR protection (campaign started on April 6). The campaign will include press events, seminars and outreach through television and print media.
- Establish an intellectual property rights working group under the JCCT. Under this working group, U.S. and Chinese trade, judicial and law enforcement authorities will consult and cooperate on the full range of issues described in China's IPR action plan.

Services

China agreed to accelerate steps necessary to allow U.S. companies to import, export, distribute and sell their products in China without going through local state trading companies – giving them full control of their supply chains from American farm or factory to Chinese store shelf. Specifically, China has committed to:

- Implement its WTO trading rights obligations by July 1, 2004 – six months ahead of schedule (law setting July date issued April 6).
 - Once these rights are in effect, U.S. companies will be free to ship American products into China without using local middlemen.

- China will publish its draft implementing regulations on trading rights for public comment by June 1, 2004.
- Provide distribution rights to U.S. companies in China on schedule by the end of 2004. China published its draft implementing regulations for distribution rights on April 16, well in advance of the implementation date.
 - Distribution rights will allow U.S. firms to engage in wholesaling and retailing of U.S. products directly within China, as well as providing related services.
- Open its market for American shipping through a Bilateral Maritime Agreement signed during the JCCT – allowing U.S. carriers to open full branches in China and to operate without restrictions.

Agriculture

China agreed to implement new transparency procedures and issue product approvals that will further open its market for U.S. agricultural products. Specifically, China will:

- Issue final safety certificates for U.S. biotech soybeans, ensuring opportunities for continued strong U.S. sales to China.
- Announce biotech approvals for seven U.S. canola and four U.S. corn events and review the remaining two U.S. corn events submitted for approval when its technical committee meets in May.
- Make it easier to export American wheat, cotton, corn and other products subject to tariff rate quotas to China by providing the names of its domestic quota holders to U.S. exporters upon request.

The Work Ahead

To build on the results achieved at this year's JCCT and to make further progress, U.S. and Chinese officials will soon hold meetings under JCCT working groups on insurance, structural issues, agriculture and a newly formed intellectual property body that will bring together trade, judicial, and law enforcement authorities from the United States and China.

The United States and China will also soon fix a date for the next JCCT meeting and the next U.S.-China Trade Dialogue, chaired by the Deputy U.S. Trade Representative and China's Vice Minister of Commerce.

For additional information on agriculture, see the web site of the U.S. Department of Agriculture (www.usda.gov). For further information on other JCCT results – including on export controls, structural issues, textiles and export promotion – see the web site of the U.S. Department of Commerce (www.ita.doc.gov).