



## **FACT SHEET: U.S.-CHINA JOINT COMMISSION ON COMMERCE AND TRADE October 29, 2009**

U.S. Commerce Secretary Gary Locke and U.S. Trade Representative Ron Kirk, together with Chinese Vice Premier Wang Qishan, co-chaired the 20th JCCT in Hangzhou, China, on October 28-29, 2009. U.S. Secretary of Agriculture Tom Vilsack also participated. Other participants included U.S. Ambassador to China Jon Huntsman, U.S. Trade and Development Agency (TDA) Acting Director Leocadia Zak, and representatives from the Treasury and State Departments.

A full range of Ministers from China attended, including Commerce Minister Chen Deming, Agriculture Minister Sun Zhengcai, National Energy Bureau Director Zhang Guobao, National Tourism Administration Chairman Shao Qiwei, and General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) Administrator Wang Yong. Vice Ministers from the following Chinese agencies also were represented: Ministry of Environmental Protection (MEP), Ministry of Industry and Information Technology (MIIT), Ministry of Health (MOH), Civil Aviation Administration (CAAC), the Ministry of Transportation (MOT), Ministry of Science and Technology (MOST), and the State Council Legislative Affairs Office (SCLAO).

Outlined below are outcomes of the topics discussed.

### **Agriculture**

China announced its intent to reopen the Chinese market to U.S. pork products and live swine. The United States awaits China's official announcement to ensure that the measure is consistent with science-based, international standards.

*Two-way trade of agricultural, fish, and forest products between the United States and China has grown in recent years to over \$21 billion per year.*

### **Clean Energy**

China agreed to remove local content requirements on wind turbines.

*China's renewable energy market is expected to reach \$100 billion by 2020, and wind energy is the fastest growing component.*

## **Distribution Services**

The United States welcomes news that China is in the process of concluding its licensing procedures for certain qualified direct selling services companies.

## **Government Procurement**

- China will require that products produced in China by foreign invested enterprises (FIEs) are treated as domestic products and will issue rules in this regard.
- The United States and China will establish a multi-agency working group to regularly conduct discussions on issues involving government procurement and purchases by state-affiliated enterprises and organizations and private parties that make purchases in accordance with national strategic objectives.
- China committed to submit a revised offer as early as possible in 2010 to accede to the WTO Government Procurement Agreement (GPA).

## **Information Security**

- China confirmed in working group discussions that the April 29, 2009, announcement by AQSIQ, MOF and CNCA, that China's Compulsory Certification (CCC) testing and certification rules for 13 categories of information security products apply only to products procured by Chinese government agencies.
- China agreed to establish a dialogue with the United States regarding global practices for trade in information security products.

## **Intellectual Property Rights (IPR)**

- China gave assurances that it will impose maximum administrative penalties on Internet infringers and has begun a four-month campaign to clamp down on Internet piracy.
- China announced its public notice, published yesterday, conveying to state-run libraries the importance of strengthening protection of copyright-protected academic and medical journals.
- China agreed that it will work closely with the United States to resolve U.S. concerns about a new Ministry of Culture circular relating to online music distribution that is creating serious problems for the U.S. music industry.
- The Intellectual Property Working Group identified next steps on key issues, including: China's further promotion of software legalization of enterprises and exchanges of information on measures for promoting software legalization; China's establishment of a Broadcast Tariff Rate as soon as possible; and opportunities for interested rights holders and government experts to provide feedback on China's new Patent Law amendments and new implementing regulations.

*These outcomes will bring significant benefit to U.S. rights holders, given the importance of intellectual property rights to the U.S. economy and the dynamic growth of the Internet in economies around the globe. The copyright industry estimates losses in 2008 due to piracy reached approximately \$7 billion, of which over \$500 million in revenues were lost to Internet music piracy.*

## **Medical Devices**

- China committed that product recall regulations will not be duplicative or redundant and the Ministry of Health and the State Food and Drug Administration will be the relevant authorities for medical device recalls.
- China will adopt a risk-based approach that will not automatically lead to clinical trials for medical devices in a given class, and consider the use of results from a clinical trial conducted outside of China to support a local clinical trial exemption.
- China will accept a prior approval document of a medical device issued by a foreign country regardless of its exporting origin, country of manufacture or legal manufacture to satisfy any prior approval registration requirement.
- China will consider an exemption of requiring product samples to be tested in Chinese test labs prior to approval if the manufacturer demonstrates compliance with international standards and provides sound scientific evidence.
- China will strive to implement regulations, rules, and notices that are consistent with guidance documents for medical devices issued by the Global Harmonization Task Force and the Asia Harmonization Working Party.

*According to industry, China's prior approval requirement could have impacted over \$350 million in U.S. products. The clinical trials outcome will save U.S. companies hundreds of millions of dollars.*

## **Pharmaceuticals**

- China will continue to strengthen its oversight and enforcement of active pharmaceutical ingredients (APIs) and counterfeit pharmaceuticals by undertaking initiatives such as the establishment of a Drug Master File system, enforcement of record-keeping requirements for companies that manufacture and sell APIs, and regulation of unregistered Chinese companies advertising and marketing APIs at foreign trade shows and on the Internet.
- China identified SFDA as its single point of contact for the Interagency Coordination Conference for Fighting the Production and Sales of Counterfeit Drugs.
- China agrees to share information with the U.S. Food and Drug Administration on the activities of the Interagency Coordination Conference.
- China and the United States agree to continue the dialogue on pharmaceutical data protection.

*The U.S. pharmaceutical industry loses billions of dollars of annual revenues due to counterfeit medicines. The average reported value of counterfeit medicines seized in 2008 was over \$5 million.*

## **Travel and Tourism**

- The United States and China agreed to implement Phase II of the Memorandum of Understanding (MOU) that opened the market for the sale of packaged leisure travel from China to the United States to include an additional 12 jurisdictions, bringing the total to 21.
- The United States and China have agreed to hold a high-level meeting of the JCCT Tourism Working Group in January 2010 to sign a program of work that will enhance travel under the MOU.

*The United States anticipates that inbound travel from China will increase by 15 percent in 2010.*

## Cooperative Activities

**Agriculture:** The U.S. Department of Agriculture and China's Ministry of Agriculture (MOA) announced a Memorandum of Understanding on Cooperation in Agriculture, which renews the Joint Committee on Cooperation in Agriculture (JCCA) and provides additional opportunities for MOA and USDA to engage on cooperative agricultural issues.

*In 2008, the United States exported over \$13 billion in agricultural products to China, of which the majority were derived from biotechnology.*

**Anti-Monopoly Law:** The United States and China committed to continuing the Anti-Monopoly Law dialogue under the U.S. Trade and Development Agency.

**Dietary Supplements:** The United States and China agreed to hold a government-to-government exchange of information on dietary supplement regulation by March 31, 2010.

**Energy Cooperation Program:** The United States and China supported the launch of the Energy Cooperation Program (ECP), a public-private partnership focused on commercialization of clean energy solutions. This effort reflects an ongoing partnership among the Departments of Commerce and Energy, TDA, and U.S. industry with respective Chinese counterparts.

**Environmental Cooperation:** The United States and China agreed to hold the second U.S.-China Environmental Industries Forum in October, 2010, and a second U.S.-China E-Scrap Recycling Summit in May, 2010.

*China's rapidly growing environmental market is currently estimated at over \$25 billion.*

**Global Distribution Services Forum:** The United States and China agreed to hold a forum addressing the expansion of travel distribution services in China, including computer reservation system technology.

**Green Building Standards:** The United States and China agreed to hold a Green Building Standards Seminar by March 2010.

**Healthcare:** TDA funded two grants in Sichuan province to assist in the development of provincial healthcare IT strategy and emergency response capabilities to enable quality healthcare to reach rural communities.

**Industries and Competitiveness Dialogue:** The United States and China launched a new Vice Minister-level dialogue focused on innovation and industrial policy.

### Intellectual Property Rights:

- *Intermediary Liability on the Internet:* China and the United States will jointly hold a program with public and private participants to discuss the issue of intermediary legal liability on the Internet.
- *Trademark Filing:* China and the United States will exchange information about handling bad faith trademark registration practices through holding seminars or forming a task force under the JCCT IPR Working Group

**Legal Exchange:** China and the United States agreed to hold the U.S.-China Legal Exchange next year.

**Standards and Conformity Assessment:** China and the United States will convene a public-private meeting by February 2010 on standards and conformity assessment procedures. In addition, TDA intends to fund additional workshops on priority standards issues over the next three years.

**Transparency:** The United States and China agreed to continue cooperation on transparency and administrative rulemaking and formulated a 2009-2010 work plan to enhance transparency and predictability for market participants.