



The 19th U.S. – China Joint Commission on Commerce and Trade (JCCT)
Fact Sheet
September 16, 2008

U.S. Commerce Secretary Carlos M. Gutierrez and U.S. Trade Representative Susan C. Schwab, together with Chinese Vice Premier Wang Qishan, today convened the 19th U.S. – China Joint Commission on Commerce and Trade (JCCT) at the Richard M. Nixon Presidential Library and Museum in Yorba Linda, California. U.S. Secretary of Agriculture Ed Schafer also participated. This meeting marked the 25th anniversary of the founding of the JCCT in 1983. The JCCT is a high-level government-to-government forum for addressing trade and investment issues. Outlined below are highlights of the topics discussed, including agreements in intellectual property rights, healthcare, agriculture, procurement and services.

Intellectual Property Rights

- China and the United States noted the importance of ongoing dialogue and cooperative efforts taking place under the JCCT IPR Working Group, which met September 4-5 in Beijing, and agreed to hold regular meetings of the IPR Working Group in the future.
- China and the United States agreed to continue pursuing cooperative activities in addition to formal meetings of the IPR Working Group, on such issues as: IPR and innovation, including China's development of guidelines on IPR and standards; public-private discussions on copyright and internet piracy challenges, including infringement on user-generated content sites; reducing the sale of pirated and counterfeit goods at wholesale and retail markets; and other issues of mutual interest.
- China and the United States welcomed plans to conduct further cooperative meetings between responsible officials regarding: China's patent law amendments now under consideration in the National People's Congress; pharmaceutical data protection; and the Memorandum of Cooperation on Strengthened Cooperation in Border Enforcement of Intellectual Property Rights.
- China and the United States agreed to sign two IPR memoranda of understanding (MOUs) on strategic cooperation to improve the administration and effectiveness of copyright and trademark protection and enforcement, as soon as possible but no later than the end of 2008. The MOUs will be signed between the U.S. Patent and Trademark Office, the U.S. Copyright Office, China's National Copyright Administration and the State Administration for Industry and Commerce.

Healthcare

Pharmaceuticals

- The two sides agreed to continue cooperation to close loopholes that allow the sale of bulk chemicals to downstream drug counterfeiters.
- China pledged to comprehensively update its National and Regional Drug Reimbursement Lists every two years as stipulated in its domestic regulations, enabling U.S. companies to sell more advanced pharmaceuticals to Chinese hospitals and consumers.

Medical Devices

- AQSIQ and SFDA jointly announced they will only require one test, one report, one fee and one factory inspection for medical devices. In 2007 the approximate value of total U.S. medical device exports to China was approximately \$859 million. The reduction of redundancies could cut the medical device approval time in half, providing U.S. industry with more timely access to China's medical device market.
- China's National Development Reform Commission agreed to seek input from the U.S. Government and relevant stakeholders on its revised draft medical device pricing policy. China's proposed pricing policy would limit the access of Chinese consumers to high-quality imported medical devices.
- China agreed to hold discussions with the U.S. Government and relevant stakeholders regarding China's tendering policies to ensure the process is fair and transparent and that the quality and innovation of medical devices are given adequate consideration in purchasing decisions.

Agriculture

- China announced its recent lifting of avian influenza-related bans on poultry imports from six U.S. states: Pennsylvania, Connecticut, Rhode Island, West Virginia, Nebraska, and New York, and agreed to work jointly to address remaining bans on poultry from Virginia and Arkansas.
- China agreed to immediately allow seven U.S. poultry processing plants to resume exports to China. We have urged China to work to address underlying systemic issues to eliminate such problems in the future.
- The two sides agreed to conduct expert-level discussions on sanitary and phytosanitary standards in 2008.
- China and the United States expressed satisfaction with the robust discussions and cooperative work conducted at the JCCT Agriculture and Sanitary and Phytosanitary (SPS) Working Groups held just prior to the 19th JCCT meeting.

Government Procurement

- With respect to its accession to the WTO Government Procurement Agreement (GPA), China submitted to the WTO its responses to the Checklist of Issues on September 15, 2008. China affirmed its plan to submit an improved offer to the WTO as soon as possible. China's accession to the GPA would provide U.S. companies' access to a \$35 billion per year government procurement market in China.

- China and the United States agreed that both sides will work towards ensuring that U.S. invested firms in China and Chinese invested firms in the U.S. will be able to participate in their respective government procurement markets.

Software Purchases

- China clarified that its formal and informal policies related to software purchases by all Chinese private and state-owned enterprises will be based solely on market terms without government direction.

Services

Retailing

- China announced that it has delegated authority for foreign retail outlet approvals to the provincial level, a positive step in streamlining approvals for foreign retail outlets. We will continue working with China to ensure that the substance of any revised approval system provides fair treatment for foreign retail outlets.

Telecommunications

- The United States notes China's announcement to reduce basic telecom services minimum capitalization levels. However, the new capitalization requirements (1 billion RMB or US \$146 million) are still far higher than international norms, and the United States will continue to urge China to consider further reductions.

Information Security

- China announced that it will delay publication of final rules on information security certification that would have potentially barred several types of U.S. products from China's market, pending further mutual discussion of issues related to information security.

Financing of Aircraft Sales

- China reiterated its commitment to ratify the Cape Town Convention on International Interests in Mobile Equipment and the Protocol on Matters Specific to Aircraft Equipment, an international mechanism that reduces the risks of cross-border aircraft financing. China stated that the Convention has been approved by the State Council and submitted to the National People's Congress for ratification.

Cooperation

- China and the United States agreed to hold the next meeting of the JCCT Working Group on Insurance and a public-private standards meeting, both in 2009, as well as explore dietary supplement cooperation.