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U.S.-China Trade: Opportunities and Challenges for U.S. Business

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OVERVIEW

- A. International Trade Administration
- B. China Trade/Opportunities & Challenges
- C. ITA's China Work & Key Contacts



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A. International Trade Administration: 4 Components & Objectives

Market Access and Compliance

- Opens world markets to U.S. goods/services & ensures compliance with trade agreements (e.g. WTO); country specialists (e.g. China, EU, NAFTA)

Commercial Service

- Promotes U.S. exports abroad, especially SME exports; located in 80 countries and 50 states (Georgia offices – Atlanta & Savannah)

Manufacturing and Services

- Advocates policies to help U.S. companies be competitive; industry specialists (autos, telecom)

Import Administration

- Protects U.S. firms against dumping, subsidies, and other unfair trade practices



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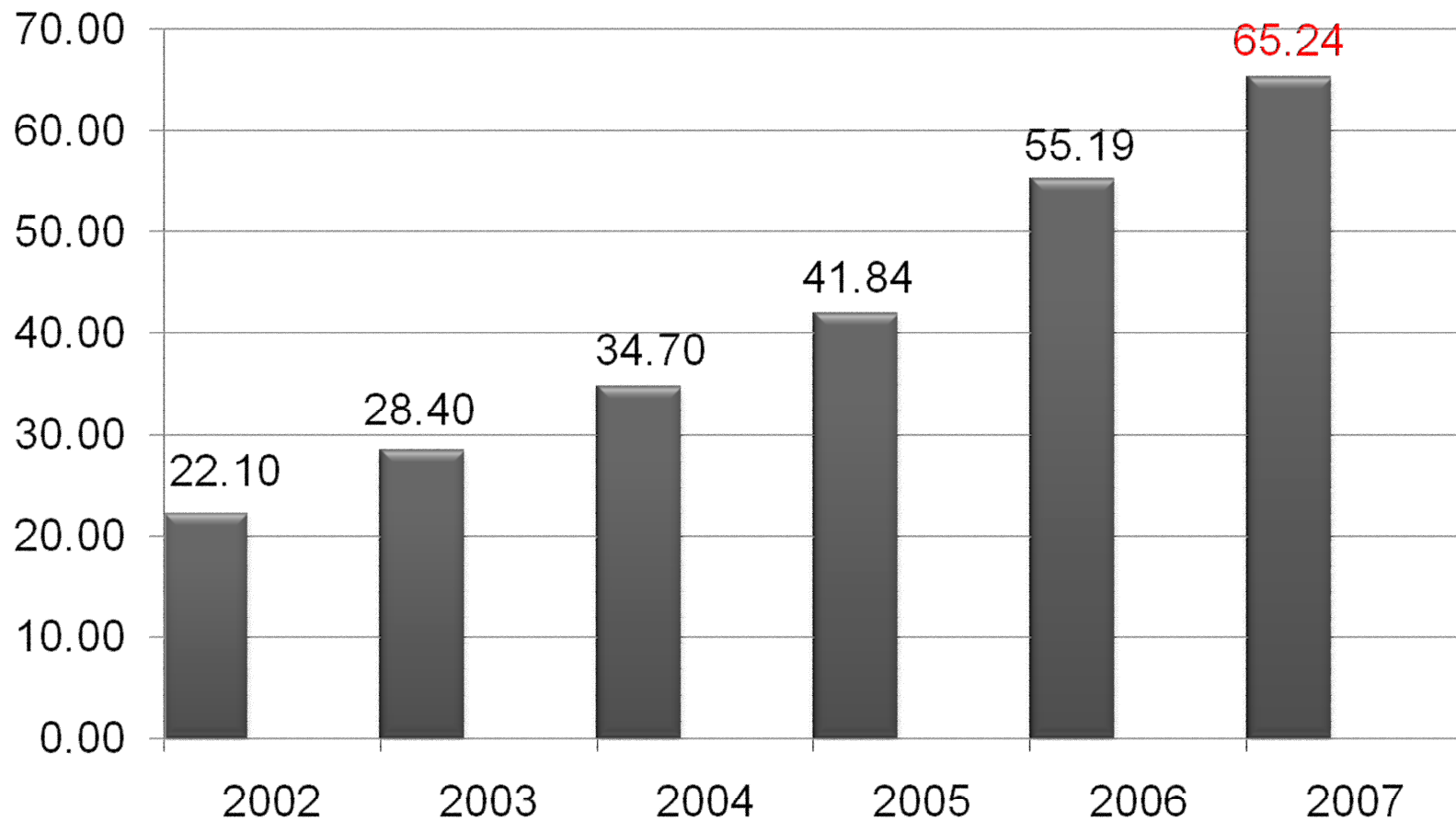
B. U.S.-China Trade: Opportunities

- China is our **3rd largest export market**
 - 2007 U.S. exports to China: **\$65.2 billion**
 - U.S. largest export markets: 1st: Canada
2nd: Mexico, **3rd: China**)
- **Fastest growing major export market**
 - China middle class growing rapidly
 - larger than combined population U.K. + France (over 120 million) & earns over \$3,000 per year
 - Opportunity for U.S. export sales



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B. Opportunities: U.S. Exports to China (\$ B)





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B. Opportunities: U.S. Exports to China (2007)

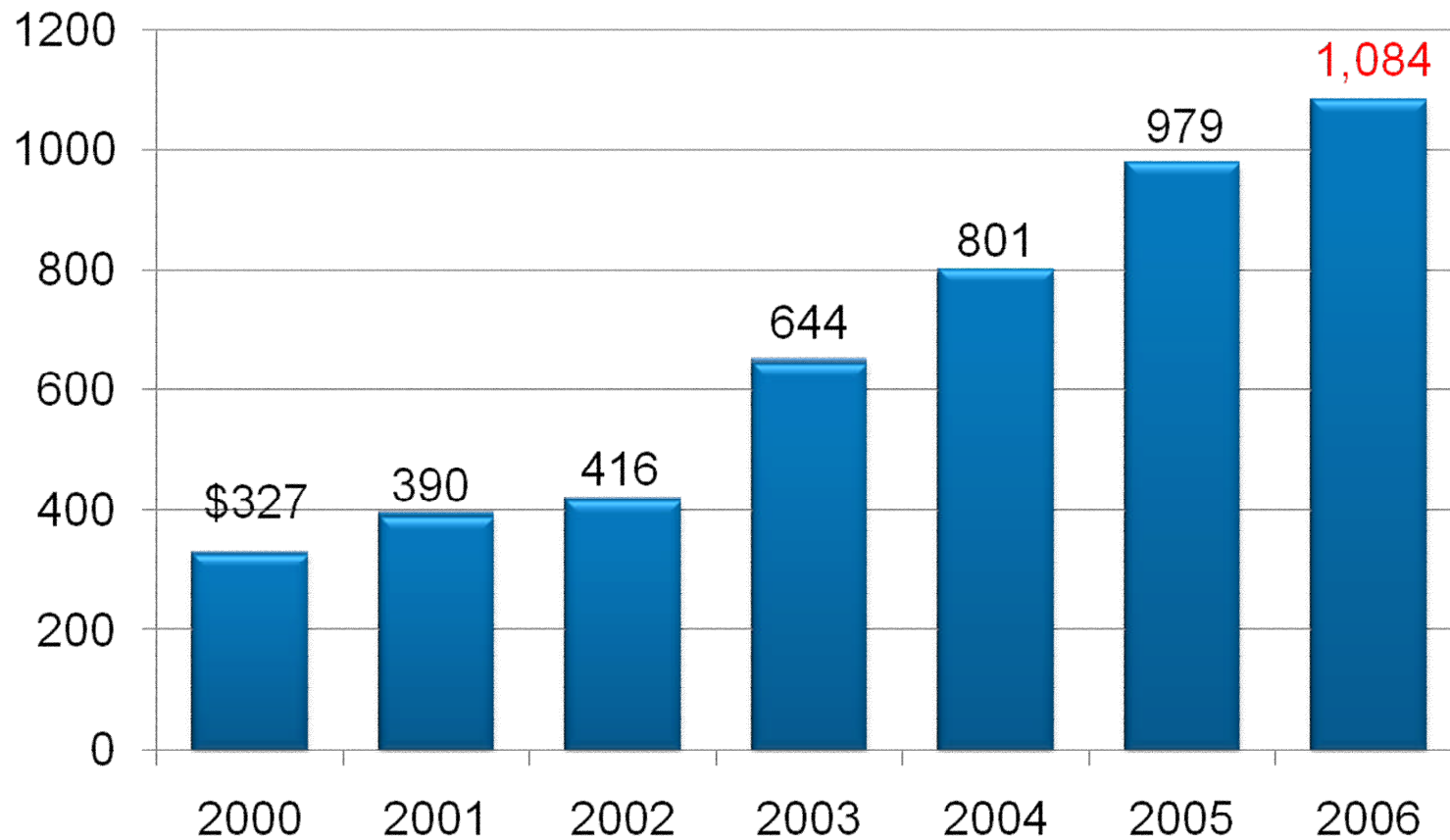
- Machinery and Electrical Machinery
- Miscellaneous Grain, Seed, Fruit
- Aircraft
- Plastics





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Georgia Exports to China (\$ million)





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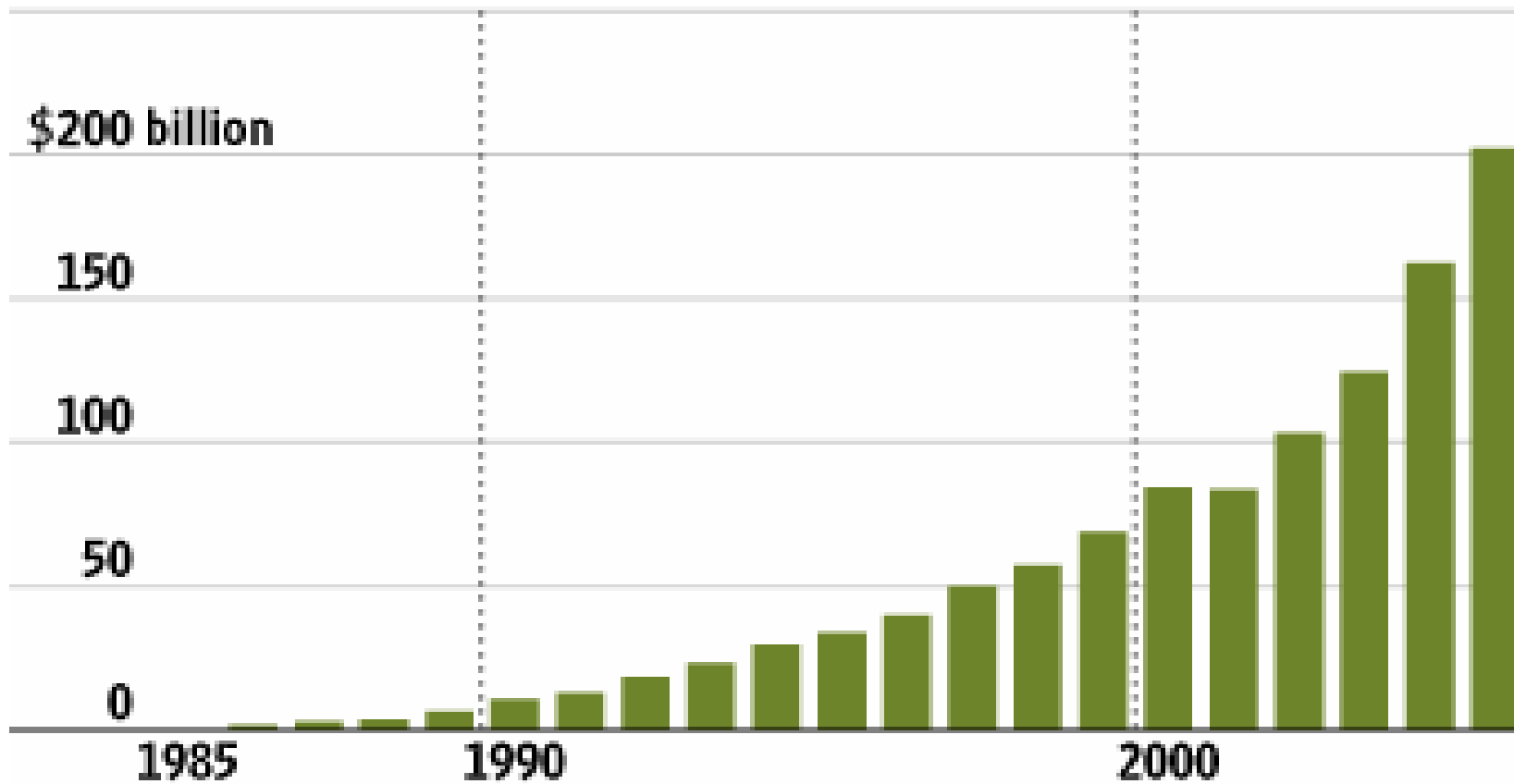
Georgia's Top Exports to China (\$ million)

1. Paper Products - \$207 m
2. Wastes & Scrap - \$162 m
3. Processed Foods - \$124 m
4. Chemical Manufactures - \$118 m
5. Machinery Manufactures - \$82 m



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B. Challenges: China Trade Imbalance





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B. Challenges: Industrial Policies

- China's industrial policies favor domestic companies over foreign firms.
- Prevents market from selecting optimal solutions, raises costs to consumers, impedes transition to market economy.

Examples:

- procurement preference for domestic products
- government subsidies and price controls
- unfair technical regulations and standards



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B. Challenges: Intellectual Property Rights

- U.S. trade losses due to counterfeiting and piracy in China remain unacceptably high.
- U.S. copyright industry losses due to piracy – **\$2.9 billion** in 2007.
- FY2007, 80% fake products seized at U.S. border came from China – valued at over \$158 million.



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B. Challenges: IPR

China IP Webinar Series:



http://www.stopfakes.gov/events/china_webinar_series.asp

To register online for free one-hour consultation with a private attorney:



http://www.abanet.org/intlaw/china_program2.html

China IPR Toolkit, online guide to registering, protecting, enforcing your IP in China



<http://beijing.usembassy-china.org.cn/ipr.html>



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B. Challenges: Standards

- China developing national technical standards and requiring use of these standards in technical regulations or mandatory national standards.
- Indigenous standards + lack of transparency = trade barrier



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B. Challenges: Transparency

- U.S. commends China on efforts to increase transparency, but work remains.
- U.S. businesses still face unclear laws, unfair administration, ambiguous criteria, delays in approval, and insufficient notice about rule changes.



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C. U.S.-China Trade Dialogues

- **U.S.-China Joint Commission on Commerce and Trade (JCCT)**
 - Since 1983, primary dialogue to discuss trade market access disputes
- **U.S.-China Strategic Economic Dialogue (SED)** (since 2006)
 - Led by Treasury Secretary Paulson
 - Other Cabinet Secretaries (Sec. Gutierrez)
 - Strategic issues important to relationship (energy, environment, investment regime etc.)



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C. ITA China Work

Market Access & Compliance (MAC) China Work:

- Sector-Specific Casework: Redundant regulation of imported medical devices
- Programs , Capacity Building, Missions: Health Care Trade Policy Mission; Anti-Monopoly Law Program; Program for Entrepreneurial Growth

Commercial Service Resources: (Domestic and International)

- Counseling, Market Research, Due Diligence
- CS in China: “on-the-ground in China” ; work with Chinese government officials; assist U.S. companies selling in China



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C. U.S. Commercial Service in China

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C. ITA Contacts

Your first resource is: www.export.gov/China or 1-800-USA-TRAD(E).

Considering entering the market?

- Contact your local U.S. Export Assistance Center (USEAC):
- **George Tracy, Atlanta USEAC Director**
- Email: gtracy@mail.doc.gov
- Phone: (404) 897-6083

Facing trade barriers while exporting to China?

- Call your USEAC or contact me:
 - **Sara E. Hagigh**
 - Email: Sara.Hagigh@mail.doc.gov
 - Phone: (202) 482-5405