



2013 US-China Joint Commission on Commerce and Trade (JCCT) Recommendations

Each year, the US-China Business Council (USCBC) compiles and submits to the US government specific lists of recommended items that the United States and China should address within the context of the annual US-China Joint Commission on Commerce and Trade (JCCT). Through an ongoing dialogue with USCBC member company representatives, USCBC has created the following list of issues and concerns that member companies have recommended as their top priorities to address in 2013 through the JCCT process—including JCCT working group meetings, vice minister-level meetings, and the JCCT plenary session. This list provides a priority list of specific action items for China, and is not intended to provide a detailed overview of every possible issue. USCBC and its members can provide additional detail and background on any of these recommendations as necessary.

USCBC's membership covers all major sectors of the US economy; as such, this submission does not prioritize action items for any one industry over another. USCBC, however, encourages the US Department of Commerce and the Office of the US Trade Representative to focus on cross-cutting issues that are at the heart of many of the recommendations that follow.

In addition to the important negotiations to resolve specific disputes, USCBC believes these broad topics offer the opportunity for enhanced policy dialogue between the United States and China under the JCCT. Many of these issues appear in the [USCBC Board of Directors Statement of Priorities in the US-China Commercial Relationship](#). The Priorities Statement provides useful context to the top issues that USCBC would like to see pursued in 2013, so it is attached to this submission for reference.

We look forward to working with you to make progress on these issues in the coming year.

Specific JCCT Concerns

Administrative Licensing

Foreign companies in China must often jump a wide variety of bureaucratic hurdles to establish and operate their businesses. Companies report that managing the licensing process in China requires an inordinate amount of their time and resources. These challenges include approvals to offer new or modified products, office licenses and renewals to operate, approvals for different aspects of projects or investments, and licenses for various business and administrative functions. Inconsistencies in implementation across different agencies, levels of government, and regions create uncertainties that undermine business planning. Often the licensing requirements for foreign entities differ from those for Chinese companies, raising questions about China's

commitment to its national treatment obligations. (Note: specific administrative licensing restrictions also appear in sections dealing with agriculture, healthcare, and other sectors.)

Recommendation	Relevant Agency
Ensure foreign and domestic companies are treated equally when seeking administrative licenses in China, including business licenses, branch licenses, product approval licenses, import licenses, and other licenses and permits in the banking, insurance, express delivery, and value-added telecommunications services industries.	MOFCOM, SAIC, NDRC, SPB, CNCA, CIRC, CBRC, CNCA, MIIT, SFDA, AQSIQ
Strengthen implementation of the 2003 Administrative Licensing Law, which provides strong protections for applicants and aims to streamline many of China's burdensome and duplicative licensing and approval processes.	MOFCOM, NDRC, SAIC, SPB, CNCA, CIRC, CBRC, CNCA, MIIT, SFDA, AQSIQ
Remove discriminatory import licensing restrictions on chemicals and agricultural products, such as cotton and fertilizers.	AQSIQ, MOFCOM
Allow foreign construction firms to count their relevant international experience toward meeting qualification criteria when applying for Class A licenses in China.	MOHURD, MOFCOM
Remove duplicative domestic testing requirements that require many imported goods to be tested and certified by domestic laboratories, regardless of whether they have already undergone similar tests by qualified international bodies.	AQSIQ, CNCA, SAC
Ensure labeling changes enforced by SFDA, CNCA, MIIT, and other Chinese agencies provide adequate time for company compliance based on conversations with all stakeholders.	SFDA, MIIT, CNCA

Agriculture

China has stated its interest in developing a modern and competitive agriculture sector. US companies are at the forefront of this sector and can help China achieve these goals if allowed greater market access. In addition, increased compliance with international standards and practices can help expose Chinese agriculture to internationally accepted best practices and technologies, thus making the industry more competitive in domestic and international markets.

Recommendation	Relevant
-----------------------	-----------------

	Agency
Remove oilseeds, corn, rice, wheat processing, seed production, genetically modified seeds, grain origination and storage, and non-grain biofuels from the restricted or prohibited lists for foreign investment, and allow majority ownership by foreign investors (via wholly foreign owned enterprises [WFOEs] or joint-ventures [JVs]) in these industries.	NDRC, MOFCOM, MOA
Expand the volume of tariff rate quotas (TRQ) so that volumes are commercially viable for corn and other commodities. Consider releasing lists of TRQ holders to increase administrative efficiency and transparency.	NDRC, MOFCOM, MOA
Establish a science-based threshold for the low-level presence of genetically modified organisms to facilitate trade and meet food safety requirements. China currently has a zero tolerance policy for the presence of genetically modified material in crops.	MOA
Lift the prohibition on biotech seeds to promote innovation and investment to modernize agriculture.	State Council, MOA
Promote full use of existing legal and judicial channels to prevent food speculation and hoarding in China, which disrupt market order and create food and commodity inflation that encourages the violation of existing international and PRC contractual obligations.	MOFCOM, NDRC, SAIC, MPS
Postpone or eliminate the institution of third-party verification requirements for ractopamine levels in imports of pork, instituted by AQSIQ in February 2013.	AQSIQ
Adhere to World Organization for Animal Health (OIE) guidelines when applying or maintaining bans on US states such as Arkansas and Virginia because of low-pathogenic avian influenza, and lift such bans if they do not adhere.	NDRC, MOA, AQSIQ
Allow imports of US beef from cattle less than 30 months of age.	MOA, AQSIQ

Customs, Trade, and Logistics

The high profile—and high volume—of US-China trade ensures that there will be numerous challenges with customs inspections and clearance, testing and certification, transshipments and fraudulent imports, and quality and safety issues for imports and exports. In addition, the logistics industry is an essential component of China’s developing modern national infrastructure and makes important contributions to overall economic growth. The international logistics industry—including freight, shipping, and express delivery services—has made significant investments in China’s infrastructure and helps Chinese businesses connect with global markets.

Recommendation	Relevant Agency
Collaborate with the US government and the express delivery service (EDS) industry to develop customs measures that enable EDS providers to effectively connect other points in China to their hubs and major markets, and to sort shipments on those connecting flights at those locations, consistent with US cargo carriers’ aviation rights under the US-China air transport agreement.	GAC
Ensure that customs measures and standards that do not conform to global	GAC

practice (e.g., World Customs Organization guidelines and standards) are made voluntary rather than mandatory.	
Establish “low value” and <i>de minimis</i> customs clearance levels consistent with US levels and with China’s position as one of the world’s largest participants in global trade.	GAC
Establish a user-fee system similar to that used in the United States to enable the 24-7 customs handling China’s trade activity requires.	GAC
Remove the existing 100 percent open-box inspection requirements for express delivery packages, which is being enforced by the SPB and proposed by Customs. Also eliminate specific provisions that shift liability for inaccurate descriptions of a shipment’s contents from shippers/recipients to transportation service providers.	GAC
Remove the GAC’s proposed restrictions on EDS providers’ use of agents for pick-up/delivery and other related services.	GAC
Remove the GAC’s proposed requirement for EDS firms to use a China-specific air waybill rather than the branded air waybills they use throughout the rest of their global networks.	GAC
Remove GAC’s four-hour “prior to loading” advanced commercial information requirement for export goods and standardize China’s export requirements with international norms and industry practices.	GAC
Issue without delay SPB express delivery permits to EDS providers pursuant to their respective, longstanding applications and China’s applicable law and regulations and remove geographic restrictions on express delivery firms that are inconsistent with China’s international commitments.	SPB

Energy and the Environment

Central, provincial, and local governments have numerous plans designed to improve energy efficiency, natural resource use, environmental protection, and the deployment of new energy resources. Taking the steps outlined below will enable governments to meet their assigned targets more rapidly by creating market-based demand and high-quality supply for energy and environmental technology goods and services.

Recommendation	Relevant Agency
Convene a global conference on climate change in Beijing, with US support, with the primary objective being the creation of a multilateral agreement to revise and streamline trade law to ensure that it does not impede the development of clean energy technologies that receive government subsidies and would allow for the further development and deployment of green technologies.	NEA, MOFCOM
Accelerate alignment of domestic petroleum product prices with international markets to allow for sustainable returns in downstream sectors.	NDRC
Allow foreign companies to establish WFOEs to manufacture equipment for electric transmission and transformers, new energy power-generation, railway transportation, or in large-scale coal, chemical, ethane product manufacturing.	NDRC, MOFCOM
Ratify the Convention on Supplemental Compensation for Nuclear Damage.	NPC
China and the US should sign a nuclear indemnification agreement in order to	MOFCOM,

provide security to US companies in the nuclear business in China, thus giving them greater opportunity to pursue nuclear projects.	NDRC
---	------

Government Procurement

China’s massive government procurement market is an increasingly important market. All companies, foreign and domestic, would greatly benefit from more open and fair procurement policies. Such a shift would also prepare China to fulfill its commitment of joining the WTO Agreement on Government Procurement (GPA).

Recommendation	Relevant Agency
Finalize the draft Implementation Regulations of the Government Procurement Law and the 2010 draft Administrative Measures for Government Procurement of Domestic Products to ensure that goods and services provided by all legal entities in China are treated equally during procurement processes, regardless of ownership. (See also “Innovation.”)	MOF, SCLAO
Join the WTO’s GPA in 2013 on meaningful terms, including expanding the sectors and levels of government that are subject to the agreement.	MOFCOM, MOF
Ensure that the final version of the draft Government Procurement Law Implementing Regulations does not include the 20 percent preference for domestic products that is invoked under specific circumstances referenced in Article 10 of the 2010 draft.	State Council

Health Industries: Healthcare, Medical Devices, and Pharmaceuticals

China is undergoing a comprehensive set of reforms to its healthcare system, rewriting the playbook for healthcare suppliers, providers, and consumers. US companies have substantial experience developing and operating healthcare infrastructure and solutions in global markets and are committed to making sizable investments in the China market. Allowing broader foreign participation in China’s healthcare market and more engagement in its reform process would allow Chinese consumers greater access to innovative technology and products, international best practices, and high-quality services, thus accelerating the reform process.

Recommendation	Relevant Agency
Reduce onerous import requirements for human and animal origin materials intended solely for laboratory research use—including antibodies, cells, culture media, and sera—that are critical requirements for fundamental biological research. Such requirements include import permits frequently required on a shipment-by-shipment basis, restrictions on the types of companies that can apply for and obtain such permits, and restrictions on the types of materials that can be imported into China.	GAC, AQSIQ, MOH, SFDA
Offer competitive and fair reimbursement rates for cultural and molecular methods in allergy testing to help spur foreign investment.	SFDA
Eliminate discriminatory regulatory and reimbursement policies affecting medical products.	SFDA
Accept foreign clinical trials conducted by qualified organizations during the	MOH,

product approval process as being equally valid as local clinical trials.	SFDA
Remove the necessity of periodic product re-registration and require re-registration only for products which have undergone substantial transformation that significantly impacts their safety and effectiveness.	SFDA
Remove the prior country of origin approval requirement for the drug component of combination drug and medical device products.	SFDA
Implement the globally harmonized Unique Device Identifier (UDI) system.	SFDA
Provide an update on the current status and proposed release date of the State Council's Regulations for the Supervision and Administration of Medical Devices, Decree 276. Streamline and clarify China's labeling and Instructions For Use (IFU) requirements as outlined in the 3 rd Edition of Decree 276.	State Council, SFDA
Enable foreign entities to register medical, healthcare, and pharmaceutical products at the provincial level—rather than the national level—for sale throughout China. Ensure that provincial-level registrations are recognized and applied throughout all provinces.	SFDA
Achieve greater alignment and reciprocal recognition between SFDA and other regulatory bodies, including the US Food and Drug Administration. Advance cooperative efforts to monitor medicines and intravenous drugs, in order to promote consistency in registration processes.	SFDA

Human Resources and Labor

Human resources remains one of the most important cross-cutting issues US companies in various sectors face in China, encompassing both regulatory and operating issues. In addition to longstanding concerns about how to deal with a tight labor market in China, companies are concerned about new PRC regulations and policy trends as they seek to navigate the new labor environment. Outstanding issues such as collective bargaining, unionization, and wage increases affect not only the company bottom line, but also the environment in which US companies seek to hire and train Chinese employees.

Recommendation	Relevant Agency
Eliminate requirements that foreign employees must contribute to social insurance funds (an effective payroll tax) in China, as they are unlikely to receive social insurance payments in China.	MHRSS
Permit foreign employees to opt out of basic medical insurance upon demonstrating proof of existing coverage.	MHRSS
Eliminate requirements that foreign employees must contribute to unemployment funds in China, as China's visa requirements make it unlikely that an unemployed foreign worker would be permitted to stay in China and take advantage of these benefits.	MHRSS

Information Technology and Telecommunications

China's market for information and communications technology is one of the world's largest, but it is also one of the most restrictive for foreign businesses, despite the considerable expertise and technology that foreign companies have to offer Chinese consumers. Such restrictions prevent valuable involvement by US firms that would foster market innovation, provide better overall

service to Chinese consumers, and create a sophisticated and modern telecom infrastructure to support China’s rapidly developing economy.

Recommendation	Relevant Agency
Implement China’s commitment at the 2012 JCCT to conduct a review of the 2007 MLPS Administrative Measures and to fully consult with all relevant stakeholders, including foreign-invested firms.	MIIT
Release for public comment a draft of China’s revised catalogue of value-added telecom services, and ensure that all stakeholders have an opportunity to review and provide comments during a comment period of at least 30 days.	MIIT
Eliminate foreign investment equity caps to allow foreign firms to acquire majority interest in telecom JVs.	MIIT
Establish more objective and transparent guidelines for IP-VPN services that designate them as value-added services and that provide more opportunities for foreign company market access.	MIIT
Allow WFOEs and foreign majority-owned JVs seeking to offer cloud computing services in China to apply for and receive Internet content provider (ICP) licenses.	MIIT

Innovation

Indigenous innovation is an increasingly important component of PRC technology and economic policies, viewed as a way to promote economic development and upgrading in China and bring increased economic benefits to the Chinese public. While US companies support China’s goal of becoming an innovative country, implementation of various innovation-related programs – such as catalogues of indigenous innovation products, grants to support development of strategic and emerging industries (SEIs) and tax incentives that require domestic intellectual property ownership to encourage innovation – are problematic for foreign companies and remain inconsistent with international best practices.

Recommendation	Relevant Agency
Finalize and issue of Implementing Regulations to China’s Government Procurement Law with the removal of references to indigenous innovation in Article 9 of the draft regulations. (See also “Government Procurement.”)	MOF
Complete implementation of the State Council’s November 11, 2011 directive to local governments to assess policies and regulations, halt implementation of any measures that link innovation and government procurement and publish the results publically. To date many, but not all, provinces and local government have done so.	MOF
Prohibit qualification criteria that require domestic intellectual property ownership in drafting and implementing.	State Council
Ensure that all programs to promote innovation, such as those that promote SEIs, offer subsidies for patent registrations, provide research and development funding support, and award high- and new-technology enterprise (HNTE) tax status, are non-discriminatory both in principle and in practice, and include	State Council, MOF, NDRC,

explicit language in these policies stating that all enterprises operating in China, including foreign-invested enterprises such as WFOEs and foreign majority-owned JVs, have equal access to government-funded innovation programs.	MOST
Fully adhere to internationally accepted policies on promoting effective, non-discriminatory, and market-driven innovation such as those agreed to at the 2012 Asia-Pacific Economic Cooperation meetings.	State Council

Insurance

US companies remain discouraged by the PRC government's market barriers to the insurance industry, including regulations that make it difficult for companies already in China to expand domestically. As China seeks to expand its social safety net, increase domestic consumption, and develop the insurance sector, its citizens would benefit from the diversity of products and services that would come from an open and competitive insurance market.

Recommendation	Relevant Agency
Issue written regulatory clarification, in line with verbal statements made at the 2011 S&ED, that foreign-invested insurers are able to submit multiple applications for branch approvals at the same time, and that CIRC will review and approve qualified foreign-invested insurers' provincial branches concurrently.	CIRC
Eliminate caps on foreign equity ownership in Chinese life insurance companies and allow Chinese JV partners to sell their stakes to foreign partners.	CIRC, State Council, MOFCOM, NDRC
Allow foreign insurance brokers the same scope of business activities as domestic firms, including claims handling, risk management services and consulting, handling of application processes and placement services, and reinsurance brokerage. Allow foreign insurance brokers to provide client services for small commercial businesses, group life and health businesses, and affinity programs.	CIRC
Allow foreign-invested insurers to use the "Rules and Guidelines for the Management of Remuneration of Insurance Companies" issued in July 2012 as voluntary reference guidelines, since the remuneration structure of foreign insurers is different from that of the domestic players.	CIRC

Intellectual Property Rights

IPR protection remains a top challenge that foreign companies face as they seek to expand their business and investment in China and is also increasingly important to Chinese companies as they seek to develop their own innovation capabilities. Yet IPR protection in China remains inadequate. More must be done to improve interagency coordination, enforcement, laws, and judicial channels. (For additional recommendations related to IPR concerns, see USCBC's [2013 Special 301 submission](#).)

Recommendation	Relevant
----------------	----------

	Agency
Eliminate value-based thresholds laid out in the Supreme People's Court 2004 judicial interpretation that counterfeit and pirated goods must meet to qualify for criminal prosecution and replace them with the WTO-consistent deterrent of criminal penalties in cases of commercial-scale infringement – in line with China's 2012 S&ED commitment.	SCLAO, SPC, SAIC, SIPO
Increase the effective level of penalties for IPR infringement – both judicial damages and administrative penalties – by instituting statutory minimums and raising or eliminating the statutory maximums on fines and damages.	SPC and local courts, SAIC, NCAC
Revise existing standards for calculating the value of infringing goods so that standards are based on the market value of the infringed goods (i.e. what the original goods would sell for in the same marketplace).	SCLAO, SPC, SIPO, SAIC, NCAC
Encourage the State Council Leading Group on Combating IPR Infringement and Sales of Counterfeit Goods to actively collaborate with the US government and the private sector on programs to improve enforcement of IPR, including the protection of trade secrets and restricting the use of compulsory licensing.	State Council Leading Group, MOFCOM
Increase resources for IPR enforcement personnel at all levels, including enforcement officials and IPR regulators and judges. In particular, increase resources and authority for local public security bureaus, industry and commerce administrations, and local copyright bureaus to proactively tackle counterfeiting, piracy, and other IPR infringement.	SAIC, NCAC, MPS, SPC
Increase monitoring and investigation of Internet sales and distribution of counterfeit and pirated products, and regular reporting of enforcement activity.	MIIT, SAIC, NCAC
Strengthen the legal framework for enforcement of IPR online, including by drafting new regulations relevant to Internet-related trademarks and copyrights.	SCLAO, SAIC, NCAC
Ensure implementation of the Supreme People's Court <i>Judicial Interpretation Relating to Infringement of the Right to Network Dissemination</i> throughout China and permit right-holders to directly submit take-down requests based upon a declaration of ownership (under penalty of perjury if necessary).	SPC
Convene stakeholders for discussion of best practices to develop enforceable guidelines to ensure protection of IPR over Internet platforms.	MIIT, SAIC, NCAC
Draft and enforce new measures that require government officials to keep confidential all technology and IPR, including trade secrets, formulas, test data, and product information, gathered during regulatory reviews and product approvals, with concrete penalties when such penalties are violated.	SCLAO, SIPO, CTMO, SAC, CNCA, SFDA
Hold constructive dialogue and take active steps with relevant US actors to discuss ways to stop commercial-focused cybersecurity threats and cyber-	State Council

intrusions.	
Revise the draft Regulations on Service Inventions in close consultation with all stakeholders, including foreign businesses, to ensure that efforts to boost innovation do not create significant administrative burdens for companies with active patent portfolios or drive up compensation costs above international norms. (For more details, see USCBC's December 2012 comments)	SIPO
Reform China's patent system to limit the number of approved patents of questionable validity, most notably utility-model patents. Possible reforms include increasing the level of examination for utility-model patents, permitting third parties to comment on issued utility-model patents, and instituting penalties for bad-faith patent applications.	SIPO
Revise measures that deal with compulsory licensing, including the Patent Law, Patent Law Implementing Regulations and SIPO's Measures for the Compulsory Licensing of Patents to limit use of compulsory licenses to specific, non-commercial circumstances, and to add language clarifying how royalty rates are determined when compulsory licenses are granted.	SCLAO, SIPO
Promote the use of legal software, as agreed by China and the United States in multiple high-level dialogues, through full implementation of existing policies and regulations, increasing funding to government agencies and for auditing of legal software use, and actively promoting the use of legal software in state-owned enterprises and private companies.	NAO, MOF, SASAC
Finalize and implement the PRC Copyright Law, including revisions suggested by USCBC and other stakeholders, including balanced protection for copyrights in the online space, an expanded scope of copyright protections, and a broadened list of activities that constitute copyright infringement. (For more details, see USCBC's March 2012 comments .)	NPC, SCLAO, NCAC
Establish benchmarks for IP protection in regular performance evaluations of government officials.	MHRSS
Hold a meeting on personal data protection under the auspices of the Commercial Law Working Group.	MIIT
Issue judicial guidance for district courts dealing with possible trade secrets cases, especially on the types of evidence admissible and sufficient to document protection of trade secrets.	SPC
Encourage judges dealing with trade secrets cases to allow and admit other forms of evidence (such as affidavits, brochures of infringers, and live testimonies) besides documentary evidence to prove infringement and ownership of intellectual property in judicial proceedings.	SPC
Encourage PRC courts to accept petitions to enforce foreign court judgments related to IPR protection, and to issue court orders to enforce those judgments in greater numbers.	SPC
Establish a trade secrets review committee, including representatives of US and Chinese governments, experts, and private sector representatives from both sides, to study the regulatory and enforcement environment for trade secret protection in China, promote training for relevant stakeholders, and provide policy recommendations to better improve trade secret protection in China.	State Council, MOFCOM, SAIC
China should pledge to stop commercial-focused cyber intrusions and take	State

active steps to cooperate in curbing this activity.	Council
---	---------

Investment

China’s leadership has repeatedly affirmed its commitment to further open China to foreign investment and to the principle of nondiscrimination in investment regulation. Foreign investment is central to creating high-quality, well-paying jobs, a topic of primary concern to PRC leaders. Loosening restrictions on foreign investment in China would accelerate the development of a modern services economy, stimulate domestic consumption, improve the local tax base, and lower unemployment rates. (Note: specific investment issues also appear in sections dealing with agriculture, energy and the environment, information technology and telecommunications, insurance, media and publishing, and motor vehicles.)

Recommendation	Relevant Agency
Reduce or eliminate investment restrictions in a variety of sectors listed in China’s revised Catalogue Guiding Foreign Investment, which maintains foreign ownership restrictions in nearly 100 manufacturing and services sector categories. Key sectors for reduced foreign ownership restrictions include financial services, agriculture, cloud computing, data centers, health insurance and hospitals, refining and petrochemicals, audiovisual and other media industries, and energy-intensive industries.	MOFCOM, NDRC, State Council
Negotiate and finalize a meaningful BIT that includes strong national treatment provisions that apply to both new and existing investments (“pre-establishment”), and a “negative list” approach that covers all investments except those specifically excluded in the agreement. Both governments should seek to conclude a BIT incorporating these elements as quickly as possible.	MOFCOM
Remove e-commerce from the restricted category of the Catalogue Guiding Foreign Investment in Industry, and treat foreign and domestic retailers equally regarding minimum registered capital requirements in China’s e-commerce infrastructure and logistics sector.	MOFCOM

Legal Services

Many foreign law firms have significant expertise and experience that can facilitate transactions among businesses operating in China. Despite the opportunity presented by their services, however, foreign law firms face significant market access restrictions that inhibit the economic contributions they can make in China.

Recommendation	Relevant Agency
Issue a MOFCOM circular permitting foreign law firms to attend and represent clients in all meetings with PRC government officials on topics under their jurisdiction, including antitrust and trade, relevant to their work with those clients.	MOFCOM
Allow Chinese lawyers licensed to practice PRC law to retain their license after being hired by foreign law firms.	MOJ
Treat foreign law firms as pass-through entities for income tax purposes at rates	SAT

equal to those of domestic law firms.	
Hasten the approval process for foreign law firms entering China's market, and lower the thresholds foreign firms must meet in order to establish representative offices in China.	MOJ
Permit qualified foreign lawyers to become official foreign legal consultants in China and expand opportunities for qualified foreign arbitrators to participate in China's arbitration systems.	MOJ

Media and Publishing

Inadequate IP enforcement, limited market access, and inconsistent and subjective application of censorship regulations for foreign media and entertainment-related goods and services contribute to a large and growing black market for foreign content in China. These factors have increased costs for foreign and domestic media and entertainment companies that have stunted legitimate market development.

Recommendation	Relevant Agency
Remove market access barriers (e.g. import quotas) for legitimate products such as imported movies so that they can replace pirated products in the marketplace.	SARFT
Eliminate the ban on airing foreign-produced cartoons on domestic television stations during prime time.	SARFT
Lift the ban on foreign companies and JVs producing and distributing TV programs or films in China.	SARFT
Formally pledge to stop imposing blackout periods of theatrical releases of foreign films.	SARFT

Motor Vehicles

China has made developing its motor vehicles sector a priority. US companies are significant investors in the sector and view China as a major component of their global sales and operations. The development and transparency of internationally recognized standards on emissions, fuel, noise, and other motor vehicle technologies is essential to achieving mutual goals.

Recommendation	Relevant Agency
Remove "mastery" designation requirements that may necessitate foreign automakers to contribute their IP to Chinese JV operations in order to fully participate in the new-energy vehicle (NEV) industry or enter the NEV market from any current or draft laws, regulations, policies, or regulatory practices. In the draft development plan for new energy vehicles, all JV parties were required to demonstrate proficiency in electric vehicle batteries, control systems, or motors to receive the "mastery" designation.	MIIT, NDRC
Ensure that locally produced foreign nameplates (makes and models of autos developed and copyrighted by foreign auto firms) and the foreign original equipment manufacturers that supply parts to these vehicles are extended the same privileges and incentives as domestic nameplates, so that companies are inclined to launch their latest technologies in China.	NDRC

Consistently and uniformly implement auto laws and regulations across national, provincial, municipal, and local jurisdictions. Such measures include electric vehicle and alternative-power train development plans, emissions and safety regulations, fuel economy standards, incentive policies, and vehicle scrapping schemes.	MIIT
Allow foreign companies to own more than 50 percent in complete auto manufacturing enterprises and decouple ownership of distribution rights from the manufacturing JVs.	NDRC, MOFCOM
Remove duplicate vehicle emission registration and approvals at the national and municipal levels (for example, Beijing).	MEP, MOT
Expand capability at national, provincial, and local levels to enforce environmental and emissions standards consistently.	MEP
Use fiscal and tax incentives to encourage oil refineries to increase the production of high-quality, ultra-low sulfur diesel fuel and the production and consumption of diesel autos.	NDRC, SAT
Accelerate the establishment and consistent enforcement of advanced standards for sulfur content in diesel fuel and for overall fuel quality.	MEP, SAC, State Council

Standards and Conformity Assessment

US companies are global leaders in innovation, R&D, and other technical fields, and have a strong desire to work with China to develop advanced standards and conformity assessment procedures that are harmonized with international standards and practices and meet China's needs. Promoting greater transparency and participation in setting standards and standards-related policies, closer alignment with international standards, and increased market access for foreign conformity assessment bodies would allow products manufactured in China to better compete in global markets and increase the quality and efficiency of product testing and certification.

Recommendation	Relevant Agency
Commit to the use of global standards as the basis for Chinese standards to increase use of internationally harmonized standards for goods and services sold in China.	SAC
Implement a fair, equal, and transparent market-led approach to standards setting and development that is open to all companies regardless of nationality, including domestic, foreign-invested and foreign-based manufacturers.	SAC
Provide the detailed process, procedure, requirements, and permitted scope for foreign-invested enterprises to apply for accreditation to offer China Compulsory Certificate (CCC) certification, based on China's commitment at the 2012 JCCT.	CNCA
Engage a broad cross-section of stakeholders, including foreign industry representatives, in drafting and implementing current and future laws, regulations, and documents related to testing and certification for China's Restrictions on Hazardous Substances (RoHS) regime.	MIIT, CNCA
Ensure that voluntary standards regimes, such as China RoHS, are not made	MIIT,

mandatory by provisions that require their use, or through programs like tax incentives or government procurement programs that limit market access only to compliant products.	CNCA
Minimize unnecessary burdens within the certification process for China RoHS, such as adopting a risk-based approach for test-subject selection, and take concrete steps to shorten the timeline and reduce time delays in RoHS certification to ensure that Chinese consumers do not face undue delays in having access to innovative products.	CNCA, MIIT
Permit products that had previous CCC approval to be “grandfathered” in when CCC rule changes occur, along the lines of certification rules in other international jurisdictions like the US and Canada.	CNCA
Allow free import of repair parts for existing CCC-certified products to allow the product to maintain the same level of standards compliance that the product originally met when it was first sold in China and to reduce waste.	CNCA, GAC
Allow products and parts that were CCC-certified and labeled at the time of manufacture to be imported to China, even if the company’s CCC certificate has been updated or expired, thus permitting Customs officials to verify that the date-of-manufacture (DOM) matches the CCC certificate’s period of validity.	CNCA, GAC
Accredit—and designate—qualified foreign conformity assessment bodies to test for, and certify compliance with, all relevant existing standards related to China RoHS certification in order to alleviate time and delays in certification and broaden the options for foreign and domestic industry players.	CNCA

Tax

China is updating and refining its tax regime to better regulate economic activity and ensure a steady stream of government income. Yet companies continue to experience issues with tax policies and implementation and investigation of tax cases. Addressing these issues to create a more consistent and transparent tax system will benefit companies and regulators.

Recommendation	Relevant Agency
Eliminate capital gains taxes for equity transfers between subsidiaries in the same corporate family made at cost.	SAT
Increase consistency across jurisdictions in interpreting tax regulations related to non-tax-resident enterprises.	SAT
Standardize the process for companies making foreign currency non-trade payments to overseas service providers.	SAT
Eliminate value-added tax rebates for Chinese manufacturers that export glyphosate.	SAT
Streamline and expedite SAFE’s foreign debt registration process in order to help foreign enterprises to more quickly receive funds necessary for their business operations.	SAFE

Transparency

A transparent legislative and regulatory process is an important factor in catalyzing economic growth and enabling a country to become an effective and respected partner in the global

economic community. In contrast, limited transparency creates uncertainty and confusion for all stakeholders and limits stakeholders' ability to make and carry out business decisions. Transparency remains an issue area of concern for USCBC member companies in China.

Recommendation	Relevant Agency
Improve PRC State Council and government agencies' record of compliance with commitments to issue all draft trade and economic-related laws, administrative regulations and departmental rules, including standards, for a 30-day public comment period, and consider going further by posting draft regulations on a designated website for a 60- or 90-day public comment period.	SCLAO and all other trade-relevant ministries

Visa Policies

As bilateral ties between the United States and China increase, bilateral travel will also rise. Facilitating US nationals' travel and work in China will boost economic activity in all sectors and promote better political and cultural understanding between the two countries.

Recommendation	Relevant Agency
Establish a five-year visa reciprocity agreement with China that includes business visas.	MOFA

Abbreviations of Relevant PRC Government Agencies

AQSIQ – General Administration of Quality Supervision, Inspection, and Quarantine
 CBRC – China Banking Regulatory Commission
 CIRC – China Insurance Regulatory Commission
 CNCA – National Certification and Accreditation Administration of China
 GAC – General Administration of Customs
 MEP – Ministry of Environmental Protection
 MHRSS – Ministry of Human Resources and Social Security
 MIIT – Ministry of Industry and Information Technology
 MOF – Ministry of Finance
 MOFA – Ministry of Foreign Affairs
 MOFCOM – Ministry of Commerce
 MOH – Ministry of Health
 MOHURD – Ministry of Housing and Urban-Rural Construction
 MOJ – Ministry of Justice
 MOST – Ministry of Science and Technology
 MOT – Ministry of Transportation
 MPS – Ministry of Public Security
 NAO – National Audit Office
 NCAC – National Copyright Administration of China
 NDRC – National Development and Reform Commission
 NEA – National Energy Administration
 NPC – National People's Congress

SAC – Standardization Administration of China
SAFE – State Administration of Foreign Exchange
SAIC – State Administration of Industry and Commerce
SARFT – State Administration of Radio, Film and Television
SASAC – State-Owned Assets Supervision and Administration Commission
SAT – State Administration of Taxation
SCLAO – State Council Legislative Affairs Office
SFDA – State Food and Drug Administration
SIPO – State Intellectual Property Office
SPB – State Postal Bureau
SPC – Supreme People’s Court