

V. CHINA, HONG KONG, AND TAIWAN

FY 1999

Performance Goals

- a. By the end of FY 1999, negotiate resolution of two or more of the following issues with China, Hong Kong, Macao and Taiwan:
- Improved market access for U.S. service providers in the Chinese market e.g., insurance and telecommunications;
 - Pending charges for Chinese circumvention of the bilateral textile agreement;
 - Improved IPR protection in Hong Kong and Macao;
 - Market access for U.S. telecommunications providers; resolution of differences over electromagnetic emission standards and improvement of protection of intellectual property rights in Taiwan;
 - Lack of a non-circumvention agreement in textiles with Macao; and
 - Bilateral protection for investment with Hong Kong and Taiwan.

Performance Indicator

- a. It is difficult to predict with accuracy whether or not a negotiation will be completed in any one year. We will indicate in our annual report the number of negotiations and trade problems resolved and the number pending.

Performance Verification

- a. Obtained insurance licenses for two U.S. companies, bringing to four the total number of U.S. insurance providers in China's market.
- b. USTR, in coordination with Commerce and Customs, is continuing to review possible pending charges to Chinese quotas for illegal transshipment.
- c. IPR protection in Hong Kong improved significantly in FY 1999 to the point where Hong Kong was removed from the Special 301 Watch List. Hong Kong crackdowns on pirate CD production were especially effective. Enforcement was tightened in Macao.
- d. Participation of U.S. carriers in Taiwan's wireless market improved dramatically with the negotiated lowering of barriers to entry and elimination of high interconnection fees.
- e. Electromagnetic emission standards issue was resolved allowing continued access for U.S. communications equipment manufacturers.
- f. Intellectual property rights were strengthened in Taiwan through the introduction of a voluntary computer chip marking scheme to be used to trace computer chips containing pirated video game programs worldwide.
- g. USTR, in coordination with Customs and Commerce, began to exercise enhanced border

surveillance of certain imports from Macau, and began to deny entry to imports from companies that were determined to be illegally transshipping Chinese-made apparel in violation of quota agreements.

- h. Negotiations continued on bilateral investment agreements with both Hong Kong and Taiwan.

FY 2000

Performance Goals

- a. By the end of FY 2000, resolve two or more of the following:
- Completion of the WTO protocol for China's accession to the WTO.
 - Completion of the WTO protocol for Taiwan's accession to the WTO.
 - Improve IPR protection in China, Taiwan, Hong Kong and Macao by applying pressure to close illegal CD plants and to reduce retail piracy;
 - Improve market access for U.S. agricultural products to China and Taiwan;
 - Completion of negotiations to implement anti-circumvention initiatives, involving transit countries such as Hong Kong and Macao, and source countries such as China, to establish additional measures to reduce or eliminate textile quota circumvention.

Performance Indicator

- a. It is difficult to predict with accuracy whether or not a negotiation will be completed in any one year. We will indicate in our annual report the number of negotiations and trade problems resolved and the number pending.

Performance Verification

- a. Concluded U.S.- China bilateral market access agreement for China's entry into the WTO. The agreement is comprehensive in scope, increasing market access for U.S. exports of goods, services and agricultural products.
- b. Hong Kong has instituted a CD plant inspection program that continues to operate successfully in controlling pirate production of CDs.
- c. Taiwan's protocol of accession to the WTO is nearly completed (U.S. completed bilateral negotiations in FY 1998).
- d. Hong Kong has strengthened enforcement efforts aimed at reducing retail piracy. Many more Customs inspectors have been assigned and raids on retail pirate facilities are more frequent.
- e. Taiwan has begun a mandatory plan to require SID codes to be printed on all CDs produced, and to penalize non-complying CD production plants.
- f. Chinese efforts to control pirate CD production continue. Chinese efforts to combat trademark counterfeiting are initiated.

- g. China is implementing our bilateral agreement on agriculture, opening the market to U.S. citrus, meat and poultry, and wheat and other grains from the Pacific Northwest.
- h. Taiwan removed impediments to the successful continued operation of the agricultural market access program in advance of accession to the WTO. U.S. meat exporters will benefit most from this improved market access.
- i. Negotiations with Hong Kong, Macao, and China on the anti-circumvention initiative are ongoing. USTR has initiated a similar effort with Taiwan.

FY 2001

Performance Goals

- a. By the end of FY 2001, resolve two or more of the following:
 - Completion of the WTO protocol for China's accession to the WTO
 - Completion of the WTO protocol for Taiwan's accession to the WTO.
 - Implementation of major commitments made by China in WTO accession package.
 - Implementation of major commitments made by Taiwan in the WTO accession package.
 - Improve market access for U.S. exporters of agricultural products.
 - Improve China's implementation of the 1999 bilateral agreement on agricultural cooperation
 - Further improve IPR protection in China, Taiwan, and Macao by reducing retail piracy, continuing to pressure to eliminate illegal CD production and addressing trademark counterfeiting; and
 - Complete negotiations to implement anti-circumvention initiatives, involving transit countries such as Hong Kong and Macao, and source countries such as China, to establish additional measures to reduce or eliminate textile quota circumvention.

Performance Indicator

- a. It is difficult to predict with accuracy whether or not a negotiation will be completed in any one year. We will indicate in our annual report the number of negotiations and trade problems resolved and the number pending.

Performance Verification

- a. Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the *President's Trade Policy Agenda*. We reported fully on negotiations in the FY 2001 annual performance report.
- b. The following was accomplished in FY 2001:
 - Completed negotiation of WTO protocol for China's accession to the WTO. The WTO protocol for China is comprehensive in scope, increasing market access for U.S. exports of goods, services and agricultural products.

- Completed negotiation of WTO protocol for Taiwan's accession to the WTO. The WTO protocol for Taiwan is comprehensive in scope, increasing market access for U.S. exports of goods, services and agricultural products.
- Continued efforts to secure implementation of bilateral agricultural agreement with China concerning SPS measures.
- Continued to monitor China's implementation of our bilateral agreement on agriculture to open the market to U.S. citrus, meat and poultry, and wheat and other grains from the Pacific Northwest.
- Ensured the continued implementation by Taiwan of market opening for U.S. agricultural products in advance of Taiwan's accession to the WTO.
- China, Taiwan, and Macau's efforts to reduce retail piracy, eliminate illegal CD production, and address trademark counterfeiting continue.
- Negotiations on anti-circumvention initiative are ongoing.
- Ensured that the terms and conditions under which China would accede to the WTO are at least equivalent to those agreed in the 1999 U.S.-China bilateral agreement. Monitored and ensured WTO consistency of changes being made to China's laws and regulations in advance of China's entry into the WTO.