



BUILDING GLOBAL COMMUNICATIONS

January 5, 2004

Ms. Gloria Blue  
Executive Secretary, Trade Policy Staff Committee  
ATTN: Section 1377 Comments  
Office of the United States Trade Representative  
600 17th Street, NW  
Washington, DC 20508

Dear Ms. Blue:

On behalf of the Telecommunications Industry Association (TIA), I appreciate the opportunity to express to you our views on the effectiveness of trade agreements that impact the provision of telecommunications products and services. Obtaining greater access in foreign telecommunications equipment markets is one of TIA's priorities.

TIA is the leading trade association in the communications and information technology industry with proven strengths in domestic and international advocacy, standards development, trade promotion and trade shows. Through its worldwide activities, the association facilitates business development opportunities and a competitive market environment. TIA provides a market-focused forum for its 700 member companies that manufacture or supply the products and services used in global communications.

This submission references the following agreements:

- World Trade Organization (WTO) Agreement on Basic Telecommunications and the associated Reference Paper
- WTO General Agreement on Trade in Services (GATS)
- WTO Government Procurement (GPA) Agreement
- WTO Information Technology Agreement (ITA)
- WTO Technical Barriers to Trade (TBT) Agreement
- North American Free Trade Agreement (NAFTA)
- Andean Trade Promotion and Drug Eradication Act (ATPDEA)

Please see commentary about specific markets below.

### **Colombia**

#### **Failure to Honor WTO and Contractual Agreements**

In February 1997, Colombia agreed to the Basic Telecommunications Services Agreement, with an implementation date of February 5, 1998. However, Colombia has not met its obligations, particularly with respect to establishing a transparent and non-discriminatory regulatory process and an independent regulator.

TIA also believes that Colombia is not living up to its obligations in the Andean Trade Preferences Act (ATPA). The ATPA expired in December of 2001, but it was renewed as the Andean Trade Promotion and Drug Eradication Act (ATPDEA) as part of the Trade Act of 2002. On September 25, 2002, President George W. Bush announced that Colombia, along with Bolivia and Peru, would receive new Andean trade benefits under the ATPDEA. (The Administration subsequently announced that Ecuador had met the certification criteria to receive benefits under the ATPDEA.) These benefits comprise a trade preference program that provides four Andean countries with duty-free access to U.S. markets for approximately 5,600 products. All existing provisions of the ATPA were renewed, and the program was expanded to include 700 additional products. However, the law requires a country certification process for the new, expanded portion of the program, which includes receiving public input on each country's eligibility.

It is essential for ATPDEA beneficiary countries to follow established WTO rules and adopt, implement and apply transparent, non-discriminatory regulatory procedures and enforce their arbitration and court awards. These actions are a condition of Colombia's benefits under ATPDEA. Nonetheless, in 2001 and 2002, Colombia's state-owned telecommunications operator, Telecom, repeatedly failed to honor a specifically binding arbitration decision involving the telecom network installed by a U.S. supplier, as required under the previous ATPA guidelines; these guidelines have since been incorporated and expanded into the ATPDEA.

Although the Colombian government eventually made an award to the U.S. supplier in the arbitration case, this action was taken only after prolonged pressure from the U.S. Government and the threat that Colombia would not receive the new, expanded benefits under ATPDEA.

Currently, there are several contracts pending with suppliers, and arbitration proceedings have been filed. Telecom has filed arbitration claims with the Bogotá Chamber of Commerce that could result in a declaration that the contracts are "null and void." The failure of the Colombian Government to honor contractual commitments of state-owned entities puts at risk future foreign investment in Colombia at a particularly important moment in its history. It also further erodes confidence in the overall investment climate as well as the broader international business community. TIA urges USTR to continue to pressure the Colombian Government to fulfill contractual commitments with U.S. suppliers or risk losing its opportunity for an FTA with the U.S.

### **People's Republic of China**

(NOTE: Some of this information was compiled via USITO, TIA's affiliate office in Beijing. USITO represents AeA, CSPP, ITI, SIA, SIIA and TIA.)

### **Technical Barriers to Trade (Technical Regulations, Standards, Certification, Conformity Assessment and Type Approval)**

TIA and USITO look favorably upon the efforts that China has made the last few years in the areas of standards, certification, type approval and other related areas. Improvements to the accessibility of government-issued information on standards administration and issuance, certification procedures and contact information for certifying bodies, and the procedures and detailed requirements for type approval applications have not gone unnoticed.

However, a number of standards and conformity assessment policies and activities in the Chinese market do not seem to be keeping with the spirit of the TBT agreement, particularly with regard to Annex 3. It is important to note that the standards development process continues to be fraught with unclear/overlapping authority jurisdictions, lack of transparency, lack of apparent planning and lack of open, well-publicized and meaningful comment periods. Furthermore, TIA and USITO are deeply concerned about what appears to be an emerging tendency to use locally developed standards for protectionist purposes.

***Mandatory Technical Regulations – WAPI:*** The Chinese government recently published a “WLAN Authentication and Privacy Infrastructure” (WAPI) standard for encryption of wireless LAN transmissions, and foreign companies involved in the wireless LAN industry say that they have not been provided with enough information to comply. In addition, sufficient and widely used international standards already exist.

China now has begun implementing this new encryption standard for wireless communications and has announced that, as of January 1, 2004, verification of "WAPI" compliance will be part of the compulsory registration process for electronics. Only a designated Chinese company may implement the new standard.

It is our understanding that China has not notified the WTO Secretariat of the pending WLAN standards. We recommend, as an absolute minimum, 60-days notice and comment period prior to adoption of these two standards to ensure that all parties have the opportunity to make comments. (Realistically, 6-12 months notice is needed to accommodate software and hardware product development cycles.) We also note that the WTO Technical Barriers to Trade (TBT) Agreement Articles 2.2, 2.3 and 2.4 require that standards not create unnecessary obstacles to international trade and that WTO members should use international standards where they exist.

While industry fully recognizes the need for encryption requirements for WLAN systems, we are very concerned with China's adoption of a single and unique encryption standard. The implementation of a unique standard in the Chinese market will result in increased costs to consumers in China, as well as delay in the introduction of advanced WLAN products. However, the use of internationally recognized standards permits manufacturers to market one global product rather than costly country-specific products. Manufacturing a single, global product reduces the cost of manufacturing and benefits

consumers in China by promoting the rapid introduction of the most advanced products into that market. Furthermore, since WAPI deviates from established international security standards, it will lead to incompatibilities and interoperability problems between products, hindering Chinese businesspeople engaged in expanding Chinese commerce beyond China.

Currently, the IEEE Task Group I is working on a supplemental draft to the 802.11i standard (multilevel security scheme). TIA and USITO believe it would be more productive for the Chinese to contribute to the evolution of these standards to create truly robust international standards rather than create a unique standard for use only in the Chinese market. If China does not want to participate in the 802.11i process, it should, at a minimum, make its own standards process as open, consultative, and gradual as the IEEE process. This would ensure that every step of standards development is fully transparent, allowing at least twelve months for optional testing following the publication of a complete and “implementable” standard, and not require implementation until the standard has been widely tested by international, as well as Chinese, industry.

***National Standards and Certification/Accreditations:*** The Chinese government has made substantial progress in designing a national infrastructure for the certification, accreditation and standardization processes. Nonetheless, there is room for improvement regarding standardization technical committee practices. For instance, foreign-invested companies (FIEs) do not, in essence, receive national treatment in technical committees. FIEs generally are not accorded the substantive rights to participate and cast votes. Often, they are not even given clear access to information on methods that the committees use to set their own standards or adopt international standards.

USITO would like to see China adopt internationally accepted standards and maintain an open dialogue with industry and relevant stakeholders to ensure that Chinese consumers have access to the same high-quality, cutting-edge technologies as the rest of the global marketplace.

TIA and USITO hope that China will adopt globally relevant, internationally developed standards, utilizing the WTO/TBT November 2000 Agreement principles, which are accepted for product certifications within the largest reasonable scope. We also look to the fulfillment of a promise made by a senior SAC official in late 2001 at a USITO event that foreign-invested companies in China would be given equal access to standardization technical committees in the high-tech area with full substantive rights to participate and cast votes. We are very encouraged by the May 2003 announcement that China will allow foreign companies to participate in the Special International Committee on Radio Interference (CISPR) I Committee. This committee is responsible for electromagnetic compatibility standards for IT and multimedia devices. We see this as a very positive step forward and hope that foreign industry will be invited to participate in more standards committees related to the IT sector.

Over the past three years, the government has begun inviting “qualified” foreign companies to participate in standard bodies as observers. Also, some foreign firms are

limited to “correspondence” status, receiving all written materials but not having the right to attend, speak, or vote at meetings. TIA and USITO support a standards development processes that is open, transparent, fair, non-discriminatory, and driven by globally relevant market needs and developments.

We urge China to allow foreign and domestic industry to participate in the development of China’s standards regimes and to permit foreigners to join Chinese standards bodies as full members. Chinese State Councilor Wu Yi, along with officials from China’s Certification and Accreditation Administration (CNCA) and Standardization Administration of China (SAC), have repeatedly stated that China would adopt globally relevant international standards as much as possible. However, concern remains over China’s use and recognition of *de facto* and other international standards (such as those developed by industry or *ad hoc* groups).

Another problem is the potential conflict between China’s standardization authorities and various technical committees. For example, the setting of 3G technology standards is the responsibility of the China Communications Standards Association (CCSA)/China Wireless Telecommunication Standard group (CWTS), and the setting of other electronic and information technology product standards is the responsibility of the National Informatization Standard Committee (NISC)/Chinese Electronics Standardization Institute (CESI). Whether or not the technical committees work directly with industrial ministries on standards setting, the influence of the ministries is rarely absent because ministry representatives generally staff China’s technical committees. In order to guarantee a broader range of viewpoints, USITO hopes the technical committees can work more closely with the SAC on the adoption of globally relevant international standards for which the relevancy to China is established on valid field data.

It is recognized that China has engaged positively with the IECEE CB Scheme for product safety test report acceptance. This is a common and essential tool used within the product safety community to eliminate the redundant and time consuming re-testing of products at multiple laboratories. There are new programs under development within the IECEE aimed at improving data acceptance, international conformity assessment harmonization and recognition of internationally applicable conformity assessment. However laboratories in China today do not make the best use of these well-practiced international programs. They often require additional samples, repeat testing already performed and offer no improved assessment time, even in light of the significant reduction in national testing requirements the IECEE programs are intended to offer. The current practice in China remains significantly more difficult than in other countries.

USITO hopes that the Chinese government will make efforts improve the application of the IECEE CB Scheme by encouraging acceptance of CB Scheme test reports by their national laboratories, specifically by eliminating the need for additional samples or redundant testing.

**Conformity Assessment:** According to China’s WTO commitments, foreign services suppliers, which have been engaged in inspection services in their home countries for more than three years, are permitted to establish joint-venture technical testing, analysis

and freight inspection companies with no less than US\$350,000 in registered capital. Within two years after China's 2001 accession, foreign majority ownership is to be permitted, and within four years after China's accession, wholly foreign-owned subsidiaries are to be permitted.

While we look forward to the implementation of this commitment, we are unaware of any development of the regulatory framework that would allow foreign testing and certification organizations to apply for and receive approval to conduct such conformity assessment services for the domestic CCC mark. [NOTE: This distinction is important because foreign-invested joint ventures are able to conduct testing on and certify products for export to other markets. But they cannot "legally" test or certify products for the domestic CCC mark.]

USITO urges China to immediately develop the regulatory framework that would allow testing and certification organizations to apply for and receive approval as designated testing and certification bodies in China.

**Type Approval:** Presently, China's test-cycle for the type approval of telecommunications equipment can take as long as 13 weeks, while in the U.S. and Japan, the majority of such approvals are completed within 30 days. Relatively speaking, the lifecycle of IT products is quite short; long type approval periods can seriously affect production schedules, time-to-market and revenue flows – a serious matter for foreign and domestic companies alike. The Ministry of Information Industry (MII) has issued regulations, the Regulations on Network Access of Telecom Equipment, which require review and approval or rejection within 60 days. We hope that this time limit will be observed and not exceeded.

In addition to the China Compulsory Certification (CCC) mark, telecommunication producers often have to undergo two tests administered by two separate departments of the MII – the network access test of the Telecommunications Administration Bureau (TAB) and the spectrum interference test of the Wireless Radio Regulatory Bureau (WRRB). Quite often, the CCC, EMC, TAB, and WRRB have significant overlapping and redundant testing criteria.

USITO suggests that the Chinese government simplify and consolidate redundant tests, and shorten testing periods. We understand that CNCA, MII, and other relevant organizations have recently acknowledged such proposals from domestic and foreign industries, and we would like to work cooperatively with the Chinese government to develop mutually advantageous solutions.

In sum, USITO would like the Chinese government to:

- Adhere to the principles of the WTO TBT Agreement, and ensure that their mandatory standards and regulations are the least trade restrictive as necessary to fulfill legitimate objectives and avoid unnecessary obstacles to trade;

- Increase transparency in the adoption process of globally-relevant international standards for which the China relevancy is established based on valid field data and domestic standards;
- Ensure foreign-invested companies full participation rights in Chinese technical committees;
- Consolidate standards making bodies within governmental divisions, and;
- Simplify the testing process and period for telecom equipment to achieve comparable required elapsed testing and approvals times.

### **Telecommunications Services**

China has taken a number of positive steps to implement its WTO telecom services commitments. Although China has promulgated or amended thousands of laws to comply with certain WTO commitments, a long overdue telecom law is still not on the horizon. Moreover, the current regulator, the Ministry of Information Industry (MII), cannot be considered “independent” because one of its primary functions continues to be supporting the state enterprises. As a result of this conflict of interests, the regulator, with the intent of protecting incumbent operators, has persisted in its traditional pattern of issuing edicts distinctly favorable to state-owned enterprises (SOEs) without allowing public discussion or comments from industry.

***Independent Regulator:*** In the absence of a telecom law (which is being developed under a process that will take several years) the main instrument of regulation in the telecom arena is the *Telecom Administration Regulations* (“Regulations”) promulgated by the State Council in September 2000, as well as a series of decrees issued by MII, the ministry that currently has oversight of the telecom industry. Article 1 of the *Regulations* says that the purpose of drafting the regulations is to “regulate the order of the telecom market, maintain the lawful rights and interests of telecom users and operators, safeguard the security of telecom networks and information, and promote the healthy development of the telecom sector.” Article 4 states that the supervision and regulation of telecom services shall abide by the principles of “separating government from enterprise, breaking up monopoly, encouraging competition, and promoting development” and “openness, fairness and impartiality.” Aside from the reference to “separating government from enterprise,” the *Regulations* do not provide for the establishment of a truly independent regulator, specifically the creation of a new bureaucratic entity such as the regulatory oversight commissions established for banking, insurance, securities, and electricity industries. MII has been the *de facto* “independent” regulator to date, but is often viewed as lacking sufficient independence due to MII’s continued interference in the market, especially its continued influence with operators. In addition, the staff of the former Ministry of Post & Telecommunications is now the core staff of the new MII as well as those of China’s major telecom service providers.

TIA believes that MII is not yet living up to the status of “independent regulator” as embodied in the principles of the Reference Paper on Telecommunication Services, to which China is committed.

***Lack of Transparency:*** Regulations continue to be issued without prior public discussion, a most fundamental requirement of transparent administration. For example, the Regulation on Foreign-Invested Telecommunications Enterprises (the FITE regulation) was issued in December 2001, days before its effective date (and just days after China received approval for WTO accession), and the Telecom Services Catalog was twice updated without any apparent public consultation. The most recent catalog was issued only one week prior to its date of effective implementation (April 1, 2003), by release on the MII website in Chinese-language only, and no comments from foreign industry were solicited. Since regulations directly affect the welfare and opportunities of industry participants and end-users, these groups have a direct interest in contributing to the development of sound regulation. TIA believes that China could take further steps to live up to the spirit of its GATS commitments.

### **Cable Television and Network Convergence**

China's cable television (CATV) networks fall under the jurisdiction and control of the State Administration of Radio, Film, and Television (SARFT). In order to prevent competition between telecom and cable networks, the State Council, in September 1999, issued 'Suggestions on the Reinforcement of the Administration of Wired Broadcast and Cable TV Network Construction,' which states: "MII may not participate in radio or broadcast services, and SARFT may not participate in telecommunications services."

Obligations relating to the cable television market were not specifically addressed under the service-related commitments of China's WTO accession package. SARFT has taken this to mean that it has no obligations under the WTO specifically to open up the cable television service industry to foreign investment. However, the WTO does not define services in terms of the network medium used to offer those services. In fact, China's accession package includes a provision that specifically states that telecom service providers are allowed to offer their services through any technology they choose, including "all types of cable." In Annex 1 of the Services Addendum to the Working Party Report on China's Accession to the WTO, Notes for Scheduling Basic Telecommunication Services Commitment states: "Unless otherwise noted...any basic telecom service...may be provided through any means of technology (e.g., cable, wireless, satellites)."

In addition, China's domestic legislation defines telecom services to include the electronic transmission of "voice, data, or pictures." Therefore, TIA and USITO believe any licensed telecom operator should be able to offer CATV services (i.e., transmission of pictures) as part of its business scope.

Furthermore, in the compendium to the Tenth Five-year Plan, the Chinese government explicitly states that:

"Pursuant to the instructive, market-oriented industry model for the collaborative construction of networks, collaborative share of resources, innovative development of technology innovation, and liberalized opening of competition, [China] should promote the convergence of the Internet, telecom, and cable networks, strive to secure the wide-



ranging development of the IT industry, and expedite the country's process of informatization.”

In line with this goal, both telecom providers and cable networks already offer some overlapping Internet services. Full convergence is currently only allowed on a trial basis in Shanghai, where broadcast networks are already offering value-added services such as high-speed Internet access and data entry.

The deployment of converged broadband is still mired by Chinese policies restricting inter-modal competition between telecom and cable. China's current provisions are outlined by the State Council's 1999 notice on Reinforcement of the Administration of Wired Broadcast and Cable TV Network Construction, in which inter-modal competition between telecom and cable is prohibited. This creates an obstacle for convergence and directly contradicts with the Basic Telecommunication Services definitions, which call for opening telecom services to all network media. It is also contrary to the Tenth Five-Year Plan, which calls for network convergence. The State Council's 1999 notice is still in effect and, we believe, it should be repealed.

Service obligations under the WTO are distinguished by the type of services, not by the type of network medium. Indeed, the Basic Telecommunication Services commitment WTO provisions call for opening the telecom services market not only to network media that China deems permissible for telecom use, but to all network media. Chinese policy that prohibits cable providers from competing in telecom areas appears to be inconsistent with the WTO Protocol, because it restricts the scope of the telecom services market contrary to the network medium-independent definition.

In addition, SARFT has publicly stated that there are no commitments related to CATV under China's WTO accession agreement, and their commitments do not obligate them to allow foreign investment in CATV networks. Perhaps because content management and network transmission services still have not been completely separated, SARFT also has restricted foreign company access to the standards development work for China's digital television standards.

USITO believes the Chinese government should:

- Allow telecom operators to offer CATV transmission services, and CATV operators should be allowed to offer telecom services nationwide;
- Open cable television transmission services to foreign investment in accordance with China's telecom service commitments, and;
- Open standards development to foreign as well as domestic firms.

## **Republic of Korea**

### **Unfair Standards Development Practices**

**WIPI:** The Korean government is on the verge of mandating the use of the Wireless Internet Platform for Interoperability (WIPI) as the middleware that delivers content to the networks of wireless operators.

TIA understands that the effort to develop WIPI originally was led by the Ministry of Communications (MIC). When the United States government called attention to the Korean government's role in the development of WIPI, the MIC ostensibly removed itself from the process, and the Korean Wireless Internet Standardization Forum (KWISF) was formed. Although the Korean government asserts that the forum is a private sector body, it is our understanding that this forum receives substantial financing from the largely government-funded Electronics and Telecommunications Research Institute (ETRI) and that ETRI has asked the Korean legislature for money to work on the WIPI project.

The actions of the Korean government with regard to WIPI discriminate against technologies developed by U.S. companies. The Korean government's goal is to achieve interoperability. Without comment on interoperability as a public policy goal, TIA believes that the private sector should lead this effort and should be allowed to participate in a transparent process that includes all relevant players. Moreover, the Korean government should not mandate the use of the platform it helped create at the exclusion of other technologies. This does not adhere to the WTO TBT principle that policy goals should be implemented in the least trade-restrictive manner possible (TBT Articles 2.2 and 2.3). In addition, the actions of the Korean government also may be contrary to the TBT principle of specifying regulations on the basis of performance rather than design or descriptive characteristics (TBT Article 2.8). Finally, the process for the development of this standard also seems to be contrary to Annex 3 of the TBT. Specifically, Article D of Annex 3 states, "...the standardizing body shall accord treatment to products originating in the territory of any other Member of the WTO no less favorable than that accorded to like products of national origin..." Article E of Annex 3 states, "The standardizing body shall ensure that standards are not prepared, adopted or applied with a view to, or with the effect of, creating unnecessary obstacles to international trade."

**2.3 GHz:** In August 2003, TTA (the Korean telecommunications standardization body) initiated a standards process for technologies to be deployed in the 2.3 GHz band. The standardization process is defined in two phases: Phase I, in which basic air interface parameters will be determined, and Phase II, in which the detailed standard will be developed. Phase I was scheduled for completion by the end of 2003, and Phase II is scheduled to be completed in 2004.

U.S. industry understands that the Ministry of Information and Communications will allow only the TTA-standardized air interface for the 2.3 GHz band to be deployed in the band, and will prevent other air interfaces from being deployed simultaneously. It is widely believed that the MIC is influencing the TTA process, particularly encouraging potential 2.3 GHz licensees to support the technology developed domestically as the basis of the sole Korean portable Internet standard. The public and private actions of the MIC support our belief that the government intends to mandate a domestically developed

technology, which likely will exclude certain U.S. companies' technologies from the Korean market. This is certainly against the spirit – and the letter – of the WTO TBT agreement, and it also seems to violate the principle of national treatment. TBT Articles 2.2 and 2.3, as well as Articles D and E of Annex 3, are relevant. Additionally, this decision may also be in violation of the Korea's commitments under the WTO Basic Services Agreement, wherein its Reference Paper requires that, *“Any procedures for the allocation and use of scarce resources, including frequencies, numbers and rights of way, will be carried out in an objective, timely, transparent and non-discriminatory manner.”*

### **Government Procurement**

Korea joined the WTO Government Procurement Agreement (GPA) on January 1, 1997. The scope of the Korean commitment included the procurement of goods and services over specific thresholds by numerous Korean central government agencies, provincial and municipal governments, and some two-dozen government-invested companies. However, Korea's GPA commitment currently does not include Korea Telecom's purchases of telecommunications products and network equipment. This influence on Korea Telecom and its subsidiary, KTF, has resulted in a procurement process that is not transparent or fair and that discriminates against non-Korean suppliers. For example, for a recent project, KTF added a second benchmark test for bidders with criteria that favored Korean suppliers.

USTR should urge the Korean Government not to influence the procurement decisions of privately held companies, such as Korea Telecom and KTF. In addition, any procurement decisions made by the Korean government should be made in the spirit of the GPA.

### **Latin America and the Caribbean**

#### **Import Tariffs**

TIA remains concerned that only three players in Latin America (Costa Rica, El Salvador, Panama) have joined the United States, the European Union, Japan, India, and others in signing the Information Technology Agreement (ITA). All other Latin American countries, many of which are key trading partners in the region, continue to maintain high tariff rates while benefiting from the elimination of tariffs in other markets, taking advantage of the fact that the ITA is a voluntary agreement. If Brazil and its neighbors will not join the ITA voluntarily, then the United States government should push for making the ITA binding in the FTAA or WTO Doha negotiations.

TIA is encouraged that Mexico has chosen to unilaterally reduce tariffs on high-tech goods, but we urge Mexico, and all other Latin American countries, with the exception of the three listed above, to formally adopt the ITA.

### **Mexico**

#### **Standards, Testing, Labeling and Certification**

Mexico was required under its NAFTA obligations, starting January 1, 1998, to recognize conformity assessment bodies in the U.S and Canada under terms no less favorable than those applied to Mexican conformity assessment bodies. Mexico has indicated that it is willing to conform to these obligations only when the Government of Mexico determines that there is additional capacity needed in conformity assessment services. So far, no U.S. or Canadian conformity assessment bodies have been recognized by Mexico for most products that are exported from the U.S. and Canada to Mexico that require product certification. However, Mexican authorities showed promising signs in the fourth quarter of 2003 of living up to those obligations, after a major US certification organization submitted its accreditation application in line with Mexican laws and regulations. Although such signs are encouraging, critical junctions in the accreditation approval process will come in the first quarter of 2004 and ultimately will indicate whether Mexican authorities intend, in good faith, to live up to their NAFTA obligations. The U.S. government should continue to encourage Mexican authorities to process and approve such foreign companies' applications in a timely manner.

Both the U.S. and Canada have openly recognized each other's conformity assessment bodies under the same NAFTA provisions for many years. This has promoted U.S.–Canadian trade by reducing the burden on exports from each other's markets, while meeting the confidence needs of the regulators and the market by allowing manufacturers to obtain needed conformity assessments locally that provide market access for both the U.S. and Canada.

Thus, we urge the government of Mexico to recognize and implement their NAFTA obligations to recognize conformity assessment bodies in the U.S. and Canada under terms no less favorable than those applied to Mexican conformity assessment bodies.

## **Russia**

### **Costly and Inefficient Equipment Certification Process**

The Russian Ministry of Communications and Informatization continues to employ a long and costly process for certifying telecommunications equipment for domestic use. The Russian certification process, which more often than not calls for the completion of testing identical to that done outside the Russian market on the same product, takes at least three months, and costs range from US\$10,000 to US\$100,000 per testing cycle.

Though Russia is not yet a member of the WTO, and thus is not obligated to abide by the tenets of the WTO TBT Agreement, vendors are frustrated by delays, which cost millions of dollars in time spent obtaining certificates, hiring additional human resources to complete the certification process, and paying fees to commercial entities licensed by the Ministry to conduct certification. In general, the certification process is lengthy, inefficient, expensive and not transparent. Given the fact that Russia has been engaged in WTO accession talks for several years, TIA would like to see the country make a genuine effort to harmonize Russian telecom standards and procedures with those required by the WTO.

### **Transparency and Nondiscrimination**

There have been some instances in which Russia's state owned enterprises have issued guidance and recommendations regarding procurement that discriminate against U.S. importers. While, as stated, Russia is not yet a member of the WTO, we encourage Russia to begin implementing transparent procurement procedures and rigorously adopting the nondiscrimination principles required for their accession to the WTO.

### **Taiwan**

#### **Adherence to the WTO Government Procurement Agreement**

In connection with Taiwan's accession to the WTO, the government agreed to join the GPA. Adherence to the GPA's procedures should improve the transparency of the bidding process on major government procurement contracts, but TIA is concerned about government actions in the past year that indicate that Taiwan is not acting in the spirit of the GPA. In addition, Taiwan may be contravening its own government procurement law, which became effective in mid-1999. The new law is being implemented and enforced by a centralized body, the Public Construction Commission. TIA urges USTR to continue to engage Taiwan in negotiations to resolve inequities and transparency concerns in Taiwan's government procurement regime.

### **Conclusion**

TIA strongly believes that it is important that the United States continue its efforts, both bilaterally and multilaterally, to bring about a fully competitive world market for telecommunications equipment. This can be accomplished through the enforcement and expansion of existing trade agreements, as well as the negotiation of new trade agreements.

If you have any questions about this submission, or if there are other ways we can assist you, please do not hesitate to contact Jason Leuck, TIA's Director of International Affairs, at [jleuck@tiaonline.org](mailto:jleuck@tiaonline.org) or (703) 907-7725.

Sincerely,



Matthew J. Flanigan  
President