

## **27th U.S.-China Joint Commission on Commerce and Trade**

Washington, D.C.

November 23, 2016

### **U.S. FACT SHEET**

#### **PARTICIPANTS**

U.S. Secretary of Commerce Penny Pritzker and U.S. Trade Representative Michael Froman, together with Chinese Vice Premier Wang Yang, co-chaired the 27th U.S.-China Joint Commission on Commerce and Trade (JCCT) meetings in Washington, D.C., on November 21-23, 2016. They were joined by U.S. Secretary of Agriculture Tom Vilsack to address agricultural issues.

Other U.S. participants included U.S. Ambassador to China Max Baucus, U.S. Trade and Development Agency Director Leocadia Zak, and additional representatives from the U.S. Departments of Agriculture, Commerce, Justice, State and Treasury and the Office of the U.S. Trade Representative.

Other Chinese participants included China's Ambassador to the United States Cui Tiankai and representatives from the State Council, the National Development and Reform Commission, the Ministries of Agriculture, Commerce, Finance, Foreign Affairs, Industry and Information Technology, Public Security and Science and Technology, Transportation, the China Civil Aviation Administration, the China Food and Drug Administration, the China Insurance Regulatory Commission, the China National Tourism Administration, the General Administration of Customs, the General Administration of Quality Supervision, Inspection and Quarantine, the National Health and Family Planning Commission, the State Administration for Industry and Commerce, the State Forestry Administration, the Cyberspace Administration of China, State Intellectual Property Office, the State Internet Information Office, the State-owned Assets Supervision and Administration Commission, the Legislative Affairs Office of the State Council and the State Administration of Press, Publication, Radio, Film and Television.

#### **OVERVIEW**

As key trading partners and the world's two largest economies, the United States and China share a mutual interest in promoting economic prosperity, both nationally and globally, through cooperative and constructive bilateral engagement under the auspices of the JCCT. During the 27<sup>th</sup> meeting of the JCCT, the two sides focused on ensuring the fulsome implementation of past JCCT commitments and also announced further concrete commitments to promote open trade and investment. The two sides also announced future dialogues and collaborative and capacity building efforts.

## **ENSURING FULL IMPLEMENTATION OF PAST COMMITMENTS**

The following outcomes were achieved with regard to China's ongoing implementation of commitments secured by the United States during past JCCT and other high-level bilateral meetings:

### **DE-LINKING INNOVATION POLICY FROM GOVERNMENT PROCUREMENT PREFERENCES**

*In 2011, after global expressions of concern and intensive U.S. engagement, China ordered subnational governments to abolish government procurement preferences for innovative products developed indigenously. While that action represented a key recognition by China, compliance with the measure proved to be incomplete, and new inconsistent measures continue to come into force. The United States welcomes China's renewed attention to implementation of this critical commitment in 2016 and beyond.*

The General Affairs Office of the State Council issued a document recently, requiring all local regions and all agencies to further clean up related measures involving linking the indigenous innovation policy to the provision of government procurement preferences, so as to practically implement the commitment made by the Chinese side. The U.S. side welcomes this development.

### **PHARMACEUTICALS AND MEDICAL DEVICES**

*China is the second largest pharmaceutical market in the world, forecasted to grow from \$108 billion in 2015 to \$167 billion by 2020, representing an annual growth rate of 9.1 percent. China is the fourth largest medical device market in the world, with sales forecasted to grow from \$17.8 billion in 2015 to \$27 billion by 2020, representing an annual growth rate of 8.7 percent.*

- Policies of the Chinese government in promoting development and application of domestically produced medical devices, are to encourage domestic industrial development, and will not discriminate against or exclude overseas brands or products manufactured overseas. Relevant policies and measures of the central government departments are intended to strengthen advocacy; to establish cooperative platforms for government, industry, academic, research and medical institutions; to improve the quality and standard of domestic medical devices; and shall not be linked to procurement practices. In accordance with relevant laws and regulations, China commits to strengthen oversight on government procurement of medical devices and to treat overseas brands and products manufactured overseas in a transparent, fair and equitable manner, and both sides stand ready to further communicate with parties concerned.

- China has issued two batches of Class II Medical Device Clinical Trial Exemption Catalogues and Class III Medical Device Clinical Trial Exemption Catalogues. China will continue to develop and work on the drafting and adjustment of the Medical Device Clinical Trial Exemption Catalogues. During the development process, China will listen to opinions from industry and relevant stakeholders.
- The Chinese side encourages clinical-value-oriented innovative drugs to be registered and marketed in China, and will further improve related policies, regulations and technical requirements to improve the drug registration review and approval process, to allow drug registration applicants, after approval, to conduct clinical trials within and outside of the territory in parallel, and to allow overseas drug manufacturers to supplement the certificate of pharmaceutical product (CPP) when applying for drug marketing license.

### **NEW COMMITMENTS SECURED IN 2016**

The United States secured the following outcomes from China on a wide range of key trade and investment issues impacting U.S. workers, manufacturers, service providers, farmers, ranchers and small businesses:

#### **AVIAN INFLUENZA**

*The United States and China will collaborate to limit trade restrictions due to avian influenza outbreaks.*

As Member countries to the World Organization for Animal Health (OIE), China and the United States recognize that the OIE's Terrestrial Animal Health Code provides the sanitary requirements for the safe trade of poultry commodities related to avian influenza, and commit to limit trade restrictions due to avian influenza outbreaks to those recommendations. China and the United States commit to exchange information and collaborate on the efforts that will lead to the recognition of zones free of high pathogenicity and low pathogenicity (subtypes H5 and H7) avian influenza consistent with the recommendations of the OIE Terrestrial Animal Health Code to minimize unnecessary disruptions of trade.

#### **COMPETITION**

*China made a number of important and welcome clarifications and commitments regarding enforcement of China's Anti-monopoly Law (AML) during the JCCTs and S&EDs of the past two years. Recognizing the importance transparency provides to help parties, including U.S. companies, and the public understand their procedural rights under the AML, China has clarified that it has provided on the websites of the anti-monopoly enforcement agencies, and will update in a timely fashion, its laws, rules, regulations and guidelines, as well as enforcement decisions.*

The United States welcomed China's clarifications and commitments made in the 2014 and 2015 JCCTs and S&EDs regarding Anti-Monopoly Law (AML) enforcement. China clarifies that its laws, regulations, rules, and guidelines, as well as decisions on administrative penalties and

merger reviews (published pursuant to AML Art. 30), are published on the websites of China's anti-monopoly enforcement agencies and will be updated in a timely manner.

## **EXCESS CAPACITY**

*Excess capacity and structural problems in steel and other industries is a global challenge which requires collective responses. Building on prior commitments, including ones made in the September 2016 G20 Leaders Communiqué, in the summit statement for the September 2016 meeting between President Obama and China's President Xi in Hangzhou, China, and during prior JCCTs and U.S.-China Strategic and Economic Dialogues, among other fora, the United States and China agreed to intensify their dialogue relating to excess capacity in the steel, aluminum and soda ash industries.*

- Steel: China and the United States agree to jointly promote the expeditious establishment of the Global Forum on Steel Excess Capacity. Upon the establishment of this Global Forum, the United States and China, recognizing the G20 Leaders' commitment to take effective steps to address the challenges of global excess capacity so as to enhance market function and encourage adjustment, commit to actively participate and strengthen information sharing and cooperation. China and the United States will hold an informal China-U.S. JCCT Steel Dialogue in 2017, to fulfill the consensus reached at the G20 Leaders Hangzhou Summit and the 8th U.S.-China Strategic and Economic Dialogue in June, exchange and share global steel development information, review steel capacity and production and the trade situation since the 2016 JCCT Steel Dialogue, and share the experiences and lessons learned with regard to structural adjustment under the circumstances of excess capacity.
- Aluminum: The United States and China are to exchange information in furtherance of their joint commitment at the G20 Leaders Hangzhou Summit, i.e., to work together to address global electrolytic aluminum excess capacity.
- Soda Ash: The United States and China are to exchange information regarding the soda ash industry.

## **FOOD SAFETY COOPERATION FOR IMPORTED FOODS**

*Food safety is a key issue of global concern. China and the United States recognize the importance of addressing and resolving food safety issues to protect public health and facilitate trade in safe food. Chinese and U.S. food safety agencies cooperate through existing mechanisms, including the JCCT, to further enhance food safety cooperation.*

Building on the 2015 JCCT commitments to cooperate on food safety matters, China and the United States conducted technical discussions about their respective certificate requirements for imported foods. Both sides agree to further cooperation and discussions regarding import requirements related to food safety.

## **INNOVATION POLICY**

*China's passage of the Cybersecurity Law in 2016, and potential implementing measures, could restrict the use of foreign information and communication technology (ICT) products and services in a wide range of commercial sectors. China's "secure and controllable" policy direction, included in both the Cybersecurity Law and numerous other government measures in the past few years, has been of serious concern to global stakeholders. The outcome below extends commitments made by China on information security policy to its "secure and controllable" measures.*

The United States and China believe that innovation is a key driver for economic development, job creation, and shared prosperity, and innovation plays a vital role in developing solutions to domestic, international, and social challenges. The two sides further recognize that the ability of China and the United States to carry out trade, business, and joint innovation will help promote the well-being of both peoples and promote global economic growth.

Recognizing the importance of interconnected global digital infrastructures and the value of innovative technologies in effectively managing evolving new risks, the two sides recognize that generally applicable Information and Communications Technology (ICT) security-related measures in their respective countries in commercial sectors do not discriminate unnecessarily or unnecessarily restrict trade or the flow of information in an orderly fashion.

China explained that its "secure and controllable" policies generally applicable to the commercial sector are not to unnecessarily limit or prevent commercial sales opportunities for foreign suppliers, of ICT products, services, or technologies and will not impose nationality-based conditions and restrictions on the purchase, sale, and use of ICT by commercial enterprises unnecessarily.

In accord with China's obligations under the WTO Technical Barriers to Trade (TBT) Agreement, it will notify relevant technical regulations to the WTO TBT Committee.

## **INTEGRATED CIRCUITS**

*In 2015, U.S. semiconductor, or integrated circuit, companies accounted for one-half of the \$335 billion global market. China represents the largest single end-market for U.S. semiconductors, and semiconductors were one of China's top imports in 2015, with U.S.-manufactured semiconductors representing 52 percent of China's total semiconductor imports. To ensure a vibrant global semiconductor innovation ecosystem, it is vital that the industry be guided by the principles of openness, transparency, inclusiveness, non-discrimination and consistency with WTO obligations.*

China and the United States jointly reaffirm their commitment to a strong, vibrant global semiconductor industry that operates in fair, open and transparent legal and regulatory environments. China reaffirms that operation of the integrated circuit investment funds are based on market principles and that the government does not interfere with the normal operation of the funds. China clarifies that the government has never asked the fund to require compulsory

technology or IPR transfer as a condition for participation in the Funds' investment projects. The United States welcomes China's clarification and further exchange on this topic.

## **INTELLECTUAL PROPERTY RIGHTS**

*The United States is a leader in technology, the creative arts, and strong brands, propelled in part by the effective protection and enforcement of intellectual property rights. In 2014, intellectual property-intensive industries accounted for nearly 40 percent of U.S. gross domestic product, over one-half the value of U.S. merchandise exports, and the direct or indirect employment of over 45 million Americans. Trade secrets protection is important to a broad cross section of U.S. companies, while trademark-, copyright- and patent-intensive industries each contribute millions of jobs to the U.S. economy. China represents major opportunities for U.S. intellectual property-intensive industries, yet the need to strengthen the protection and enforcement of intellectual property rights remains a critical challenge. The JCCT is the primary bilateral venue to address these challenges in China, as reflected in the following outcomes.*

### **Bad Faith Trademarks**

Affirming their long-standing cooperation on administrative and judicial trademark issues, the United States and China agree that trademarks obtained and asserted in bad faith hinder legitimate commerce, mislead consumers, and deter investment in building global brands. The United States appreciates the positive efforts China has made under the new Trademark Law. Building upon this, China will take further efforts to combat bad faith trademark filings. Moreover, the United States and China will continue to prioritize the issue of bad faith trademark filings, and both sides will strengthen exchanges and communication through bilateral and multilateral channels.

### **Licensing**

China is actively conducting research on the Technology Import and Export Administration Regulations (2002) (TIER) to address U.S. concerns, to support China's efforts to become an innovative economy, and to better address newly emerging areas of technology transfer. To that end, MOFCOM will convene a joint seminar with the United States in the first quarter of 2017.

### **Online Infringement of Intellectual Property Rights and Piracy**

The United States and China fully recognize the significance that enforcing against infringement and counterfeiting online has in protecting intellectual property rights and consumers, and fostering a fair competitive market.

The two sides will strengthen cooperation with right holders and e-commerce platforms to actively and jointly promote the training of U.S. and Chinese small and medium-sized enterprises by e-commerce platforms on protecting intellectual property rights, to help them to use these platforms to foster international trade. Both sides will explore the use of big data and

other new information technologies to enhance the capability for combating infringement and counterfeiting online.

China will actively promote e-commerce-related legislation, strengthen the supervision over network infringement and counterfeiting. In order to address suspected instances of online criminal piracy and trademark counterfeiting in the United States affecting Chinese right holders, the Joint Liaison Group (JLG) IP Criminal Enforcement Working Group point of contact in the U.S. Beijing Embassy will receive such referrals from China's administrative agencies.

### **Sports Broadcast Copyright Protection**

The United States and China will continue to implement the consensus reached by the China - US Joint Commission on Commerce and Trade (JCCT) in 2015 on sports broadcasts. To facilitate the implementation of the commitments, the United States and China confirm that broadcasts of sporting events, including when transmitted over the Internet, should be protected under their respective laws and regulations. China is committed to further study the feasibility of protecting the broadcasts of sporting events under its Copyright Law. China understands the view of the United States that other forms of protection (the Tort law, the Unfair Competition Law, etc.) provide insufficient protection or legal certainty to facilitate license agreements or the investments made in obtaining the rights to broadcast live sporting events. The United States welcomes further clarification on the circumstances under which copyright is available for live sports broadcasts from the Chinese judiciary at the earliest possible time. The United States and China further agree to deepen their technical discussions on copyright protection for sports broadcasts, including by convening a program on the subject in 2017.

### **Trade Secrets**

China confirmed that it is strengthening China's trade secrets protections, including through planned amendments to the Anti-Unfair Competition Law (AUCL), and related judicial practice. China confirms that, in practice, trade secrets misappropriation may be committed by individuals, including employees, who may not be directly involved in the manufacture or sale of goods and services. China plans to bolster other elements of its trade secrets regime, including with respect to the availability of evidence preservation orders and damages based on market value, consistent with other developments in intellectual property law in China, as well as the issuance of a judicial interpretation on preliminary injunctions and other matters. Both sides confirm that, in those cases in which a judicial or administrative enforcement authority requests the submission of confidential information in conjunction with a trade secret enforcement matter, such requests will be narrowly tailored to avoid putting at risk sensitive business information and will be subject to appropriate protective orders to control additional disclosure and ensure that information is not further misappropriated and that any decision that is made publicly available in conjunction with a trade secret enforcement matter will have all confidential information appropriately redacted. The United States and China confirm that trade secret investigations are conducted in a prudent and cautious manner.

## **MUSIC LICENSING**

*The Chinese music industry grossed \$170 million in 2015. China digital music revenues climbed 63.8 percent in 2015. China has 650 million Internet users, 72 percent of China's population listens to music regularly, and 66 percent of music listeners use a streaming service in a typical week.*

China commits to issue a measure allowing foreign-invested enterprises to engage in online music distribution and revoking the requirement established by the Ministry of Culture's 2009 Circular on Strengthening and Improving Online Music Content Examination.

## **PHARMACEUTICALS AND MEDICAL DEVICES**

*The U.S. pharmaceuticals industry directly employs more than 850,000 workers, directly and indirectly supports a total of 4.4 million jobs in the United States, and provides annual compensation to its workers at approximately twice the average for all U.S. workers. China is the second largest pharmaceutical market in the world, with sales estimated at \$109 billion in 2015.*

*The U.S. medical devices industry directly employs more than 519,000 workers, supports a total of 1.9 million jobs in the United States, and provides annual compensation at nearly twice the national average. It includes over 7,000 companies, most of which have less than 100 employees. China is the fourth largest medical device market in the world, with sales estimated at \$18 billion in 2015. The United States is the leading supplier of medical devices to China in all product areas, with exports valued at \$4.2 billion in 2014.*

*The outcomes below will facilitate greater exports to China and allow for better patient outcomes.*

### **Company Verification**

The Chinese side, while working on case review, sometimes cannot obtain timely information that accurately reflects changes that happened with foreign registrant's registration and due to this lack of accurate information case review is delayed. Therefore, both sides hope to establish a communication channel, and U.S. government will provide appropriate assistance with the verification of relevant information about a foreign registrant according to CFDA's requests, and timely respond to CFDA. Agreement on this work has been reached in the Medical Device Subgroup, and it will begin after both sides clarify the contact point and contact method.

### **Down Classification**

Since April 2015, China has amended the Medical Device Classification Rules, formed the Medical Devices Classification Technical Committee, organized and carried out the work to fully amend the Medical Device Classification Catalogue, and has suggested the reclassification of products such as allergy reagents, IVDs used for flow cytometry reagents and immunohistochemistry. China's work on adjusting medical device classification referenced the

commonly recognized and risks based principles, and combined with China's regulatory reality, appropriately downgraded device classes. The revised catalogue will be released after seeking further public comments and research as well as making improvements accordingly.

### **Unique Device Identification (UDI)**

- China highly values international UDI research and development and implementation experience. During the drafting of China's identification number regulations and implementing plans, China will fully consider the U.S. proposal to rely on international standards and harmonize with globally accredited UDI issuing agencies, and China will offer a phased-in and risk-based implementation approach, with an initial implementation period for phase I to be no less than 2 years from issuance of the final rule, and exempting all devices manufactured or labeled prior to the rule's effective date.
- Based on China's current situation, the Chinese side will study international experience, to further complete the building plan of China's UDI and traceability system and establish medical device identification number regulations. During the drafting of the medical device identification number regulations and implementing plans, China will consider international standards, globally accredited issuing agencies and other international UDI guideline topics.

### **Pharmaceutical Regulatory Evaluation and Approval**

China and the United States support pharmaceutical regulatory policies that foster global innovation and protect public health. As for the implementation of drug pricing commitments, China affirms that drug registration review and approval shall not be linked to pricing commitments and shall not require specific pricing information.

### **SOCIAL CREDIT SYSTEM**

*China recently established a comprehensive "Social Credit System" that is intended to address deficiencies in social trust, strengthen access to financial credit instruments, and reduce corruption. As part of the Social Credit System, relevant Chinese agencies will collect and publicize information on market participants. The Social Credit System also includes a blacklist approach for "dishonest market participants." Given the potential impact on U.S. companies doing business in China, the United States welcomes China's commitment to transparency and public participation in rulemaking as relevant agencies develop the Social Credit System.*

China attaches importance to guiding public participation during the process of promoting the construction of its Social Credit System. China, in accordance with relevant domestic laws and administrative regulations, will seek public comments on the website Credit China ([www.creditchina.gov.cn](http://www.creditchina.gov.cn) <<http://www.creditchina.gov.cn/>>) and other relevant websites when it develops laws, administrative regulations and rules relevant to the Social Credit System.

## **TBT AND SPS NOTIFICATION PROCESSES**

*Under the WTO Agreement on Technical Barriers to Trade (TBT Agreement) and the WTO Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement), WTO Members are required to notify other Members through the WTO Secretariat of proposed mandatory standards-related measures, including technical regulations, conformity assessment procedures, and sanitary and phytosanitary measures, before entry into force. Under both agreements, WTO Members are required to notify the proposed measures as early as possible and at a time when amendments to the measures can still be introduced and taken into account. Both TBT and SPS Committees recommend at least a 60-day comment period. This process improves transparency of WTO Members' regulatory processes, helping U.S. firms obtain greater predictability and engagement in a country's rulemaking process.*

The United States and China agree to hold an informational exchange on “TBT and SPS Notification Procedures” in China in 2017. The United States commits, subject to applicable law and the availability of necessary resources, to cover all expenses related to the activity, including costs of the venue, and interpreters. To strengthen their common understanding, China and the United States commit to work together to develop the content and agendas for the exchange, send expert speakers, and invite staff in charge of TBT and SPS transparency from both sides to participate.

## **THEATRICAL FILMS**

*Since the signing of the U.S.-China MOU on theatrical films in 2012 following a successful WTO dispute challenging certain Chinese market access restrictions, China's film market has been growing exponentially, becoming the second largest in the world in terms of box office revenue. In 2011, the year before the MOU went into effect, box office revenues in China totaled \$2.1 billion. By 2015, box office revenues had surged to \$6.8 billion, representing a quadrupling of the 2011 total, and it has continued to grow in 2016. U.S. industry has shared in much of this increased revenue, in large part because the MOU provided for substantial increases in the number of foreign films imported and distributed in China each year and substantial additional revenue for foreign film producers than prior to the signing of the MOU. The MOU calls for the United States and China to engage in further negotiations in 2017 in order to provide additional compensation to the U.S. side, and China has agreed below that these negotiations can and should address a range of outstanding U.S. concerns relating to policies and practices that may still be impeding the U.S. film industry's access to China's market.*

In accordance with the provisions of paragraph 12 of the Memorandum of Understanding between the People's Republic of China and the United States of America Regarding Films for Theatrical Release (MOU) signed on April 25, 2012, China affirms that it will enter into consultations with the United States in calendar year 2017 in order to provide further meaningful compensation to the United States. To this end, the United States and China agree that, as part of the calendar year 2017 consultations, they will seek to increase the number of revenue-sharing films to be imported each year and the share of gross box office receipts received by U.S. enterprises as well as seek to address outstanding U.S. concerns relating to other policies and practices that may impede the U.S. film industry's access to China's market such as importation

rights, the number of distributors of imported films and the independence of distributors, among other issues.

## **TRADE POLICY COMPLIANCE**

*The United States understands that China has begun to take corrective actions to address serious WTO concerns relating to certain Chinese government subsidy programs.*

The United States and China affirm their willingness to consider each side's respective concerns relating to the compliance of trade policies with relevant WTO principles and disciplines. The United States welcomes China's confirmation that the Ministry of Commerce has coordinated with relevant departments and local governments regarding U.S. concerns relating to International Well-Known Brand subsidies and farm machinery subsidies and that China is prepared to adjust the measures at issue as necessary. The two sides are to continue to consult regarding these two matters in 2017.

## **DIALOGUES AND EXCHANGES**

### **ADMINISTRATIVE LAW DIALOGUE**

The United States and China held a productive joint exchange on administrative law issues, including those arising in the sub-central level of government, in Washington, D.C., and Annapolis, Maryland in May 2016. The two sides will continue their joint exchange on administrative law issues in China in 2017 to discuss administrative law topics of interest to our business communities.

### **COMBATING BUSINESS EMAIL COMPROMISE SCAMS**

China and the United States announced deepening cooperation on combating "Business Email Compromise" scams at the S&ED in 2016. On this basis, to supplement ongoing law enforcement cooperation, DOC and MOFCOM commit to hold a joint seminar in 2017 to raise awareness of Business Email Compromise scams among industry circles of both countries. This joint seminar will include law enforcement officials and private sector representatives from each country.

### **COSMETICS REGULATORY DIALOGUE**

Recognizing the need for further collaboration and exchange on international best practices in cosmetics regulation, building on the 2016 JCCT Cosmetics Regulatory Dialogue, China and the United States agree to hold a second Cosmetics Regulatory Dialogue in Beijing in 2017 (aiming for first half of the year) under the JCCT Trade and Investment Working Group. The Dialogue will include participation from government officials and stakeholders, including industry experts. Through the Dialogue, the two sides aim to enhance mutual understanding of existing and emerging cosmetics regulations, guidance, standards and regulatory practices; promote consumer protection; and continue concrete exchanges on shared topics of interest.

## **ENVIRONMENTAL INDUSTRIES FORUM**

The United States and China reaffirm their commitment to continued cooperation on environmental protection through the Environmental Industries Forum (EIF). The two countries plan to convene the next EIF in 2017 and address the topics of waste management and soil contamination, including groundwater pollution prevention and remediation.

## **HEALTHCARE TRADE MISSION TO CHINA**

With the goal of promoting healthcare trade between the United States and China, the U.S. Department of Commerce Deputy Secretary and the U.S. Department of Health and Human Services Deputy Secretary led a U.S. healthcare company delegation to Beijing and Chongqing on October 16-21, 2016, and held productive discussions with various Chinese ministries.

## **IPR COOPERATION**

Both parties are to continue to develop the leading coordinating role of the U.S.-China JCCT IPR Working Group, to resolve IPR-related issues of concern to both parties, and to strengthen their cooperation which forms an underlying basis of their intellectual property relationship.

Both China and the United States commend the U.S. IPR Judicial Study Tour held in April 2016 under the U.S.-China IPR Cooperative Framework Agreement (“CFA”). Both the United States and China attach great attention to the realization of relevant projects under the CFA, and intend to carry out IPR cooperation and exchange projects. Both sides will discuss launching a possible new Cooperative Framework Agreement and new cooperative programs, subject to budget availability, after completion and evaluation of remaining programs under the current CFA.

China’s Ministry of Commerce and the U.S. Patent & Trademark Office will continue cooperative programs on a range of IP-related topics.

In order to demonstrate a commitment to fostering cooperation between governments and rights holders, combatting IPR infringement, and promoting innovation and creativity, both countries are to conduct numerous substantive exchanges and programs on important IPR issues in the year ahead. Highlights of this work are as follows:

- A technology licensing program co-sponsored by the Ministry of Commerce;
- A program on protection of live sports broadcasts with the National Copyright Administration, and relevant agencies;
- A program to exchange information on China’s legal protections for product and service designs, and U.S. trade dress protections;
- Programs on criminal enforcement of trade secrets and counterfeit pharmaceuticals;
- A joint conference in 2017 to share experiences on recent trends in technologies, business models, and international legal developments and to discuss possible ways that criminal law, legislation, and enforcement on IPR may be effectively utilized and adapted to address current and emerging IPR challenges; and
- A workshop on Judicial IPR Protection in China in 2017.

## **LEGAL EXCHANGE**

The 20th U.S.-China Legal Exchange was held in Alexandria, Virginia and Palo Alto, California in February and March 2016. In a dynamic and fruitful discussion, legal experts from both sides addressed two topics of key concern to both sides: developments in China's intellectual property rights (IPR) laws, and e-commerce and IPR. China and the United States agreed to convene the 21st Legal Exchange in Beijing and Shanghai in December 2016 on bankruptcy law topics, to deepen understanding of our respective bankruptcy systems and share ideas on bankruptcy law reform.

## **MOU ON AFRICA CENTERS FOR DISEASE CONTROL**

The U.S. Agency for International Development, People's Republic of China (PRC) Ministry of Commerce, U.S. Department of Health and Human Services, PRC National Health and Family Planning Commission, and U.S. Centers for Disease Control and Prevention signed a Memorandum of Understanding (MOU) today on jointly supporting the Africa Centers for Disease Control and Prevention (Africa CDC). This MOU provides a framework for how the two countries will jointly support building public health capacity and global health security in Africa. The two countries will join efforts to address critically needed public health capacity to control, eliminate, and fight diseases, including providing training, technical assistance, and financial support to the Africa CDC.

## **REVERSE TRADE MISSION MOU**

U.S. Trade Development Agency (USTDA) and China's Ministry of Commerce (MOFCOM) signed a Memorandum of Understanding (MOU) to support a second Select Reverse Trade Mission Initiative for China. The purpose of this initiative is to further USTDA cooperation with MOFCOM on targeted reverse trade mission (RTM) activities for public and private sector entities. Similar to the first set of Select RTMs, USTDA and MOFCOM would partner to facilitate up to four reverse trade mission activities to the United States that would introduce Chinese buyer delegations to U.S. products and services that support China's development and procurement plans. RTM activities would be selected from among the most promising opportunities in the following sectors: healthcare, transportation, information and communications technology, clean energy, environment and agriculture.

## **STATISTICS COOPERATION**

The United States and China value the outcomes achieved by Statistics Working Group under the Joint Commission on Commerce and Trade. During the 13th meeting of the working group held on November 8-9, 2016, both sides reviewed the progress of each research topic, confirmed the new method for further reducing the statistical discrepancies of bilateral merchandise trade, analyzed the causes for the statistical discrepancies of China's foreign direct investment in the United States, and discussed the further analysis of statistical discrepancies of trade in services. On the base of deepening the existing research topics, both sides jointly agreed to launch the research on statistical discrepancies of U.S. foreign direct investment in China. Further, experts from both countries discussed national accounting methods, including GDP, new economy

statistics, balance sheets, and supply use tables. Both sides agreed to cooperate on the 4 key areas above and draft a 2017 work plan by the end of this year. Both sides also agreed to draft a research report on statistical discrepancies of merchandise trade and a research report on statistical discrepancies of China's foreign direct investment in the United States, and submit them to the 28th Joint Commission on Commerce and Trade.

## **WINE CERTIFICATION**

China supports the efforts made by the United States to promote wine trade and a uniform certificate for the APEC region on APEC Wine Regulatory Forum. China is open to further exchange and communication with the United States to promote the healthy development of wine trade and the wine industry.

## **STRATEGIC SESSION**

The 2016 JCCT included a Strategic Session that convened U.S. and Chinese government officials and experts to discuss "Digital Trade: Delivering Broad Based Growth through the Digital Economy." The Session's main objective was to highlight the contribution to global economic growth that can be realized by empowering digital industries. Two U.S. and two Chinese experts shared their insights on topics regarding the digital economy in China and United States and offered suggestions to both governments. After hearing from the experts, senior U.S. and Chinese Government officials engaged in a productive, in-depth discussion of these issues including suggestions for future possible government and private sector initiatives.

## **COLLABORATIVE EVENTS**

The 2016 JCCT featured a series of collaborative events that facilitated private sector engagement with public and private sector officials from both the United States and China. These events focused on important topics, including digital trade and food safety, and also included a roundtable of business leaders.

At the digital trade event, Secretary Pritzker, Ambassador Froman and Vice Premier Wang delivered opening remarks. In addition, two expert panels from U.S. and Chinese industry discussed opportunities in the burgeoning digital trade economy, the enabling environment necessary for digital advancements, and standards development for digital technologies.

The food safety event focused on food safety and was co-sponsored by the U.S.-China Business Council and the China Council for the Promotion of International Trade, in coordination with the U.S.-China Agriculture and Food Partnership. Building upon similar industry events held at the 2014 and 2015 JCCTs, this year's engagement highlighted the cooperation between government and industry on advancing mutual food safety goals, demonstrating the value of public-private dialogue and partnerships in food safety and their importance to human health as well as global trade. The event included important topics such as strengthening consumer protection and enhancing public confidence in the food chain, transparency and food safety regulation implementation, plus best practices in preventing and responding to food safety incidents.

The business roundtable event brought together U.S. and Chinese business leaders and U.S. and Chinese government officials to discuss corporate evolution in a rapidly changing global environment. The participants addressed the necessity and benefit of corporate evolution including responses to the challenges of new technology, compliance with national laws when entering or exiting a market, and structuring enterprises for success. The participants also discussed the appropriate role of government in facilitating industry adaptation.