

Testimony of WANG Guiqing

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Good afternoon. Thank you for the opportunity to appear at today's hearing. I am Wang Guiqing, Vice President of CCCME, China Chamber of Commerce for Import and Export of Machinery and Electronic Products. CCCME now has nearly 10,000 members.

Since most of the items in the proposed list are our members' products, we will express opinions solicited from our member companies.

Firstly, the Report of this 301 investigation holds that there are acts, policies, and practices forcing technology transfer by the government of China. However, China has no laws requiring foreign companies to transfer their technology to their Chinese partners. As for investment, China made corresponding commitments at the time of the accession of WTO and has always been fulfilling its WTO commitments. At present, China's investment environment, intellectual property protection environment, and business environment have all been continuously improved. The number of foreign investors that China attracted also remains very high.

In china, companies can freely choose their partners and projects. Technology transfer, setting up joint ventures, and other business activities are all voluntary actions driven by the market. The intervention or facilitation from the Government of China mentioned in the Report is actually not true.

Secondly, imposing additional tariffs on more than 1300 products will cause harm to a large number of Chinese and US companies.

More than 38,000 companies exporting machinery and electronic products will be affected in China. They comply with the laws in trading and have no intervention from the government in their operation. They have not done anything charged by this 301 investigation. But now, they are the innocent victims. It is unfair for these companies, among which many are US companies in China.

If the tariff proposals come into effect, US retailers and distributors will be faced with difficulties including short of stock, loss of competitive advantages, and reduce of profits. And consumers will be faced with increased price and higher cost of living. Taking color TV as an example, 70% of the color TV supply in the US comes from China. Imposing tariffs will lead to the increase of cost. For the same volume as of 2017, the US

consumers will pay 700 million dollars more each year.

Imposing additional tariffs will also lead to adjustments in the supply chain, and break in the trade chain, thus affecting bilateral and multilateral trade cooperation. The US companies will be faced with challenges like finding alternative upstream goods sources, and losing competitive advantages. Also, they will have problems like raised costs, reduced profits, markets seized by foreign competitors. For example, many US air conditioner manufacturers purchase the core components of air conditioners in China, such as compressors and condensers. Imposing tariffs will increase the cost, which will cut down the profit or even cause the shutdown of companies.

More importantly, most of the affected US domestic companies are SMEs. According to U.S. Census Bureau, 90.2% of the US companies importing Chinese products have less than 100 employees.

The impacts on companies will also be shifted to millions of workers. The pressure of increased cost caused by tariffs will eventually be passed on to hundreds of millions of US consumers. However, they are also innocent victims.

We noticed that after US released the proposed list, the Government of China also released a corresponding list. Once

the trade war begins, more US and Chinese companies will suffer.

In summary, imposing additional tariffs cannot solve any problems pointed out in the Report, and it cannot change the US trade deficit with China. Instead, it will only harm innocent companies and consumers in the two countries. We urge the US government to consider voices of industries and reconsider the tariff proposals.

In the future, China will continue to fulfill its WTO commitments and pursue development with the door wide open. President Xi Jinping announced a series of new measures to pursue further opening on April 10th, 2018. We noticed that China and the United States have already started to have dialogues over trade frictions. We look forward to the two governments strengthening consultations to resolve differences and achieve positive outcomes.