



中国国际贸易商会

China Chamber of International Commerce

**ORAL STATEMENT AT SECTION 301 HEARING**

TAN Jian

China Chamber of International Commerce

May 15, 2018

1. Thank you for the opportunity to appear at today's hearing. I am TAN Jian, Deputy Director General of the IP Service Center of China Chamber of International Commerce ("CCOIC"). CCOIC represents 120,000 enterprises across all industries and sectors in China.
2. CCOIC strongly opposes USTR's proposed action to increase tariffs on a list of products from China. We have set out detailed reasons in our written comments. I will now brief you on the key points.
3. First, the proposed action and the underlying determination are inconsistent with both the international obligations and domestic laws of the United States. By levying an additional duty of 25 percent on Chinese products, the United States will act inconsistently with the WTO Agreements, including Articles I (General Most-Favored-Nation Treatment) and II (Schedules of Concessions) of the *GATT 1994* and Article 23 of the *Dispute Settlement Understanding*. Moreover, by making determinations without recourse to the WTO dispute settlement procedure, the USTR appears to have acted inconsistently with Sections 303 and 304 of the *Trade Act of 1974* as the present investigation does involve certain provisions of the WTO Agreements.
4. Second, the underlying determination that China has implemented acts, policies and practices that are "unreasonable" and burden U.S. commerce lacks factual basis and supporting evidence.
  - a) Foreign enterprises are not, *de jure* or *de facto*, forced to transfer technology in China. There is no causal link between foreign ownership restrictions and/or administrative approval processes, on the one hand, and technology transfer in China, on the other.
  - b) There is no correlation between investments by Chinese enterprises in the United States and Chinese industrial policies. Chinese enterprises' investment is spread widely across various US industries and motivated by diverse reasons, all consistent with market principles. The USTR's findings are based on inaccurate factual information and biased assessment of selected cases, and disregard the

significant contribution of Chinese investment to employment in, and the economic growth of, the United States.

- c) The United States and China share common cyber security challenges, which the two countries should collaborate hand in hand to deal with.
  - d) The USTR failed to provide any explanation for its sources and method of calculating the alleged “\$50 billion of harm” to the United States. Until the harm, if any, is accurately assessed, to implement the proposed action would be inappropriate.
5. Third, the proposed action is not in the interests of the United States. As numerous interested persons have demonstrated, raising tariffs will not only hurt U.S. importers, retailers and downstream industries, but also result in higher costs of living for ordinary Americans and put at risk millions of American jobs that are tied to trade with China. The proposed action will also disrupt global industrial supply chains and undermine the multilateral trading system, both of which benefit the United States greatly.
  6. Fourth, the proposed action is counter-productive for purpose of resolving U.S. concerns. China has made clear that “if the United States insists in unilateralism and trade protectionism irrespective of China and the international community, China will resolutely fight back, take new measures at any cost to defend the interest of our country and its people”. Should the United States implement the proposed action, it will lead to nothing but confrontation between the two countries.
  7. Fifth, cooperation is the only appropriate way to resolve differences. China and the United States share a wide range of common interests and goals, which furnish a sound basis for reaching mutually acceptable solutions. Moreover, to resolve differences in a constructive way is supported by public opinion in the United States and is expected by the international community. Notably, as of May 8<sup>th</sup>, the USTR had received 1,469 comments on its proposed action, more than 90 percent of which opposes the proposed action, and call for constructive dialogue.
  8. In conclusion, the proposed action is (1) inconsistent with U.S. international obligations and domestic laws, (2) unsupported by facts and evidence, (3) not in the U.S. national interest, (4) counter-productive for purpose of resolving differences, and (5) contrary to public opinion. The USTR should decline to take such action.
  9. Again, thank you for the opportunity to appear today. I look forward to your questions.