Comments Regarding China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation

Docket No. USTR-2018-0005

Submitted by Business Roundtable
May 11, 2018

Business Roundtable appreciates the opportunity to provide comments on the U.S. Government's section 301 proposal. Business Roundtable urges the Office of the U.S. Trade Representative not to implement its proposed additional tariff of 25 percent on products from China, instead giving negotiations with China for systemic economic reforms a chance to succeed. Business Roundtable is encouraged that the U.S. and Chinese governments are at the negotiating table and hopeful they will continue discussions and agree on actions that lead to a more mutually beneficial economic relationship.

Business Roundtable agrees with the Administration that China must change a range of trade and investment practices that prevent a level playing field. For too long, the Chinese government has engaged in practices that harm the U.S. economy and American businesses and workers.

Many U.S. companies doing business with China have been hurt by: foreign equity caps and joint venture requirements; intellectual property theft; forced technology transfers; market-distorting subsidies; and unequal treatment under, for example, licensing and other regulatory processes, and in government procurement. China has also erected other barriers against U.S. manufacturing, services, technology, agricultural and digital industries. These practices deny many U.S. companies of the opportunity to compete in China on fair terms.

While some sectors have seen progress over the years, Business Roundtable agrees with the Administration that previous dialogues between China and the United States have yielded insufficient results. In the current negotiations, Treasury Secretary Steven Mnuchin and U.S. Trade Representative Robert Lighthizer should stay focused on China making lasting economic reforms that help ensure a fair and reciprocal relationship. The Administration should not settle for concessions that temporarily reduce America's trade deficit with China but fail to address more systemic challenges facing U.S. businesses.

The Administration should also coordinate more with U.S. allies — both within the context of the World Trade Organization (WTO) and beyond — to maximize this opportunity to convince China to allow fair access to and participation in its market. The Administration’s cooperation with Japan and Europe at the WTO in challenging China's treatment of foreign intellectual property represents a good start.

The Administration should also set specific deadlines for China to make clearly identified, tangible reforms, outlining proportional actions the United States will take in coordination with international partners if China fails to address these concerns. This approach helps ensure international cooperation and reduces the risk of China punishing U.S. companies even as it embraces foreign competitors.

America's businesses seek a level playing field that helps U.S. companies compete fairly and supports more economic growth for both countries. Lasting economic reform in China will not happen overnight, and it will not happen without strong, coordinated and sustained global leadership between the United States and like-minded countries.

Business Roundtable looks forward to continued engagement with the Administration on this important area. Thank you for considering these comments.

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