

Questions from Rep. Boustany

1) Trade in Services Agreement

The Trade in Services Agreement, or TiSA, has massive commercial potential, and could be a major source of job creation for U.S. firms. And if you look at our economy, we have a competitive advantage in this area, with 75 percent of the U.S. GDP being in services, 80 percent of the private sector employment, and currently 30 percent of our exports.

As I look at TISA, 70 percent of the world market is represented with those countries, and while TiSA negotiations are making good progress, I understand that delegations in the WTO are trying to frame the post Bali work plan for the remaining subjects from the stalled Doha agenda, which also includes services.

Can you give us the assurance that the United States will not agree to any post-Bali work plan that would prejudice or impede the TiSA negotiations as a separate plurilateral services agreement?

As I've mentioned in the past, I believe that TiSA is a way to empower even the smallest nations to develop and grow. What do you see as the next step for TiSA?

Response:

The Trade in Services Agreement (TiSA) is an initiative that is separate and distinct from the post-Bali work program and we will continue to work on that basis going forward.

As the negotiations continue, we hope that TiSA will establish global best practices that support economic development and international competitiveness. We are working to accelerate the pace of negotiations to bring TiSA toward completion as quickly as possible. Over time, we hope that others will adopt these practices, whether that is by joining TiSA, applying them unilaterally in their domestic regime, or incorporating them into the multilateral trade framework.

2) Transatlantic Trade Investment Partnership

The United States has always sought ways that the WTO could more effectively tackle trade barriers, including sanitary and phytosanitary barriers to agriculture trade not based on sound science.

The European Union's (EU) regulatory framework for plant protection products – specifically, the hazard based approach to pesticide registration articulated by EU Regulation 1107/2009 (DG Environment) – appears to run afoul of the WTO Sanitary and Phytosanitary Agreement to which the EU and the United States are a signatories. Unfortunately, the EU-DG Environment is proposing to increase its regulatory

divergence from the US and other developed nations by including endocrine disruption as another basis for “categorization” within this regulation.

The EU has never come into compliance with the WTO findings in the beef hormones and biotech cases – SPS cases in which the U.S. prevailed – and the settlements we have reached don’t put the EU in compliance with its obligations. Ambassador Punke, do you have any suggestions as to how we should manage the EU's failure to respect its obligations under the WTO SPS Agreement?

Response:

The U.S. trade and investment relationship with the EU is the largest and most complex economic relationship in the world. Resolving unwarranted barriers with the European Union is a high priority for the Administration to improve access to this important market. We use a variety of venues and mechanisms to seek resolution of unwarranted measures and to ensure that such measures be grounded in science. For example, we raise concerns in bilateral meetings, at the WTO, and in parallel to negotiations of the Transatlantic Trade and Investment Partnership (T-TIP). We will continue to use all tools available to advance with the EU science-based measures.

3) Transatlantic Trade Investment Partnership

According to a European Commission spokesperson, U.S. and European Union trade officials held stocktaking and political meetings in the early fall as the next step in major trade talks between the two sides. The U.S. hosted the seventh round of Transatlantic Trade and Investment Partnership (TTIP) negotiations in October. The two sides are working for progress on opening more agricultural access in the EU and deepening access to the U.S. government procurement market.

Given the EU’s spotty track record of compliance with its obligations under a WTO Agreement, what can we do to ensure that the EU respects its obligations under a TTIP agreement?

Response:

The Transatlantic Trade and Investment Partnership (T-TIP) negotiating teams have been making steady progress over the course of seven negotiating rounds, starting in July 2013. We are working to eliminate tariffs on trade in goods, including agricultural and industrial products, increase market access for services and investment, eliminate unnecessary regulatory barriers to trade, and negotiate other disciplines aimed at increasing our bilateral trade and investment and at addressing global issues of common concern. We are also seeking to include in the agreement binding obligations, subject to dispute settlement, that are aimed at supplementing and improving implementation of WTO commitments, including those in the WTO Sanitary and Phytosanitary (SPS) Agreement and the Technical Barriers to Trade (TBT) Agreement. In addition, we are

seeking to establish mechanisms, such as joint committees, that will closely monitor implementation of the T-TIP agreement, particularly in the areas of SPS and TBT, and will provide a forum to address issues that may arise with regard to specific obligations after entry into force. We believe these T-TIP obligations can reinforce the EU's adherence to its WTO obligations.

4) Transatlantic Trade Investment Partnership

The EU is currently considering new regulations for endocrine disruptors that are not consistent with requirements of the WTO SPS Agreement. The EU approach will impact not only on trade in pesticides – current and future – but also will impact trade in food, feed and seed products produced using these pesticides. The import tolerance specified by the EU for “categorized” compounds is typically effectively zero, so even trace amounts of a compound that becomes “categorized” as an endocrine disruptor or potential endocrine disruptor will likely prevent the food, feed or seed product from entering the EU.

U.S. exports of raw agricultural commodities to the E.U. could be reduced by approximately US\$3.9 billion as a result of this policy change for endocrine classification. The largest effects would be felt in exports of tree nuts and fruits (US\$1.58 billion); soybeans and peanuts (US\$1.52 billion); and grains (US\$0.59 billion). Including food and feed products processed from these commodities would increase the potential effect to US\$4.6 billion.

What is USTR doing to assure that this does not happen?

Response:

We support approaches that ensure health and safety measures are based in science and that protect the public. USTR is working closely with the Environmental Protection Agency (EPA), the U.S. Department of Agriculture (USDA) and others to provide input into the EU's public consultation process to help ensure that the EU considers the relevant science.

5) Commodity Specific: Rice

U.S. rice producers and exporters are being disadvantaged by excessive support programs in foreign countries like Thailand, Vietnam and India. These programs are supporting rice production that ends up on the world market, putting downward pressure on global prices and providing unfair competition to U.S. farmers. There is evidence that these programs are providing amber box support well in excess of these countries' WTO commitments.

What steps is the Administration taking in Geneva to hold these countries to their WTO domestic support obligations?

Response:

USTR continues to work to level the playing field for U.S. farmers, including U.S. rice producers, around the world. We are actively pressing countries on their domestic support and other agricultural policies in the WTO Committee on Agriculture (COA). At the most recent COA meeting on November 13, 2014, for example, the United States, with other WTO Members' support, questioned Thailand and India on their domestic support programs. We will continue efforts to ensure both that WTO Members provide all required transparency to their programs and comply with subsidy disciplines.

6) Commodity Specific: Rice

Many advanced developing countries are woefully behind in their reporting to the WTO of domestic supports to their agricultural sector. India comes to mind as a prime violator. Timely and comprehensive reporting of domestic support levels is critical to an assessment of whether countries are adhering to their WTO obligations.

What steps is the Administration taking to insure compliance with this basic WTO reporting requirement? Absent timely reporting, what is being done to estimate domestic support levels in advanced developing countries?

Response:

USTR continues to actively press countries to comply with transparency obligations at every opportunity, including most recently at the WTO Committee on Agriculture meeting on November 13. And we have had results. For example, India in September 2014 finally notified its domestic support for the years 2005-2011. USTR and the U.S. Department of Agriculture (USDA) work in partnership to monitor and analyze domestic support being provided by other WTO Members. I also raised the issue of China's compliance with its transparency requirements at an Agriculture Committee Special Session meeting on November 27.

7) Commodity Specific: Sugar

India's export subsidies for sugar appear inconsistent with WTO rules. For example, India introduced export subsidies for raw sugar earlier this year and, despite criticism by other WTO members, has refused to withdraw them.

These subsidies appear to be in contravention of WTO rules. What is the Administration doing about it?

Response:

USTR and the U.S. Department of Agriculture (USDA) work in partnership to monitor and analyze domestic support programs being provided by other WTO Members, including India's

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policies supporting various commodities. For example, at the most recent WTO Committee on Agriculture meeting on November 13, the United States and other countries questioned India's support policies for several commodities, including on sugar. India's domestic programs will also be a focal point of discussions in the coming months concerning the Doha Development Agenda.

Questions from Rep. Roskam

1) Agriculture Exports

I appreciate your testimony on the WTO and efforts to eliminate unscientific barriers to trade posed by restrictions that violate the SPS agreement. The United States has benefited tremendously from free trade, and it is essential that we work to create an open trade system that allows American companies to flourish.

I have significant concerns that the USDA catfish program would create the same type of barriers to trade that we have asked other countries not to do to us. USDA has stated that catfish is a low risk food and the ability for USDA to improve the food safety of catfish is "unknown." The New York Times reported last month that 10 ASEAN Ambassadors wrote to Ambassador Froman opposing this program, and some have already hired WTO lawyers to bring a suit against the US if the USDA catfish program is implemented

The USDA catfish program and an impending WTO suit would have an immediate and significant impact on Illinois as seafood processors will become subject to duplicative regulation by FDA and USDA and Illinois agriculture exports could be subject to WTO retaliation based on this program.

I understand that the USDA catfish program final rule is currently pending at OMB for final review. What is USTR doing to address potential WTO issues concerning the USDA catfish program?

Response:

I understand your concerns about the issues related to the new Farm Bill. The final rule is currently being reviewed by the Office of Management and Budget (OMB), including for consistency with international obligations.

Questions from Rep. Reed

1) Geographical Indications

As you noted in your remarks, the EU's approach to geographical indications (GI) poses a serious concern. Of most far-ranging concern is the advanced effort by many EU countries to use the World Intellectual Property Organization (WIPO) as an end-run around long-

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running WTO discussions regarding GIs. The effort to expand the WIPO agreement on GIs poses a very serious concern regarding existing WTO obligations given the fact that there do not appear to be efforts underway to minimize the trade impacts that will occur from the expansion of this WIPO agreement.

What is USTR doing in Geneva to address this concern and ensure that the EU will not be able to successfully use a newly expanded and redrafted international-level agreement on GIs to unfairly block U.S. exports?

Response:

We share your concerns about the EU's approach to GIs that block U.S. exports to the European market and efforts to expand the WIPO-administered Lisbon Agreement for the Protection of Appellations of Origin and their International Registration, to which the U.S. is not a party, to cover GIs generally. USTR, in close coordination with the United States Patent and Trademark Office and the U.S. State Department – the lead U.S. agencies in WIPO – as well as other relevant agencies, is engaging intensively in Geneva as well as bilaterally with numerous trading partners to address our serious concerns with the Lisbon Agreement negotiations.

Questions from Rep. Jenkins

1) WTO Enforcement

Since the creation of the WTO, the United States has been involved in nearly half of the disputes brought under the agreement. In many cases these disputes have been settled favorably, however, in some instances where the United States has prevailed, the offending country has failed to remedy the wrong, sometimes for many years. One glaring example is China, which has still not come into its compliance in the electronic payment services case. In addition, it is well documented that certain exporters in that country try to evade US antidumping and countervailing duties by transshipping products through third countries. Please explain what the Administration is doing to address transshipment. And what more can be done to ensure that WTO members are complying with their obligations?

Response:

As you noted, USTR vigorously enforces U.S. rights under international trade agreements. At the WTO, USTR uses WTO committees to raise issues of concern and build coalitions and, whenever necessary, uses the dispute settlement system to vindicate U.S. rights. Since 2009, USTR has brought 18 WTO complaints against large and strategic trading partners, such as China, India, Indonesia, and Argentina. We have achieved significant successes in these disputes, and just this year USTR has announced four significant WTO victories, including on China's unjustified extra duties on American cars and sport utility vehicles (SUVs); on China's export duties and quotas on exports of rare earths, tungsten, and molybdenum; on Argentina's

import licensing requirement and other import restrictions; and on India's ban on various U.S. agricultural products, such as poultry meat, eggs, and live pigs, allegedly to protect against avian influenza. In each of these significant disputes, USTR has obtained WTO findings that our trading partners have breached WTO rules, and we will continue to pursue a number of active WTO disputes and may bring additional disputes as appropriate to ensure that America's workers and businesses are able to seize all of the job-supporting opportunities available under U.S. trade agreements.

Once we have obtained favorable WTO findings, USTR uses a variety of approaches to ensure that our trading partners comply with WTO rules, including pressing for full compliance in bilateral and multilateral fora, as in the electronic payment services dispute with China, or pursuing further WTO litigation, as in the case of China's continuation of duties on specialty steel. With respect to the former dispute, China's State Council recently announced that it would open the electronic payment services market to qualified foreign and domestic companies. We continue to press China to issue the regulations that would permit companies access to the market on fair and open terms. These approaches are not mutually exclusive, and we continually assess each situation to determine the optimal step.

This Administration is also committed to the vigorous enforcement of our trade remedy laws to protect U.S. workers and businesses from unfair competition and allow them to compete on a level playing field. U.S. Customs and Border Protection (CBP), as well as Homeland Security Investigations (HSI) and other entities within the U.S. Department of Homeland Security (DHS) are critical to our efforts to ensure that we have a meaningful system in place to protect U.S. workers and businesses from unfair trade actions or actions to circumvent our laws. We are working with our interagency partners at the U.S. Department of Commerce, DHS, and CBP to help ensure the vigorous enforcement of our antidumping duty (AD) and countervailing duty (CVD) laws, and we will continue to hold other WTO Members accountable for their international obligations.

Questions from Rep. Reichert

1) Environmental Goods Agreement

The WTO Environmental Goods Agreement has the potential to lower costs and promote widespread usage by consumers and industries around the world for energy-efficient products and technologies. To maximize the potential benefits, I believe that negotiators should be creative and consider products that achieve their intended use in a variety of applications in an energy-efficient way. Such a list could include ceiling fans for heating and cooling and light bulbs and fixtures for lighting. Are negotiators thinking in these terms? How can we work with you to promote a robust list of products?

Response:

The WTO Environmental Goods Agreement (EGA) represents an important opportunity to advance our trade and environmental objectives. We have reviewed the comments that we have received from businesses, environmental groups, U.S. government agencies, and Congress, and are taking these into account as we develop U.S. product proposals and positions in the EGA negotiations, including input on ceiling fans and lighting. We will continue to work closely with you and your colleagues to achieve an EGA that is both environmentally credible and commercially significant.

2) Information Technology Agreement

To follow-up on an issue raised by several of my colleagues, now is a critical time to push for an ambitious expansion of the ITA. Some priority products for this expansion include digital displays, set-top boxes, speakers, GPS systems, music players, and video cameras. How are you keeping up pressure on China and other countries to keep these products in the negotiations and final agreement? Are our European counterparts working with us to maintain a robust outcome?

Response:

An ambitious expansion of the Information Technology Agreement (ITA) is a U.S. trade policy priority. We are working intensively with our global partners to conclude this important trade objective. At the recent Asia-Pacific Economic Cooperation (APEC) leaders meeting, President Obama announced that the United States and China had reached an understanding to expand the scope of goods covered by the ITA. This understanding provided the basis for the resumption of plurilateral negotiations in Geneva in December 2014. We will continue to work closely with key participants to bring about the successful conclusion of this plurilateral negotiation in Geneva.

Questions from Rep. Sander Levin and Rep. Charles Rangel:

1) WTO Secretariat's Criticism of WTO-Consistent Measures

The WTO Secretariat has developed a "trade monitoring" program where, among other things, it identifies "trade-restrictive" measures. These measures include U.S. laws enacted by the Congress, as well as U.S. regulations and administrative programs and investigations. For example, the Secretariat identifies the extension of the National Dairy Promotion and Research Program, which, according to the Secretariat, introduced a fee that "applies to both imports and domestic production." It also identifies all investigations into whether imports into the U.S. are being dumped or unfairly subsidized and causing material injury to a U.S. industry. The Director General of the WTO has expressed concern over these measures – regardless of whether the measures are fully consistent with the agreements reached by the sovereign members of the WTO.

The concern expressed about antidumping measures is particularly disturbing. The sovereign members of the WTO have agreed that dumping “is to be condemned” and have explicitly authorized the investigations criticized by the Secretariat, as well as the application of antidumping duties, as the appropriate response. Similarly, countervailing duties are applied to address trade-distorting subsidies that cause material injury to domestic industries. If the Secretariat of this member-driven organization has any role to play in expressing concerns, it should be expressing concerns over the dumping and unfair subsidization of products on the world markets, not over measures taken to address those unfair trade practices.

The Secretariat also categorically praises “trade-facilitating measures,” despite the fact that some trade-facilitating measures are trade-distortive, and some are inconsistent with the rules agreed to by the WTO members.

Do you agree that the Secretariat’s criticisms of these measures are disturbing? Is it appropriate for the WTO to be making overarching statements condemning trade-restrictive measures and praising trade-facilitative measures? What does USTR believe to be the appropriate role for the WTO to play with regard to labeling “trade-restrictive” or “protectionist” measures? What is the United States doing to address this issue at the WTO?

The Secretariat also describes the main function of the WTO as seeking “to ensure that trade flows as smoothly, predictably and freely as possible.” What, in your view, is the main function of the WTO? Should a central function of the WTO be to ensure that trade flows as *fairly* as possible (i.e., in accordance with the rules established by the WTO members themselves)?

Response:

We have noted in past discussions on the WTO Secretariat’s report, which generally performs a useful function related to implementation of G-20 pledges to avoid protectionism, that it is not appropriate to consider trade remedy actions as trade restrictive measures or to characterize them as protectionist. WTO rules are clear in this regard. That said, the Secretariat’s report plays no role in assessing compliance with WTO obligations and it will not change our vigilance in holding our trading partners accountable.

2) Appellate Body Overreach

There is widespread and growing concern among WTO members, Members of Congress, and legal scholars that on too many occasions the Appellate Body has gone beyond interpreting agreements. In some instances the Appellate Body has established new obligations that the WTO members never agreed to accept. These decisions make negotiating new agreements at the WTO even more difficult as countries are often unsure

how the Appellate Body will interpret the text of a new agreement. In your view, what can be done to address Appellate Body “overreach”?

Response:

We share the concern about Appellate Body overreaching in certain reports, recognizing that the Appellate Body has in some cases reversed strong panel reports, particularly in the area of trade remedies. The United States is an active user of the WTO dispute settlement system to enforce its rights and we want and need a system that understands and respects its role. We seek, through our advocacy in particular disputes, our participation in the Dispute Settlement Body, and our engagement with other WTO Members, to ensure that the Appellate Body exercises only its role as set out in the Dispute Settlement Understanding and the WTO Agreement. We have also introduced for discussion potential guidance that WTO Members could provide to panels and the Appellate Body to clarify their role in resolving disputes. We will continue to work with the Committee on this important issue.

3) Enforcement

An important part of our WTO trade agenda needs to be enforcement of the rules that are already in place. Enforcement and enforceability are what give meaning to the existing rules and our efforts to create new rules. Please describe the areas where the Administration sees the most meaningful opportunities for bringing offensive cases at the WTO in the future. Further, please discuss the role the Interagency Trade Enforcement Center has played thus far and the role you see it playing in the future in enhancing the ability of USTR’s litigators to pursue and defend U.S. trade interests through enforcement actions at the WTO. What more can Congress do to support USTR’s enforcement efforts to level the playing field for our companies and workers?

Response:

Vigilant monitoring and rigorous enforcement of U.S. trade rights is necessary to ensure that America’s working families are able to seize all of the job-supporting opportunities available under U.S. trade agreements. Under this Administration, USTR has vigorously enforced U.S. rights at the WTO, bringing 18 WTO complaints since 2009 against major trading partners, such as China, India, Indonesia, and Argentina. These complaints have covered practices such as trade-distorting subsidies, export restraints on raw materials, import licensing barriers for industrial and agricultural products, local content requirements, retaliatory use of trade remedies, and non-science-based measures.

These restrictions have affected or had the potential to affect significant amounts of trade. For example, the United States recently prevailed in a dispute finding that China breached WTO rules by imposing unjustified extra duties on American cars and SUVs; in 2013, an estimated \$5.1 billion of U.S. auto exports were covered by those duties. In another recent dispute, the WTO found that China breached WTO rules by imposing duties and quotas on exports of rare

earths, tungsten, and molybdenum. Those export restraints promote China's own industry and discriminate against U.S. companies using those materials, which are key inputs by American manufacturing sectors, including hybrid car batteries, wind turbines, energy efficient lighting, steel, advanced electronics, automobiles, petroleum, and chemicals. And over recent years, we have seen that similar restrictions have been adopted by different WTO Members while other restrictions have been repeated by the same Member. These developments make it all the more important that USTR have the focus and ability to bring resource-intensive enforcement actions in the WTO, as necessary, to vindicate U.S. rights.

USTR will continue its enforcement efforts with a focus on opening large, strategic markets, and combatting policies and practices of concern. Operationally housed at USTR, ITEC is a partner and enhances enforcement efforts using expertise from across the federal government. With its interagency team of multi-lingual researchers, subject matter experts, and economic analysts, ITEC leverages and mobilizes federal government resources and expertise to address unfair foreign trade practices and increase engagement with foreign trade partners. Examples of some of the issues ITEC is currently examining include various types of subsidies in a number of countries, intellectual property rights issues, and assorted tax issues that could provide export subsidies or benefit locally produced goods over imported goods.

Question from Rep. Sander Levin:

1) Environmental Goods Agreement

Negotiations of the Environmental Goods Agreement (EGA) recently began. These negotiations have the potential to make it more cost effective to address a wide range of environmental issues and increase U.S. exports. Of course, there are a number of difficult issues that will need to be resolved. For instance, the scope of the EGA is uncertain at this stage, both in terms of product coverage and obligations. What is USTR's approach to determining which goods should be covered under the EGA? Further, what is USTR's approach to addressing non-tariff barriers (NTBs) in the EGA?

Response:

The WTO Environmental Goods Agreement (EGA) represents an important opportunity to advance our trade and environmental objectives.

We have taken a pragmatic, step-by-step approach on environmental goods over the past several years, building a coalition of countries committed to liberalizing trade in these important technologies, first in APEC and now in the WTO. The next step is to secure agreement to eliminate tariffs on a broad range of environmental goods through the newly launched EGA negotiations. We also recognize the critical importance of addressing non-tariff barriers in this and other sectors, and will work closely with stakeholders to address them in the WTO and other fora. Successful, timely completion of the EGA will require a focused effort among WTO Members.

We have reviewed the comments that we have received from businesses and environmental groups, including through consultations with our cleared advisors and the public hearing we held on the issue, and are taking this input into account to develop U.S. product proposals and positions in the EGA negotiations. We will continue to work closely with Members of Congress to achieve an EGA that is both environmentally credible and commercially significant.

Question from Rep. Richard Neal:

1) SOEs in TiSA

I was pleased to see that TiSA negotiations are progressing, and I appreciate the update Ambassador Punke provided. I'm interested in one particular area of the TiSA negotiations: state-owned enterprises (SOEs). What is USTR's plan for addressing SOEs in TiSA? Does USTR plan on proposing SOE disciplines where each country would be required to make horizontal commitments?

Response:

We believe that unfair competition with state-owned enterprises (SOEs) can pose a serious challenge for U.S. service suppliers. We are working with stakeholders and other agencies in order to assess whether to develop horizontal disciplines on SOEs, and will consult with you as our thinking evolves.

Questions from Rep. Richard Neal and Rep. Ron Kind:

1) China in TiSA

Ambassador Punke, I appreciate your previous statements expressing concern over China joining the TiSA negotiations. China has been a difficult party to negotiate with in the past, such as in the Doha Round, and we have continued to struggle with China in current negotiations, including ITA. China also lacks transparency, which can make it extremely difficult to know whether it is implementing its obligations. Do the other TiSA parties believe that China should join the TiSA negotiations? Under what circumstances would you be willing to include China in the TiSA negotiations?

Response:

The United States and other Trade in Services Agreement (TiSA) participants have committed to meeting the high standards we are pursuing in TiSA. These standards include providing a high degree of market access for key service sectors and the adoption of new rules to address emerging trade issues, including in particular in areas related to the supply of services over the Internet. As with previous new entrants, we would need to have strong assurances that China is

ready to move forward in these areas before the United States would join any consensus to allow China to join the TiSA negotiations.

Question from Rep. John Larson:

1) China as a ‘Responsible Stakeholder’

I am concerned about the impact China has had on the WTO as an institution and the multilateral trading system. We have come to assume that China will retaliate against the United States or U.S. companies if the United States or its companies seek to enforce the rights afforded by the WTO Agreements. In your view, what are the consequences of tolerating this type of behavior by a WTO member? Are there any rules in the WTO that prohibit this kind of unilateral retaliation, which has not been authorized by the WTO? What are the options the United States and others have to push back on China both formally and informally at the WTO? What has USTR done so far and what would USTR consider doing if this type of behavior doesn’t change?

Is it your view that China is stepping up to being a ‘responsible stakeholder’ in the WTO system in a manner commensurate with the size and growing importance of its economy in the world?

I am also very concerned about the longstanding problem of China’s lack of transparency in its laws and regulations affecting international trade and investment – which not only creates challenging conditions for U.S. companies on the ground but also for the United States and other governments trying to assess whether China is acting consistently with its WTO obligations. Is China meeting its transparency obligations under the WTO rules? Are there particular areas where China’s lack of transparency is particularly harmful to U.S. interests or particularly out of line with its obligations? What has USTR done, and what is USTR doing to address this issue?

Response:

China plays an increasingly active role in the WTO. Over the past year, China has taken steps to play a constructive role in the completion of the historic Bali Package, adopted at the 9th WTO Ministerial Conference in December 2013, and the negotiations for an Information Technology Agreement (ITA) and the Environmental Goods Agreement (EGA). China clearly was not supportive of efforts by India and a few other WTO Members to block implementation of the Trade Facilitation Agreement in July and generally worked to move the deal forward. We also were pleased to finally reach bilateral agreement with China on the ITA on the margins of the APEC Leaders’ Meeting in Beijing, and China is actively engaged in the WTO EGA negotiations.

At the same time, the United States has not hesitated to vigilantly enforce U.S. rights against China in the WTO. When China takes retaliatory trade actions, we have responded by

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challenging those actions at the WTO. For example, we have successfully challenged China's improper use of antidumping and countervailing duty remedies on imports of U.S. grain-oriented electrical steel, poultry products and automobiles. More broadly, we discuss the issue of retaliatory trade actions with like-minded trading partners in Geneva with the goal of trying to curtail such practices, and have raised serious concerns about China's actions in WTO committee meetings and during China's biannual Trade Policy Reviews at the WTO.

With respect to transparency, while China has taken substantive steps to improve transparency since its accession to the WTO in 2001, China still has some ways to go to provide all required information about its policies and practices. For example, China committed to adopt a single official journal and publish within it all trade-related laws, regulations, and other measures. Although it established the official journal, it is not as comprehensive as it should be. China also does not consistently publish draft measures of trade-related laws, regulations, and other measures for public comment, nor does it frequently make translations available in one or more WTO languages or consistently provide regular and complete WTO notifications, including in the area of subsidies, despite its commitments to do so. As recently as a November 28th meeting of the Committee on Agriculture Special Session, the United States pressed China for tardy notifications with regard to its agricultural subsidies.

The Administration is pushing China hard to improve its transparency practices in all of these areas. We regularly use bilateral mechanisms, such as the U.S.-China Joint Commission on Commerce and Trade and the economic track of the U.S-China Strategic and Economic Dialogue, to press China to meet its transparency commitments and to secure needed progress from China. In addition, we have been and will continue to be leaders in the WTO in raising concerns about China's policies and practices in relevant committees. We have now counter-notified over 300 Chinese subsidy measures and provided full translations of these measures accessible to all WTO Members and the general public. Most recently, we filed counter-notifications in the WTO Committee on Subsidies and Countervailing Measures and the Working Party on State Trading Enterprises. Our counter notification of state trading enterprises identified 153 Chinese entities, including 44 entities not previously notified by China, and provided detailed information regarding the legal establishment and functioning for all of the entities.