

U.S. - China Negotiations to Resume

Chance to Avoid Trade Sanctions

United States Trade Representative Mickey Kantor accepted an invitation by the Chinese Minister of Foreign Trade and Economic Cooperation, Mme. Wu Yi, to resume talks about Intellectual Property Rights. Kantor announced at a press conference in Washington Monday night (EST) to send negotiators to China on February 13.

Kantor said he was "delighted and impressed" by the quick Chinese reaction, and that both sides want an agreement. "We will go to these talks with an open mind and hoping that we can reach an agreement that is effective." Kantor explained that the U.S. delegation to the talks in Beijing will be led by Mr. Lee Sands, but that both ambassador Barshefsky and Kantor himself would be ready to participate in the negotiations if needed.

After the initial negotiation round had broken down on January 28, the United States had announced trade sanctions against China on February 4. The sanctions would include punitive tariffs of 100 percent on imports from China worth one billion dollars -- about four percent of China's total exports to the United States and an amount equal to the estimated loss U.S. enterprises suffer from Chinese copyright violations. The tariffs would hit 35 Chinese products such as mobile phones and bicycles. The volume of the trade sanctions would be the highest in U.S. history.

The Chinese Ministry of Foreign Trade and Economic Cooperation (MOFTEC) had answered on the same day with a counter-retaliation list against U.S. exports to China as well as the suspension of negotiations on large automobile joint ventures and other projects. Both the U.S. sanctions and the Chinese retaliation had been announced to become effective February 26.

copying of U.S. computer software, movies and video tapes, as well as music tapes and CDs to avoid huge amounts of license payments to the copyright owners. The Chinese government insisted it had taken serious measures to protect the Intellectual Property Rights of U.S. enterprises.

Protection of the soft services business on the Chinese market is a high priority in the U.S. trade policy towards China. Intellectual products such as movies, music, computer programs and technological know-how play an increasing role in U.S. exports, the world's leading supplier. The U.S. trade deficit with China had reached \$22.8 billion in 1993.

The Chinese central government, on the other hand, is interested in demonstrating its authority and ability to respond to any international challenge for domestic reasons. During the past few years, it had lost more and more of its power to provincial and local governments.

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A Cross Border Publication of Ming Tsey Chow (Belgium), Guo Tiyi (China), Helmut Schoenleber (Germany), David Kwok (Hong Kong), Makoto Shidehara (Japan), and Michael Hughes (U.S.A.). Contact: Helmut Schoenleber, Neuweg 22, D-64372 Ober-Ramstadt, Germany, Fax (+49 6154) 53 770.

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