

Trade group calls for BIT

Chen Weihua

January 23, 2015

Finalizing a high-standard Bilateral Investment Treaty (BIT) has been at the top of a priority list to expand the US-China commercial relationship in 2015, according to a statement released on Thursday by the Washington-based US-China Business Council (USCBC).

It is the fourth year the USCBC has issued such statement and the fourth year that a BIT was mentioned.

John Frisbie, president of the USCBC, believes it's important to see if the two sides can finalize the treaty this year. He said that it doesn't necessarily mean getting the treaty approved, but "getting the final treaty done should at least be the objective", he told reporters on Thursday.

Frisbie said that could be an ambitious goal but added that what matters most is the negative list negotiation.

A BIT provides one of the best opportunities to reduce investment barriers in both countries and improve protection for US and Chinese investors in each other's markets, according to the statement.

It said that finalizing a high-standard BIT with very limited exceptions in the negative list would provide a forward-looking framework for the commercial relationship and should be a priority for both governments.

"If we get a good quality agreement, I am quite confident that we can see a way to get it passed, because it will be enormously helpful to the level-playing field issue, and more access for American companies, and more support for Chinese companies which want to invest here, employing Americans and paying taxes," Frisbie said.

Some 50 CEOs of USCBC member companies wrote a letter to President Obama last October, three weeks before his trip to Beijing, urging him to prioritize a BIT with China. Concluding the BIT at an earlier date was among the key outcomes of Obama's meeting with Chinese President Xi Jinping.

US governors and mayors have shown enthusiasm for boosting trade and investment ties with China. There have been a total of 59 trade missions led by US governors to China since 2009, Frisbie said.

"That tells you how the relationship is viewed outside Washington and matters to our economy," he said. "That's why BIT is important. It helps both sides."

The statement by USCBC, which represents some 220 US companies doing business in China, called to further solidify the foundation for mutually beneficial commercial relations, reduce trade barriers, enforce globally accepted trade rules, ensure competitive neutrality, improve transparency, strengthen the protection of intellectual property rights and adhere to mutually beneficial innovation policies.

While US businesses had expressed concern about the enforcement of China's relatively new Antimonopoly Law in 2014, the number of investigations filed during the last quarter of 2014 fell significantly, according to a USCBC analysis.

At the China-US Joint Commission on Commerce and Trade (JCCT) meeting in Chicago last month, Chinese officials announced measures for more transparency and legal counsel for companies involved in antimonopoly cases.

The USCBC statement also addresses some key concerns for the Chinese side, such as calling on the US to take several steps to foster positive momentum and confidence-building in the US-China relationship.

The statement said the US Congress should approve reforms to the International Monetary Fund to appropriately acknowledge China's contributions and responsibilities to the global economy.

The US Congress' failure to approve the 2010 IMF measures to give a bigger say to emerging economies has drawn sharp criticism across the world.

The USCBC statement also called on the US to eliminate counterproductive China-targeted provisions in US appropriations bills, such as those restricting the Office of Science and Technology Policy from interactions with its counterparts in China and China-specific language included in IT procurement risk assessments by the Departments of Commerce and Justice, the National Academy of Sciences and NASA.

The statement called on the US government to allow greater exports of US high-tech goods that do not present a security risk and are already available on open markets from non-US sources.

China has long urged the US to lift its strict restrictions on high-tech exports to China, a move that could help reduce US deficits with China. Many have regarded the decades old restrictions as a Cold War legacy.

Henry Levine, a senior advisor at the Albright-Stonebridge Group, a consulting firm, and a former deputy assistant secretary of commerce for Asia, told China Daily earlier that the US has over-controlled its high-tech exports to China.

"My feeling was then and still is today that we were over-controlling, and controlling too much," said Levine, who worked in the State Department in the 1980s on export control policy.

The USCBC statement also called on the US to confirm that it will begin using market economy methodology in China's trade remedy proceedings on or before December 11, 2016, as specified in China's WTO entry agreement.

Bill Watson, a trade policy analyst at the Cato Institute in Washington, has described the US designation of China as a nonmarket economy as serving as an excuse for lawless protectionism on the part of the US, allowing the US to impose arbitrary antidumping measures on Chinese exports.