



**Telecommunications Industry Association  
Oral Testimony by James Reid**

**Public Hearing  
before the Trade Policy Staff Committee of the  
Office of the U.S. Trade Representative  
on China's Implementation of the WTO Agreement  
Washington, D.C.  
October 7, 2015**

- On behalf of USITO, the Telecommunications Industry Association, and its member companies, I thank you for the opportunity to speak before you today.
- TIA represents over 300 manufacturers and suppliers of high-tech telecommunications networks here in the United States and around the world. TIA is also an ANSI accredited standards development organization.
- I would also like to note our support for the range of issues covered in the USITO written submission, which underscore the challenging commercial environment in China for the global ICT industry.
- In the interests of time, I will focus my comments on a few key policies, which continue to be major concerns for the telecommunications industry.

**Catalogue of Telecommunication Service Categories**

- We remain deeply concerned with the 2013 release of the draft revisions to China's *Catalogue of Telecommunication Service Categories* (Telecom Services Catalogue) and the release of the draft *Administrative Measures for the Trial Operation of New Types of Telecommunications Businesses* (Trial Operation Measures).
- While we have not seen either of these draft measures move forward, they remain a major concern to the ICT industry because of the potential to greatly expand MIIT's regulatory oversight, resulting in new market access barriers that do not appear to be consistent with China's WTO commitments.
- The revisions to the Telecom Services Catalogue and the Trial Operation Measures would increase the regulatory scope of MIIT by broadening the current licensing scheme for Basic Telecom Services and Value-Added Telecom Services to include new categories of ICT services and higher levels of regulatory oversight for new types of businesses models that use the public network to deliver services.
- Compounding our concerns is that this increased regulatory oversight would be accomplished by inaccurately classifying a broad range of ICT technologies and

services as telecom services, rather than computer or business services that use the Internet as a delivery mechanism.

- Examples of the types of services that would be restricted under the draft amendments to the Telecom Services Catalogue: cloud-based computing; electronic commerce; and audio, visual, and application software.
- If these various computer and business services are reclassified as telecom services, some of the market restrictions that would be placed on businesses include equity caps, joint venture requirements, and overly high minimum capitalization requirements.
- These actions could have long-lasting harmful effects on the commercial environment and innovation in these services in China, as well as creating additional barriers to U.S. companies looking to do business in China.
- It's also worth noting that even in draft form the Telecom Services Catalogue amendments have already impacted market access. Without clarity on a timeline for approval or further revision, and a de facto refusal to grant licenses to foreign companies, the only option for foreign companies wanting to provide cloud services in China is to partner with domestic companies.

### **Network Access License and Type Approval**

- The second issue that I wanted to bring to your attention today is China's existing testing and certification regime for telecom equipment, which is more burdensome than necessary and can lack transparency.
- The end result is a testing and certification regime that appears to be unnecessarily duplicative, confusing, and opaque, which leads to higher costs for products exported to China and delays in getting products to market.
- While there have been some actions by the Chinese government to streamline the testing regime for telecom equipment, China still has in place three separate testing requirements, Radio Type Approval, the Network Access License, and the China Compulsory Certification.
- I would also note that in its WTO Accession Documentation, China committed to not subject imported products to more than one conformity assessment.
- We would urge the Chinese government to continue to look for ways to further streamline the current testing and certification regime, with the goal of enhancing transparency, improved notice and comment periods for new type approval requirements, and better engagement with industry.
- We would encourage the establishment of a regular public stakeholder consultation process to review type approval requirements and procedures and enable a continuing dialogue with industry to identify areas where improvements can be made to the type approval process.

- Before concluding, I wanted to note an additional concern regarding China's compliance with its WTO commitment on antidumping. Despite numerous WTO dispute panel rulings against China on its administration of antidumping cases, China continues to accept cases that are inconsistent with its WTO obligations.
- China has targeted the global optical fiber industry, initiating numerous cases, all of which have substantial flaws. These flaws, all subject to previous WTO cases, include failure to meet WTO standards on injury or threat of injury, ignoring market conditions, especially existence of merchant markets, and failing to meet transparency and disclosure requirements.

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