



ECONOMIC AND TRADE AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE PEOPLE'S REPUBLIC OF CHINA FACT SHEET

AGRICULTURE AND SEAFOOD RELATED PROVISIONS

Overview

Since 2009, China has been one of the top four largest export markets in the world for U.S. food, agricultural, and seafood products. China's rapidly-developing economy has become one of the fastest growing markets in the world. While China represents a major market for U.S. agricultural exports, China's overly restrictive and burdensome import requirements have hampered the ability of U.S. farmers to compete on a level playing field.

The Phase One economic and trade agreement signed by the United States and China on January 15, 2020, will further open China's food and agriculture market to American products. The Phase One agreement addresses structural barriers to trade and will support a dramatic expansion of U.S. food, agriculture, and seafood product exports, increase American farm and fishery income, generate more rural economic activity, and promote job growth.

Key outcomes of the Phase One agreement are:

- **Purchases:** China will purchase and import on average at least \$40 billion of U.S. food, agricultural, and seafood products annually for a total of at least \$80 billion over the next two years. Products will cover the full range of U.S. food, agricultural, and seafood products. On top of that, China will strive to import an additional \$5 billion per year over the next two years.
- **Agricultural Biotechnology:** China has agreed to implement a transparent, predictable, efficient, science- and risk-based regulatory process for the evaluation and authorization of products of agricultural biotechnology. China's time frame for review and authorization for

products for feed or further processing will be an average of 24 months. China has also agreed to certain administrative improvements in the application process, and to certain steps to address situations of low-level presence.

- **Domestic Support:** China has agreed to abide by its current World Trade Organization (WTO) obligations on the transparency of its domestic support measures. Separate from this Agreement, as part of a WTO dispute brought and won by the United States, China previously agreed to comply with its WTO obligations on its domestic support for rice and wheat by March 31, 2020. The United States maintains the right to take actions related to that dispute.
- **Tariff Rate Quota Administration:** China has agreed to comply with its WTO obligations and to make specific improvements to its administration of wheat, corn, and rice tariff-rate quotas (TRQs), including the allocation methodology, treatment of non-state trading quota applicants, and transparency. Separate from this Agreement, as part of a WTO dispute brought and won by the United States, China agreed to comply with its WTO obligations for the administration of TRQs for wheat, corn, and rice by December 31, 2019.
- **Sanitary and Phytosanitary Measures:** The Phase One agreement streamlines and establishes timeframes for Chinese regulatory actions for meat, poultry, seafood, dairy, infant formula, rice, potatoes, nectarines, blueberries, avocados, barley, alfalfa pellets, hay, feed additives, distillers' dried grains (DDGs), distillers' dried grains with solubles (DDGS), and pet food. The Parties agreed to not implement food safety regulations that are not science- and risk-based and shall only apply such regulations to the extent necessary to protect human life or health. In addition, recognizing the importance of ensuring that sanitary and phytosanitary (SPS) measures are science-based, non-discriminatory, and account for regional differences, the Parties have agreed that China will improve SPS measures affecting a wide variety of products, which will facilitate exports of U.S. food and agricultural products to China.
- **Geographical Indications (GIs):** China has agreed to not undermine market access for U.S. exports to China using trademarks and generic terms through any GI measures taken in connection with an international agreement, to use certain relevant factors when making determinations for genericness, and to not provide GI protection to

individual components of multi-component terms if the individual component is generic.

- **Intellectual Property for Agriculture:** China has agreed to prohibit the unauthorized disclosure of undisclosed information, trade secrets, or confidential business information by government personnel or third-party experts or advisors when such information is submitted to the central or sub-central levels of government.

Specific Elements of the Agreement

- **China's Imports of U.S. Agricultural and Seafood Products:** China will purchase and import on average at least \$40 billion annually of U.S. food, agricultural, and seafood products, for a total of at least \$80 billion over the next two years. Products will cover the full range of U.S. food, agricultural, and seafood products. On top of that, China will strive to import an additional \$5 billion per year over the next two years. China and the United States recognize that purchases are to be made at market prices based on commercial considerations and that market conditions may dictate the time of year that agricultural purchases are made within any given year.
- **Agricultural Biotechnology:** China has agreed to implement a transparent, predictable, efficient, science- and risk-based regulatory process for the evaluation and authorization of products of agricultural biotechnology. China's average time frame for review and authorization of products for feed or further processing will be an average of 24 months. China has also agreed to certain administrative improvements in the application process, including pre-screening of applications for completeness, timely submission and review of information for the National Biosafety Committee, extending authorizations to five years, accepting applications on a year-round basis, not requesting information unnecessary for assessing the safety of the product for its intended use, and issuing biosafety certificates within 20 business days of completion of the safety evaluation. China also agreed to certain steps to address situations of low-level presence and to develop safety assessment procedures for approval of food ingredients that are derived from genetically modified microorganisms.
- **Food Safety:** China and the United States have agreed to not implement food safety regulations, or require actions of the other Party's regulatory authorities that are not science- or risk-based and to apply regulations

and require such actions only to the extent necessary to protect human life or health. China also has agreed to not require certification for low risk food products from the United States.

- **Poultry:** U.S. exports of poultry meat products to China were valued at over \$500 million in 2013 and have the potential to reach or exceed \$1 billion annually. On November 14, 2019, China reopened its market to U.S. poultry meat, partially eliminating the ban it had imposed in late 2014.

U.S. establishments can only export to China poultry that is slaughtered and further processed after the establishment has been added to the General Administration of Customs of the People's Republic of China (GACC) website. On November 22, 2019, GACC completed updating an initial online list of 349 U.S. establishments eligible to export to China.

The Parties will next work to finalize a protocol for the regionalization of poultry diseases. China has also committed to fully lifting the ban on other U.S. poultry commodities, including live birds. Furthermore, China committed to abide by World Organization for Animal Health (OIE) standards for international trade of poultry products.

- **Pork:** U.S. exports of pork products were \$700 million in 2017 and are expected to reach \$1.7 billion annually in the next two to three years. China agreed to broaden the list of pork products that are eligible for importation to include processed products such as ham and certain types of offal that are certified by USDA's Food Safety and Inspection Service (FSIS) for human consumption.
- **Beef:** China will expand the scope of beef products allowed to be imported, eliminate age restrictions on cattle slaughtered for export to China, and recognize the U.S. beef and beef products' traceability system. China will establish maximum residue levels for three synthetic hormones legally used for decades in the United States consistent with Codex Alimentarius Commission (Codex) standards and guidelines. Where Codex standards do not exist, China will use MRLs established by other countries that have performed science-based risk assessments. USDA estimates that U.S. beef and beef product exports to China could reach \$1 billion annually.
- **Processed Meat:** China effectively banned processed meat and poultry products in 2012 when it instituted an onerous registration process for

exporting to China. Through this agreement, China immediately recognizes oversight of U.S. meat, poultry meat, and processed meat and poultry meat facilities by USDA's FSIS, thereby eliminating any unique registration requirements. It is estimated that these provisions could result in \$10–25 million annually of processed meat and poultry exports to China.

China also agreed to conduct a risk assessment for ractopamine, which is sometimes used in the production of U.S. beef and pork, in a manner consistent with international risk assessment guidance. The risk assessment is to be based on verifiable data and the approved conditions of ractopamine use in the United States.

- **Electronic Meat and Poultry Information System:** China will implement, by February 2020, FSIS' Public Health Information System, an electronic and automated system for foreign countries to access FSIS meat and poultry export certificates. China will ensure relevant certificate information is shared in a timely manner to the Chinese port customs officials to prevent undue delay for clearing such shipments at the port of entry. China also will accept replacement certificates issued by FSIS for situations consistent with Codex guidelines.
- **Live Cattle for Breeding:** China banned the import of live cattle from the United States following the detection of bovine spongiform encephalopathy (BSE) in 2003. Through this Agreement, China will immediately engage in technical discussions with the United States to lead to a final market access agreement. The United States exported \$4.5 million in live breeding cattle to China in 2003. With the conclusion of a commercially viable protocol, U.S. exports of live breeding cattle to China could reach \$25 to \$50 million annually.
- **Dairy and Infant Formula:** China has committed to streamline the timelines and procedures for registering U.S. facilities and products and to provide regulatory certainty and market stability for products like fluid milk and dairy permeate powder. For example, upon receiving a list of U.S. facilities eligible to export to China from the U.S. Food and Drug Administration (FDA), GACC will update its website with the list of facilities within 20 business days. In addition, China also committed to open its market for goat and sheep's milk products. The United States estimates the dairy and infant formula commitments could result in an additional \$250 to \$300 million in annual dairy and infant formula exports to China above current levels.

- **Rice:** China will authorize the importation of U.S. rice from any rice facility approved by USDA's Animal and Plant Health Inspection Service (APHIS) within 20 business days of China's receipt of a notification from the United States that APHIS has approved the facility as compliant with the phytosanitary protocol agreed to by the United States and China. China also communicated that U.S. medium grain rice will be able to be imported under China's tariff rate quota for "Rice, short and medium grain." This action will allow U.S. rice to compete with comparable rice grades in the Chinese market. With these commitments and China's commitments to abide by WTO commitments for administration of the rice TRQ, USDA estimates that U.S. rice exports could reach or exceed \$300 million annually.
- **Seafood:** China has agreed to allow the import of 26 previously unapproved aquatic species through a side letter that accompanies the Agreement. China has also committed to streamline the timelines and procedures for registering U.S. seafood facilities and products, including fish meal and oil, by updating its facility registrations within 20 business days of receipt of a list from FDA and the National Oceanic and Atmospheric Administration (NOAA). China will ensure the continued use of existing bilaterally-agreed certificates issued by NOAA. In addition, competent authorities in the United States and China will reconvene their technical working group on seafood. The United States estimates these commitments could result in an additional \$400 million in annual aquatic product exports to China above current levels.
- **Fruits, Vegetables, and Plant-based Feed Products:** China has agreed to finalize phytosanitary protocols for certain U.S. fresh fruit and vegetable products, including potatoes, California nectarines, blueberries, and avocados, as well as barley, alfalfa hay pellets and cubes, almond meal pellets and cubes, and timothy hay. The Agreement stipulates binding timelines for completion of the phytosanitary protocols to ensure there are no delays in the technical process. These protocols will expand access for U.S. fresh fruits and vegetables and plant-based feed exports into the Chinese market, which is estimated at \$850 million annually.
- **Feed Additives, Premixes, and Compound Feed, including DDGS:** China has agreed to immediately update its list of traditionally-traded feed additive products with 23 U.S. products and to streamline the registration process for feed additives, premixes, and compound feed by waiving manufacturer site visits and export protocols that are normally

part of the registration process for feed products. Upon receipt of a list from the United States, China has agreed to list the registered facilities on GACC's website within 20 business days. For applications for approval of a new feed additive, premix, or compound feed product, timeframes are established for China's review process. With regard to DDGs and DDGS, China has agreed to issue renewed licenses for DDGs and DDGS manufacturers within 20 business days of receiving applications. USDA estimates that U.S. exports of these products could exceed \$700 million annually.

- **Pet Food:** China has agreed to immediately resume imports of pet food containing poultry ingredients and to lift the ban on ruminant ingredients. In addition, China has agreed to allow imported animal-origin ingredients in pet food. China has also agreed to limit the Polymerase Chain Reaction (PCR) testing to pet food with non-ruminant ingredients, which is to be done on a risk-based selection of shipments. China agreed to streamline the facility registration process, by eliminating the requirement for facility questionnaires, and to immediately register 24 facilities that had been waiting to be listed on GACC's website. USDA estimates U.S. exports could exceed \$300 million annually.
- **Tariff Rate Quotas and Domestic Support for Corn, Wheat, and Rice:** Related to the WTO dispute brought and won by the United States, China has agreed to comply with its WTO obligations for the administration of TRQs for wheat, corn, and rice by December 31, 2019. In addition, in this Agreement, China has agreed to ensure that it administers its TRQ for corn, wheat, and rice with specific obligations to:
 - Allocate the full TRQ by January of each year;
 - Not discriminate between state trading enterprises and non-state trading enterprises;
 - Reallocate unused or returned TRQ amounts;
 - Ensure that allocations are made in commercially viable shipping amounts;
 - Enhance transparency of the eligibility criteria and allocation principles;
 - Ensure there is a sufficient number of state trading enterprises and non-state trading enterprises eligible to receive allocations and that full utilization of the TRQs is not inhibited;
 - Provide relevant allocation and reallocation information upon request of the United States; and

- Make public on a website existing laws, regulations and announcements on the administration of the TRQs.

Regarding its domestic support, China confirms that it will respect its WTO obligations to publish in an official journal its domestic support laws, regulations and related measures. Separately, through dispute settlement proceedings at the WTO, China has already agreed to come into compliance with a panel report on domestic support for wheat and rice by March 31, 2020. The United States maintains its rights in those dispute settlement proceedings should China not come into compliance.

- **Cooperation:** China and the United States intend to continue to work cooperatively on various projects to expand markets and promote growth in trade of food and agriculture, including on pesticide registration regulatory processes, sustainable agriculture, animal and plant pests and diseases, and agricultural policies.



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- **Purchases:** China will purchase and import on average at least \$40 billion of U.S. food, agricultural, and seafood products annually for a total of at least \$80 billion over the next two years. Products will cover the full range of U.S. food, agricultural, and seafood products. On top of that, China will strive to import an additional \$5 billion per year over the next two years.
- **Agricultural Biotechnology:** China has agreed to implement a transparent, predictable, efficient, science- and risk-based regulatory process for the evaluation and authorization of products of agricultural biotechnology. China's time frame for review and authorization for products for feed or further processing will be an average of 24 months. China has also agreed to certain administrative improvements in the application process, to certain steps to address situations of low-level presence, and to develop safety assessment procedures for approval of food ingredients that are derived from genetically modified microorganisms.
- **Domestic Support:** China has agreed to respect its current World Trade Organization (WTO) obligations on the transparency of its domestic support measures. Separate from this Agreement, as part of a WTO

dispute brought and won by the United States, China previously agreed to comply with its WTO obligations on its domestic support for rice and wheat by March 31, 2020. The United States maintains the right to take actions related to that dispute.

- **Tariff Rate Quota Administration:** China has agreed to comply with its WTO obligations and to make specific improvements to its administration of wheat, corn, and rice tariff-rate quotas (TRQs), including the allocation methodology, treatment of non-state trading quota applicants, and increased transparency. Separate from this Agreement, as part of a WTO dispute brought and won by the United States, China agreed to comply with its WTO obligations for the administration of TRQs for wheat, corn, and rice by December 31, 2019.
- **Sanitary and Phytosanitary Measures:** The Parties agreed to not implement food safety regulations or require actions of the other Party's regulatory authorities that are not science- and risk-based and shall only apply such regulations and require such actions to the extent necessary to protect human life or health. In addition, recognizing the importance of ensuring that sanitary and phytosanitary (SPS) measures are science-based, non-discriminatory, and account for regional differences, the Parties have agreed that China will improve SPS measures affecting a wide variety of products, which will facilitate exports of U.S. food and agricultural products to China.
- **Beef:** China will expand the scope of beef products allowed to be imported, eliminate age restrictions on cattle slaughtered for export to China, eliminate unnecessary cattle traceability requirements, and provide for the establishment of maximum residue levels for three hormones legally used in the United States.
- **Pork:** China has agreed to broaden the list of pork products that are eligible for importation to include processed products such as ham and certain types of offal. China also agreed to conduct a risk assessment for the veterinary drug ractopamine, which may be used in U.S. beef and pork production.
- **Poultry:** On November 14, 2019, China reopened its market to U.S. poultry meat, partially eliminating the ban it had imposed in late 2014. The U.S. Department of Agriculture (USDA) and China's customs administration have completed necessary technical details, and Chinese importers can import U.S. poultry meat slaughtered and processed after being listed on the website of the General Administration of Customs of

the People's Republic of China (GACC).

- **Processed Meat:** China will immediately recognize USDA oversight of U.S. meat, poultry meat, and processed meat and poultry meat facilities, thereby eliminating any unique registration requirements and allowing imports of products accompanied by USDA certificates.
- **Public Health Information System (PHIS):** China will implement by February 2020 USDA's PHIS, an electronic system to notify the USDA export health certificates to foreign governments in advance of shipment arrival. PHIS greatly reduces the workload for exporters and regulators. China will also accept USDA-issued replacement certificates.
- **Live Cattle for Breeding:** Through this Phase One agreement, China will immediately engage in technical discussions for the import of U.S. live cattle for breeding.
- **Dairy and Infant Formula:** China has committed to streamline the timelines and procedures for registering U.S. dairy and infant formula facilities and products and to provide regulatory certainty and market stability for products like fluid milk and dairy permeate powder.
- **Rice:** China has committed to authorize the importation of U.S. rice from any USDA-approved rice facility within 20 business days of China's receipt of notification from the United States that USDA has approved the facility as compliant with the phytosanitary protocol agreed to by the United States and China.
- **Seafood:** China has agreed to approve the importation of 26 aquatic species requested for export by the United States. China has also committed to streamline the timelines and procedures for registering U.S. seafood facilities and products including fishmeal and oil.
- **Fruits, Vegetables, and Plant-based Feed Products:** China has agreed to finalize phytosanitary protocols for U.S. avocados, blueberries, potatoes, California nectarines, barley, alfalfa hay pellets and cubes, almond meal pellets and cubes, and timothy hay.
- **Feed Products, including Distillers' Dried Grains with Solubles (DDGS):** China has agreed to immediately update its list of traditionally-traded feed additive products with 23 U.S. products and to streamline the registration process for feed additives, premixes, and compound feed. With regard to DDGS, China has also agreed to speed up license renewals

for DDGS manufacturers.

- **Pet Food:** China has agreed to immediately resume imports of pet food containing poultry ingredients and to lift the ban on ruminant ingredients. China has also committed to streamline the timelines and procedures for registering U.S. facilities.
- **Food Safety:** China agrees to not implement food safety regulations or require actions of the other Party's regulatory authorities that are not science- and risk-based and shall only apply such regulations and require such actions to the extent necessary to protect human life or health.
- **Geographical Indications (GI):** China has agreed to not undermine market access for U.S. exports to China using trademarks and generic terms through any GI measures taken in connection with an international agreement, to use certain relevant factors when making determinations for genericness, and to not provide GI protection to individual components of multi-component terms if the individual component is generic.



ECONOMIC AND TRADE AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE PEOPLE'S REPUBLIC OF CHINA FACT SHEET

AGRICULTURAL BIOTECHNOLOGY

With China's commitment to implement a transparent, predictable, efficient, science- and risk-based system for the review of products of agricultural biotechnology, the Phase One economic and trade agreement signed by the United States and China on January 15, 2020, will result in improvements to China's regulatory authorization process for agricultural biotechnology products. These changes will result in China completing review of an application for products for animal feed or further processing in an average of no more than 24 months. China will also improve the transparency and timeliness of its process and has agreed to work with importers and the U.S. government in situations of low-level presence (LLP) of genetically engineered materials in shipments.

Market Overview: As incomes rise in China, food, feed, and ingredients derived from biotechnology are increasingly required. Demand for imported products derived from biotechnology is growing at a rapid rate. In recent years, China has become the largest single-nation importer of agricultural products derived from biotechnology. However, product approvals languish in China's regulatory system for five to seven years, stymying U.S. farmers and companies' access to tools and technologies needed to respond to 21st century food and agricultural challenges.

Key Achievements:

China has agreed to:

- Operate a transparent, predictable, efficient, and science- and risk-based regulatory system for products derived from agricultural biotechnology;

- Reduce the application review time for products for animal feed or for further processing to no more than 24 months, on average;
- Base safety evaluation procedures on relevant international standards and recommendations of the Codex Alimentarius Commission and the International Plant Protection Convention;
- Pre-screen each application for regulatory review for completeness and inform the applicant of any deficiencies within five business days;
- Accept complaints from applicants concerning the approval procedure and take corrective action upon receipt of a justified complaint;
- When additional, necessary information is needed by the National Biosafety Committee (NBC) to finalize an evaluation, within 20 business days of such a determination, request all information in writing and provide a written explanation of how the requested information would be relevant to the safety assessment of the product's intended use;
- When additional information has been submitted to the NBC, ensure that the NBC meets as soon as possible and as often as necessary to finalize the NBC's review of the application;
- Extend product authorizations to five years;
- Establish and make public a simplified, predictable, efficient, and science- and risk-based safety assessment procedure for the authorization of food ingredients derived from genetically modified microorganisms;
- Accept product applications on an ongoing, year-round basis and begin review upon receipt of the formal application;
- Not request information unnecessary for assessing the safety of the product for its intended use; and
- For products authorized, issue a biosafety certificate within 20 business days of the conclusion of a NBC meeting.
- In the event of a LLP occurrence, China will:

- Without undue delay, inform the importer of the LLP occurrence and any pertinent information that will be required to assist China to decide on the management of the LLP occurrence;
 - Conduct evaluation on inadvertent or technically unavoidable LLP occurrences on a case-by-case basis to minimize trade disruptions;
 - Provide to the United States a summary of any risk or safety assessment that China conducted in association with the LLP occurrence;
 - Ensure that the LLP occurrence is managed without unnecessary delay; and
 - Consider any relevant risk or safety assessment provided and authorization granted by the United States or any foreign country when deciding how to manage the LLP occurrence.
- Work with the United States to strengthen communication on biotechnology regulation, to increase mutual understanding, and to monitor implementation of this agreement.

Additional Information for Exporters:

- For more information, contact USDA's Foreign Agricultural Service at ChinaAgreement@usda.gov.



ECONOMIC AND TRADE AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE PEOPLE'S REPUBLIC OF CHINA FACT SHEET

ANIMAL FEED

The Phase One economic and trade agreement signed by the United States and China on January 15, 2020, will provide U.S. manufacturers of feed additives, premixes, compound feed, and distillers' dried grains with solubles (DDGS) streamlined processes for registration and licensing to facilitate U.S. exports to China. The Phase One agreement will also result in new import protocols for U.S. barley, alfalfa hay pellets and cubes, almond meal pellets and cubes, and timothy hay, allowing imports of such products into China.

Market Overview: As China's livestock sector has increased, its need for quality feed and feed ingredients has likewise increased. To date, however, U.S. manufacturers have had difficulty registering new feed products and facilities with Chinese authorities. In addition, exporters of DDGS face burdensome product licensing procedures, which cause export delays. The Phase One agreement addresses these issues and provides U.S. companies streamlined access to the Chinese market. In addition, China has agreed to negotiate protocols to allow imports of additional feed products.

Key Achievements:

China has agreed to:

- Immediately update its list of traditionally-traded feed additive products with 23 specific products listed in a side letter associated with the Agreement;
- Streamline the registration process for feed additives, premixes, and compound feed by waiving manufacturer site visits and export protocols that are normally part of the registration process for feed products;

- List registered facilities on the General Administration of Customs of the People's Republic of China (GACC) website within 20 business days of receiving the facility information from the United States;
- Issue renewed licenses within 20 business days of receiving applications for DDGS manufacturers whose licenses expired on or after January 1, 2017, or are scheduled to expire after that date;
- Complete product reviews within nine months of receiving an application for the approval of a new feed additive, premix, or compound feed product;
- Issue licenses for product renewals within 20 business days of receiving an application for renewal of a feed additive, premix, or compound feed product;
- Sign and implement a phytosanitary protocol to allow the importation of U.S. barley into China; and
- Sign and implement a phytosanitary protocol to allow importation of U.S. alfalfa hay pellets and cubes, U.S. almond meal pellets and cubes, and U.S. timothy hay into China after conducting an on-site visit of U.S. production.

Both Parties have agreed to continue technical consultations concerning facilitation of trade in grain and oilseed products for both feed and further processing.

Addition of New Facilities in the Future: The United States will provide updated lists of facilities producing feed additives, premixes, compound feed, and DDGS to GACC, and China will publish the updated lists on GACC's website within 20 business days of receipt.

Audits/Inspections: China has agreed to not require any routine audits or inspections of U.S. feed additive, premix, compound feed, or DDGS facilities. However, in accordance with international standards, China may perform risk-based audits in coordination with the relevant U.S. competent authority. China may also conduct inspections of a risk-based selection of shipments of U.S. animal feed products at the port of entry. China will notify the United States if it notices a significant, sustained, or recurring pattern of non-conformity by a particular facility and if it intends to restrict imports

from that facility. The United States and China will work together to resolve any such issues should they be detected.

Additional Information for Exporters:

- New to the China market? If your company is interested in exporting animal feed, feed additives, premixes, compound feed, or DDGS products to China, please contact USDA's Foreign Agricultural Service at ChinaAgreement@usda.gov for more information.
- Producers and exporters of barley, alfalfa hay pellets and cubes, almond meal pellets and cubes, and timothy hay should visit the U.S. Animal and Plant Health Inspection Service website for more information:
<https://www.aphis.usda.gov/aphis/ourfocus/importexport>.
- All facilities interested in exporting feed additives, premixes, compound feed, or DDGS products to China must be registered as an animal food facility with the U.S. Food and Drug Administration (FDA) in accordance with Section 415 of the Federal Food, Drug, and Cosmetic Act. Information on how to complete the registration process can be found on FDA's website. Manufacturers will also need to provide to FDA permission to share facility data with China and be willing to allow GACC to publish company information on their website so Chinese importers will know the company is authorized to export animal feed, feed additives, premixes, compound feed, or DDGS products to China.
- Facilities producing other types of animal feed containing animal-origin ingredients should see the APHIS Veterinary Services website for more information:
https://www.aphis.usda.gov/aphis/ourfocus/animalhealth/export/iregs-for-animal-product-exports/sa_international_regulations/sa_by_country/sa_c/ct_product_china.
- GACC is responsible for posting the lists of eligible products and facilities from around the world that have permission to export these products to China. Although the lists are in Chinese, many web browsers have an automatic translate function that will make it easier to find the list of interest. These lists can be found at the following website:
<http://www.customs.gov.cn/customs/jy jy/dzwjy jy/qymd/slaq/2157783/index.html>.



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SEAFOOD

The Phase One economic and trade agreement signed by the United States and China on January 15, 2020, will provide U.S. fishermen and seafood companies expanded access to China's rapidly growing market for imported seafood products.

Market Overview: As incomes rise in China, consumption of animal proteins such as seafood is becoming more popular among Chinese consumers. In addition, China is a major partner for U.S. seafood producers who ship raw seafood to China for further processing. However, in recent years, U.S. seafood exports to China have been hampered by restrictive Chinese regulatory initiatives. The Phase One agreement addresses these limitations and gives U.S. seafood companies increased access to the China market.

Key Achievements:

China has agreed to:

- Approve 26 species of seafood for importation into China;
- Allow imports from U.S. seafood and fishmeal facilities that are in good standing with the U.S. Food and Drug Administration (FDA) and the National Oceanic and Atmospheric Administration (NOAA);
- Ensure it updates seafood and fishmeal facility registrations within 20 business days of receipt from the FDA and NOAA; and
- Ensure the continued use of existing bilaterally-agreed certificates issued by NOAA.

Audits/Inspections: China has agreed to not require any routine audits or inspections of U.S. aquatic product facilities. However, in accordance with international standards, China may perform risk-based audits in coordination with the relevant U.S. competent authority. China may also conduct inspections of a risk-based selection of shipments of U.S. aquatic products at the port of entry. China will notify the United States if it notices a significant, sustained, or recurring pattern of non-conformity by a particular facility and if it intends to restrict imports from that facility. The United States and China will work together to resolve any such issues should they be detected.

Additional Information for Exporters:

- To be eligible to ship seafood products to China, U.S. producers must be registered with the General Administration of Customs of the People's Republic of China (GACC). U.S. producers can register with GACC or renew or update their existing registration by contacting the U.S. Food and Drug Administration: <https://www.fda.gov/food/food-export-lists/seafood-exports-european-union-and-china>.
- U.S. seafood producers must also ensure consignments destined for China are accompanied by a certificate from NOAA: <https://www.fisheries.noaa.gov/export-requirements-country-and-jurisdiction-f#china>.
- New to the China market? For more information about certification, documentation, and registration requirements, and for assistance with detained shipments, contact USDA's Foreign Agricultural Service at ChinaAgreement@usda.gov for more information. You can also contact NOAA at steven.wilson@noaa.gov.



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DAIRY AND INFANT FORMULA

The Phase One economic and trade agreement signed by the United States and China on January 15, 2020, will provide U.S. farmers and dairy companies expanded access to China's rapidly growing market for imported dairy and infant formula products.

Market Overview: As incomes rise in China, consumption of animal proteins such as dairy products is becoming more popular among Chinese consumers. In particular, demand for imported dairy and infant formula products from abroad is growing at a rapid rate. However, in recent years, U.S. dairy and infant formula exports have been limited by restrictive Chinese regulatory requirements. The Phase One agreement addresses these limitations and ensures China recognizes the U.S. food safety system of oversight for dairy products, giving U.S. dairy and infant formula companies increased access to China while also providing Chinese consumers with a wider variety of high quality and safe U.S. products. The Phase One agreement will also facilitate U.S. exports of products like extended shelf life milk, ultrafiltered milk and dairy permeate powder for human consumption.

Key Achievements:

China has agreed to:

- Recognize the U.S. system of oversight for dairy products as providing the same level of protection as China's, thereby eliminating the need for China-specific inspections of U.S. dairy facilities;
- Update its dairy facility registrations within 20 business days of receiving a list from the U.S. Food and Drug Administration;

- Allow ovine and caprine origin dairy product imports from the United States, which were previously not eligible for export to China;
- Clarify the market access requirements and regulations related to fluid milks, including fortified, pasteurized, extended shelf life and ultrafiltered milks, and eliminate questionnaire requirements for fluid milk producers to obtain their facility registration;
- Complete the approval process for imports of dairy permeate powder for human consumption;
- Adhere to specified timelines when administering the product and facility registration of U.S. infant formulas;
- Ensure the confidentiality of any trade secrets disclosed during the infant formula product registration process; and
- Not require on-site inspections or audits as a prerequisite to registering either a U.S. dairy or infant formula facility, although China will still inspect manufacturers for purposes of registering an infant formula product.

Audits/Inspections: China has agreed to not require any routine audits or inspections of U.S. dairy and infant formula products. However, in accordance with international standards, China may perform risk-based audits in coordination with the relevant U.S. competent authority. China may also conduct inspections of a risk-based selection of shipments of U.S. dairy and infant formula products at the port of entry. China will notify the United States if it notices a significant, sustained, or recurring pattern of non-conformity by a particular facility and if it intends to restrict imports from that facility. The United States and China will work together to resolve any such issues should they be detected.

Additional Information for Exporters:

- New to the China market? For more information about certification, documentation and registration requirements, and for assistance with detained shipments, contact USDA's Foreign Agricultural Service at ChinaAgreement@usda.gov for more information.
- To be eligible to ship dairy products to China, U.S. producers must be registered with China's General Administration of Customs of the

People's Republic of China (GACC). U.S. producers can register, renew, or update their existing registration by contacting the U.S. Food and Drug Administration: <https://www.fda.gov/food/food-export-lists/dairy-exports-european-union-china-and-chile>.

- U.S. dairy producers must also ensure consignments destined for China are accompanied by a dairy sanitary certificate from the Agricultural Marketing Service with the U.S. Department of Agriculture: <https://www.ams.usda.gov/services/imports-exports/dairy-exports/dairy-sanitary-certificates>.



ECONOMIC AND TRADE AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE PEOPLE'S REPUBLIC OF CHINA FACT SHEET

HORTICULTURAL PRODUCTS

The Phase One economic and trade agreement signed by the United States and China on January 15, 2020, will provide U.S. producers of horticultural products with new or expanded access to the Chinese market.

Market Overview: China's expanding economy, rising disposable incomes, and urbanization are increasing interest and demand for imported horticultural products. In fact, China's customs data indicates that domestic demand for imported horticultural products increased from \$12.5 billion in 2013 to \$22.5 billion in 2018. China's imports of horticultural products from the United States totaled \$2.3 billion in 2018, third after the EU-28 and Thailand. The U.S. agriculture industry will benefit from new opportunities to export multiple products, such as fresh potatoes, California nectarines, blueberries, and California Hass avocados, to China.

Key Achievements:

China has agreed to:

- Sign and implement a phytosanitary protocol to allow the importation of U.S. fresh potatoes for processing into China;
- Sign and implement a phytosanitary protocol to allow the importation of California nectarines into China;
- Sign and implement a phytosanitary protocol to allow the importation of U.S. blueberries into China;
- Sign and implement a phytosanitary protocol to allow the importation of California Hass avocados into China.

The United States has agreed to:

- Complete its plant health regulatory process for Chinese fresh jujube;
- Complete its plant health regulatory process for Chinese fresh fragrant pear;
- Complete its regulatory process for Chinese fresh citrus fruit; and
- Begin plant health consultations for Chinese bonsai in growing media.

In addition, both Parties have affirmed that phytosanitary certificates are not required for the import of frozen fruits and vegetables.

Additional Information for Exporters:

- New to the China market? If your company is interested in exporting horticultural products to China, please contact USDA's Foreign Agricultural Service at ChinaAgreement@usda.gov for more information.
- If you are interested in opening new markets for U.S. commodities to China or would like more information about exporting plants or plant products, please visit the USDA Animal and Plant Health Inspection Service's website on plant health export information:
https://www.aphis.usda.gov/aphis/ourfocus/planthealth/SA_Export.



ECONOMIC AND TRADE AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE PEOPLE'S REPUBLIC OF CHINA FACT SHEET

MEAT, POULTRY, AND LIVE BREEDING CATTLE

The Phase One economic and trade agreement signed by the United States and China on January 15, 2020, will provide U.S. exporters of beef, pork, and poultry, as well as live breeding cattle with expanded access to China's rapidly growing market.

Market Overview: As incomes rise in China, demand for protein in diets increases as well. Chinese demand for imported beef, pork, and poultry is growing at a rapid rate, made more acute due to domestic pork supply constraints in China as a result of the ongoing outbreak of African swine fever. When China partially re-opened its market to U.S. beef and beef products in 2017, following a 13-year ban, many unscientific restrictions remained, including on age, product scope, use of veterinary drugs, and traceability. In addition, it was very difficult to register new facilities with Chinese authorities in order to export these commodities to China. Similarly, China banned all U.S. poultry in 2015 and has maintained longstanding market access restrictions on specific U.S. beef and pork products. The Phase One agreement addresses these issues and should give U.S. companies streamlined access to China's market while providing Chinese consumers with a wider variety of American beef, pork, and poultry products to choose from in the future. While Chinese livestock producers already import large volumes of livestock genetics from the United States, the Phase One agreement will provide an opportunity in the future for U.S. exports of high quality live breeding cattle.

On November 14, 2019, China reopened its market to U.S. poultry meat, partially eliminating the ban it had imposed in late 2014. On November 22, 2019, the U.S. Department of Agriculture (USDA) updated the online export library listing requirements for U.S. exporters to ship U.S. poultry meat to China. U.S. establishments can only export poultry to China that is slaughtered and further processed after the establishment has been added to the General

Administration of Customs of the People's Republic of China (GACC) website. On November 22, 2019, GACC completed updating an initial online list of 349 U.S. establishments eligible to export to China. Upon GACC publishing U.S. establishments, Chinese importers are now able to obtain import licenses to start placing orders.

Key Achievements:

China has agreed to implement the following actions:

BEEF

- Remove age restrictions for U.S. beef and beef products upon completing a risk assessment;
- Expand the allowable product scope for U.S. beef and processed beef products to more closely align with those products that the United States allows for domestic consumption and export;
- Recognize the U.S. beef and beef products' traceability system that the United States already has in place, which exceeds World Organization for Animal Health (OIE) guidelines for bovine spongiform encephalopathy; and
- Adopt internationally-accepted maximum residue levels for three widely-used veterinary drugs (zeranone, trenbolone acetate, and melengestrol acetate).

PORK

- Expand the allowable product scope for U.S. pork and pork products, including buns and intestines and processed products.

POULTRY

- Finalize a protocol for the regionalization of poultry diseases, thereby ensuring that future trade disruptions will be minimized and solely based on internationally-accepted practices;
- Fully lift the ban on other poultry commodities, including live birds; and
- Abide by OIE standards for international trade of poultry products.

ALL MEAT, PORK, AND POULTRY

- Address the backlog of facilities awaiting approval and accelerate the process for future applicants by publishing within 20 business days of receipt the updated list of USDA-approved facilities;
- Permit, consistent with USDA directives, the use of replacement certificates;
- Begin utilizing USDA's Public Health Information System to facilitate the use of electronic transmission of export health certificates, greatly reducing the workload for exporters and regulators; and
- Conduct as soon as possible a risk assessment for ractopamine in cattle and swine, consistent with Codex Alimentarius Commission and FAO/WHO Joint Expert Committee on Food Additives (JECFA) risk assessment guidance based on a previously conducted JECFA risk assessment.

LIVE BREEDING CATTLE

- Negotiate a protocol governing the export of U.S. live breeding cattle to China.

Protocols: The following protocols are, or will be, in effect:

- Poultry: *A Protocol on Cooperation on Notification and Control Procedures for Certain Significant Poultry Diseases* will be signed and implemented.
- Live Breeding Cattle: The two sides will hold technical discussions for the preparation of a protocol and associated export certificate for the export of live breeding cattle.

Audits/Inspections: China has agreed to not require any routine audits or inspections of U.S. meat and poultry facilities as part of any facility registration process. However, in accordance with international standards, China may perform risk-based audits in coordination with USDA's Food Safety and Inspection Service (FSIS). China may also conduct inspections of a risk-based selection of shipments of U.S. meat and poultry at the port of entry. China may refuse importation of a shipment of imported U.S. meat or poultry products

after conducting a scientific inspection and determining it is in violation of applicable food safety import requirements. China will notify the United States if it notices a significant, sustained, or recurring pattern of non-conformity by a particular facility and if it intends to restrict imports from that facility. The United States and China will work together to resolve any such issues should they be detected.

Additional Information for Exporters:

- Current information about live animal exports to China is available on the USDA's Animal and Plant Health Inspection Service (APHIS) Veterinary Services website:
https://www.aphis.usda.gov/aphis/ourfocus/animalhealth/export/international-standard-setting-activities-oie/regionalization/sa_by_country/sa_c/ct_animal_china.

You can also sign up for USDA Stakeholder Alerts to receive notification when new protocols are posted. To sign up, please visit:

<https://public.govdelivery.com/accounts/USDAAPHIS/subscriber/new>. Scroll to Veterinary Services and select "IREGS Live Animals Updates (Exports)."

- Current export requirements for beef, pork, and poultry products to China are available on the USDA's Food Safety and Inspection Service's export library at:
<https://www.fsis.usda.gov/wps/portal/fsis/topics/international-affairs/exporting-products/export-library-requirements-by-country/peoples-republic-of-china>.
- USDA's Foreign Agricultural Service (FAS) will also be sending out Global Agricultural Information Network (GAIN) reports that will include China-specific import registration and permit requirements. Please click on the following link for access to these reports:
<https://gain.fas.usda.gov/#/search>.
- New to the China market? For more information about certification, documentation, and registration requirements and for assistance with detained shipments, contact USDA's Foreign Agricultural Service at ChinaAgreement@usda.gov for more information.



ECONOMIC AND TRADE AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE PEOPLE'S REPUBLIC OF CHINA FACT SHEET

PET FOOD

The Phase One economic and trade agreement signed by the United States and China on January 15, 2020, will provide U.S. manufacturers expanded access to China's rapidly growing market for dog and cat food.

Market Overview: Demand for imported pet food products from abroad is growing at a rapid rate, and American brands are in high demand, including in China. In recent years, U.S. pet food exports were limited due to animal health restrictions on U.S. products containing poultry or bovine ingredients. In addition, it is onerous to register new facilities with Chinese authorities. The Phase One agreement addresses all of these issues and gives U.S. companies streamlined access to China while providing Chinese consumers with a wider variety of high quality American pet food products to choose from in the future.

Key Achievements:

China has agreed to:

- Lift its ban on U.S. pet food containing ruminant ingredients and eliminate Polymerase Chain Reaction (PCR) testing of U.S. pet food products containing ruminant ingredients. PCR testing of U.S. pet food products not containing ruminant ingredients is to be on a risk-based selection of shipments;
- Allow importation of U.S. pet foods containing poultry products;
- Update the General Administration of Customs of the People's Republic of China (GACC) website to allow import from 24 U.S. pet food and non-ruminant animal feed facilities with current pending registrations;

- Not require completion or submission of any pet food facility questionnaire for registration purposes, other than for a pet food facility China may be auditing;
- Allow the use of imported animal origin ingredients in pet food as long as the ingredients are legally imported into the United States, meet U.S. domestic requirements for inclusion in pet food, and are traceable to the country of origin.

New Import Protocol: The United States and China will engage in technical discussions to sign within two months an updated protocol for U.S. pet food imports into China. Before the new protocol is finalized, pet food manufacturers will still not be able to use ruminant ingredients or imported ingredients. However, poultry ingredients will be allowed to be imported. Pending finalization of the new pet food protocol, imports will continue under the existing non-ruminant animal feed protocol.

Addition of New Facilities in the Future: For future new pet food and non-ruminant derived animal feed facilities, or facility updates, the United States will provide updates to GACC, and China will publish those updates on GACC's website within 20 business days of receipt.

Audits/Inspections: China has agreed to not require any routine audits or inspections of U.S. pet food and non-ruminant derived animal feed facilities. However, in accordance with international standards, China may perform risk-based audits in coordination with the relevant U.S. competent authority. China may also conduct inspections of a risk-based selection of shipments of U.S. pet food and non-ruminant derived animal feed at the port of entry. China will notify the United States if it notices a significant, sustained, or recurring pattern of non-conformity by a particular facility and if it intends to restrict imports from that facility. The United States and China will work together to resolve any such issues should they be detected.

Additional Information for Exporters:

- New to the China market? For more information about certification, documentation, and registration requirements, and for assistance with detained shipments, contact USDA's Foreign Agricultural Service at ChinaAgreement@usda.gov.

- All facilities must be inspected by USDA's Animal and Plant Health Inspection Service (APHIS) Veterinary Services to be eligible to export to China. Exporters must also be willing to allow GACC to publish company information on its website so Chinese importers will know the company is authorized to export pet food products containing animal origin ingredients to China.
- APHIS will maintain the updated list of export facilities and provide updates to GACC on a regular basis.
- The GACC website can be found at the following website link (Please note many web browsers have automatic translate functions that can help navigate Chinese websites):
<http://www.customs.gov.cn/customs/jyjj/dzwjyj/qymd/slaq/2157783/index.html>.
- In the next few months, APHIS will provide exporters with an updated protocol for pet food exports to China. APHIS will also provide export certificates for U.S. products going to China. Please see the APHIS website for more information at:
https://www.aphis.usda.gov/aphis/ourfocus/animalhealth/export/iregs-for-animal-product-exports/sa_international_regulations/sa_by_country/sa_c/ct_product_china.
- Exporters can also sign up for USDA Stakeholder Alerts to receive notification when new protocols are posted. To sign up, please visit:
<https://public.govdelivery.com/accounts/USDAAPHIS/subscriber/new>. Scroll to Veterinary Services and select "IREGS Animal Product Updates (Exports)."



ECONOMIC AND TRADE AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE PEOPLE'S REPUBLIC OF CHINA FACT SHEET

RICE

The Phase One economic and trade agreement signed by the United States and China on January 15, 2020, will provide U.S. rice producers with expanded access to the Chinese market.

Market Overview: Nearly 30 percent of the world's rice is produced in China, where it is a traditional staple food. As the top global importer and consumer, China is projected to again import 4 million metric tons (MT) of rice in 2019/2020. China's high internal prices, resulting from its domestic support program, have been a key driver in the sustained imports, primarily from neighboring countries. When joining the World Trade Organization (WTO), China agreed to establish a 5,320,000 MT tariff-rate quota (TRQ) for rice, equally divided into long-grain and other rice. With the completion of both the phytosanitary protocol and this Agreement, the U.S. rice industry will now have greater opportunities to export milled rice to China. The U.S. Department of Agriculture (USDA) estimates that U.S. rice exports to China could reach \$300 million on an annual basis in the future.

Key Achievements:

- **Rice Phytosanitary Protocol:** Each time the United States provides China with a list of rice facilities approved by USDA's Animal and Plant Health Inspection Service (APHIS) as compliant with the *Phytosanitary Protocol on the Import of Rice from the United States to China*, within 20 business days of receipt of the list, China will register the facilities, publish the list of facilities, and allow the importation of U.S. rice from each of the APHIS-approved rice facilities. China continues to have the right to conduct on-site phytosanitary audits of registered facilities. China has already registered 32 U.S. rice facilities as approved to export to China.

- **Tariff Rate Quotas for Rice:** Related to the WTO dispute brought and won by the United States, China has agreed to comply with its WTO obligations for the administration of TRQs for rice by December 31, 2019. In addition, in this Agreement, China has agreed to ensure that it administers its TRQ for rice with specific obligations to:
 - Allocate the full TRQ by January of each year;
 - Not discriminate between state trading enterprises and non-state trading enterprises;
 - Reallocate unused or returned TRQ amounts;
 - Ensure that allocations are made in commercially viable shipping amounts;
 - Enhance transparency of the eligibility criteria and allocation principles;
 - Ensure there is a sufficient number of state trading enterprises and non-state trading enterprises eligible to receive allocations and that full utilization of the TRQs is not inhibited;
 - Provide relevant allocation and reallocation information upon request of the United States; and
 - Make public on a public website existing laws, regulations, and announcements on the administration of the rice TRQ.
- **Domestic Support for Rice:** Regarding its domestic support, China confirms that it will respect its WTO obligations to publish in an official journal its domestic support laws, regulations and related measures. Separately, through dispute settlement proceedings at the WTO, China has already agreed to come into compliance with a panel report on domestic support for wheat and rice by March 31, 2020. The United States maintains its rights in those dispute proceedings should China not come into compliance.
- China has communicated to the United States that U.S. medium grain rice can be imported under China's "Rice, short and medium grain" category of its TRQ system.

Additional Information for Exporters:

- New to the China market? If your company is interested in exporting rice to China, please contact USDA's Foreign Agricultural Service at ChinaAgreement@usda.gov for more information.
- If you are interested in opening new markets for U.S. commodities to China or would like more information about exporting plants or plant

products, please visit the USDA Animal and Plant Health Inspection Service's website on plant health export information:
https://www.aphis.usda.gov/aphis/ourfocus/planthealth/SA_Export.



ECONOMIC AND TRADE AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE PEOPLE'S REPUBLIC OF CHINA FACT SHEET

FINANCIAL SERVICES

The Phase One economic and trade agreement signed by the United States and China on January 15, 2020, creates and facilitates enormous opportunities for U.S. companies supplying or seeking to supply financial services to the China market.

U.S. financial services companies provide services critical to every sector of the economy, including small- and medium-sized businesses. The United States is a significant supplier of financial services through commercial presence in countries around the world, including China. In addition, the United States exported about \$129 billion in financial services globally in 2018, generating around a \$55 billion surplus in trade in financial services.

The Phase One agreement addresses a wide range of trade and investment barriers that have stifled the competitiveness of U.S. companies supplying or seeking to supply financial services in China's market.

Key outcomes of the Phase One agreement include:

- Securities Services: By April 1, 2020, China will eliminate the foreign equity cap for securities companies, expanding opportunities for wholly U.S.-owned suppliers of securities services. China also will ensure that U.S. suppliers are able to access China's market on a non-discriminatory basis, including in regard to review and approval of qualified license applications.
- Insurance Services: By April 1, 2020, China will eliminate the foreign equity caps for U.S. suppliers of life, health, and pension insurance services. In addition, China will remove all discriminatory regulatory requirements and processes in all insurance services sectors and will

expeditiously review and approve licensing applications to supply insurance services.

- Electronic Payment Services: China has a growing electronic payment services market that for many years has been closed to foreign suppliers, including world-leading U.S. credit and debit card companies. Going forward, China will ensure that its regulatory authorities operate an improved and timely licensing process for U.S. suppliers of electronic payment services so as to facilitate their access to China's market.
- Fund (Asset) Management Services: By April 1, 2020, China will eliminate the foreign equity cap for fund management companies, expanding opportunities for wholly U.S.-owned suppliers of fund management services. China also will ensure that U.S. suppliers are able to access China's market on a non-discriminatory basis, including in regard to review and approval of qualified license applications.
- Banking Services: China will expand opportunities for U.S. financial institutions, including bank branches, to supply securities investment fund custody services by taking into account their global assets when they seek licenses. China also will take into account the international qualifications of U.S. firms when evaluating license applications for Type-A lead underwriting services for corporate bonds in China's bond market, which is the third largest corporate bond market in the world.
- Credit Rating Services: China will remove barriers facing U.S. suppliers of credit rating services, including approving applications by wholly U.S.-owned suppliers, and allow them to rate all types of domestic bonds sold to domestic and international investors. China also will allow U.S. companies to acquire a majority stake in their existing joint ventures with Chinese companies.
- Futures Services: By April 1, 2020, China will eliminate the foreign equity cap for futures companies, expanding opportunities for wholly U.S.-owned suppliers of futures services. China also will ensure that U.S. suppliers are able to access China's market on a non-discriminatory basis, including in regard to review and approval of qualified license applications.
- Distressed Debt Services: U.S. financial services suppliers with expertise in handling distressed debt will be able to expand their services in China by having the opportunity to secure provincial-level licenses to acquire non-performing loans directly from Chinese banks. When China

resumes issuing new national licenses, it will ensure that they are granted on a non-discriminatory basis.



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FINANCIAL SERVICES

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U.S. financial services companies provide services critical to every sector of the economy, including small- and medium-sized businesses. The United States is a significant supplier of financial services through commercial presence in countries around the world, including China. In addition, the United States exported about \$129 billion in financial services globally in 2018, generating around a \$55 billion surplus in trade in financial services.

The Phase One agreement addresses a wide range of trade and investment barriers that have stifled the competitiveness of U.S. companies supplying or seeking to supply financial services in China's market.

Key outcomes of the Phase One agreement include:

- Securities Services: By April 1, 2020, China will eliminate the foreign equity cap for securities companies, expanding opportunities for wholly U.S.-owned suppliers of securities services. China also will ensure that U.S. suppliers are able to access China's market on a non-discriminatory basis, including in regard to review and approval of qualified license applications.
- Insurance Services: By April 1, 2020, China will eliminate the foreign equity caps for U.S. suppliers of life, health, and pension insurance services. In addition, China will remove all discriminatory regulatory requirements and processes in all insurance services sectors and will

expeditiously review and approve licensing applications to supply insurance services.

- Electronic Payment Services: China has a growing electronic payment services market that for many years has been closed to foreign suppliers, including world-leading U.S. credit and debit card companies. Going forward, China will ensure that its regulatory authorities operate an improved and timely licensing process for U.S. suppliers of electronic payment services so as to facilitate their access to China's market.
- Fund (Asset) Management Services: By April 1, 2020, China will eliminate the foreign equity cap for fund management companies, expanding opportunities for wholly U.S.-owned suppliers of fund management services. China also will ensure that U.S. suppliers are able to access China's market on a non-discriminatory basis, including in regard to review and approval of qualified license applications.
- Banking Services: China will expand opportunities for U.S. financial institutions, including bank branches, to supply securities investment fund custody services by taking into account their global assets when they seek licenses. China also will take into account the international qualifications of U.S. firms when evaluating license applications for Type-A lead underwriting services for corporate bonds in China's bond market, which is the third largest corporate bond market in the world.
- Credit Rating Services: China will remove barriers facing U.S. suppliers of credit rating services, including approving applications by wholly U.S.-owned suppliers, and allow them to rate all types of domestic bonds sold to domestic and international investors. China also will allow U.S. companies to acquire a majority stake in their existing joint ventures with Chinese companies.
- Futures Services: By April 1, 2020, China will eliminate the foreign equity cap for futures companies, expanding opportunities for wholly U.S.-owned suppliers of futures services. China also will ensure that U.S. suppliers are able to access China's market on a non-discriminatory basis, including in regard to review and approval of qualified license applications.
- Distressed Debt Services: U.S. financial services suppliers with expertise in handling distressed debt will be able to expand their services in China by having the opportunity to secure provincial-level licenses to acquire non-performing loans directly from Chinese banks. When China

resumes issuing new national licenses, it will ensure that they are granted on a non-discriminatory basis.



ECONOMIC AND TRADE AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE PEOPLE'S REPUBLIC OF CHINA FACT SHEET

INTELLECTUAL PROPERTY

The Phase One economic and trade agreement signed by the United States and China on January 15, 2020, includes a chapter on intellectual property (IP) that strengthens protection and enforcement of IP in China. These high-standard provisions will help secure a level playing field for American companies and preserve American competitiveness.

The IP chapter addresses numerous longstanding concerns in the areas of trade secrets, patents and pharmaceutical-related intellectual property, geographical indications, trademarks, and enforcement against pirated and counterfeit goods. The United States and China also agreed to address additional IP issues, including with respect to data protection for pharmaceuticals, unauthorized camcording of motion pictures, and copyright protection for sporting event broadcasts, in future negotiations.

The IP chapter requires China to promulgate an Action Plan that will outline the structural changes that China will take to implement its obligations under this chapter. China must also provide a public comment period of at least 45 days for all proposed implementation measures.

Trade Secrets

Trade secret theft threatens to diminish U.S. competitiveness around the globe and puts U.S. jobs at risk. The IP chapter strengthens protections for trade secrets and enforcement against trade secret theft in China, a top priority for the United States. In particular, the IP chapter requires China to:

- Expand the scope of civil liability for trade secret misappropriation beyond entities directly involved in the manufacture or sale of goods and services,

so that trade secret owners can bring suit against any natural or legal persons, including individual former employees or cyberhackers.

- Cover acts such as electronic intrusions, breach of confidentiality, and inducement of a breach of confidentiality as prohibited acts of trade secret theft.
- Level the playing field by shifting the burden of producing evidence or burden of proof in civil cases to the defendants when trade secret owners have a reasonable indication of trade secret theft.
- Make it easier for trade secret owners to obtain preliminary injunctions to prevent the use of stolen trade secrets before the trade secret has lost its value.
- Allow for the initiation of criminal investigations for trade secret theft without the need to show actual losses, which are difficult to prove before the trade secret has lost its value.
- Ensure that criminal enforcement is available for willful trade secret misappropriation, including a requirement for China's system to at least cover theft, fraud, physical or electronic intrusion for an unlawful purpose, and the unauthorized or improper use of a computer system in the scope of prohibited acts.
- When undisclosed information, trade secrets, or confidential business information is submitted to the central or sub-central levels of government, prohibit the unauthorized disclosure of such information by government personnel or third-party experts or advisors, including:
 - limiting requests for information to no more than necessary for the legitimate exercise of investigative or regulatory authority;
 - limiting access to submitted information to only government personnel necessary for the exercise of legitimate investigative or regulatory functions;
 - ensuring that third party experts or advisors with conflicts of interest do not have access to such information; and
 - providing deterrent criminal, civil, and administrative penalties, including monetary fines, the suspension or termination of

employment, and imprisonment, for the unauthorized disclosure of a trade secret or confidential business information.

Patents and Pharmaceutical-Related Intellectual Property

Robust protection of intellectual property is critical to incentivizing the development of new and innovative treatments and cures. The IP chapter requires China to:

- Establish a mechanism for the early resolution of potential pharmaceutical patent disputes, including a cause of action to allow a patent holder to seek expeditious remedies before the marketing of an allegedly infringing product, so that innovative pharmaceutical companies can effectively enforce their rights in China.
- Provide patent term extensions to compensate for unreasonable patent office and marketing approval delays that cut into the effective patent term.
- Permit the use of supplemental data to meet relevant patentability criteria for pharmaceutical patent applications.

Trademarks and Geographical Indications

The IP chapter will enhance protections for U.S. brand names and also will help address the potential for inappropriately “overprotecting” geographical indications (GIs) in ways that shut out U.S. agricultural and food producers. The IP chapter requires China to:

- Address longstanding concerns regarding bad-faith trademark registrations, such as by invalidating or refusing bad faith trademark applications.
- Ensure that any GI measures taken in connection with an international agreement do not undermine market access for U.S. exports to China using trademarks and generic terms.
- For GIs, use relevant factors when making determinations for genericness, including usage of a term in dictionaries, newspapers, and websites, how the good referred to by a term is marketed and used in trade, and whether the term is used in relevant standards.

- Not provide GI protection to individual components of multi-component terms if the individual component is generic.
- Publicly identify which individual components are not protected when granting GI protection to multi-component terms.

Enforcement against Pirated and Counterfeit Goods

According to OECD studies, China continues to be the top source for pirated and counterfeit goods in international trade. In its most pernicious forms, IP infringement endangers the public, such as through exposure to health and safety risks from counterfeit products such as semiconductors, automobile parts, apparel, footwear, toys, cosmetics, and medicines. To address these issues, the IP chapter obligates China to:

- Provide effective and expeditious action against infringement in the online environment, including requiring expeditious takedowns and ensuring the validity of notices and counternotices.
- Take effective action against e-commerce platforms that fail to take necessary measures against infringement.
- Take effective enforcement action against counterfeit pharmaceuticals and related products, including active pharmaceutical ingredients.
- Significantly increase actions to stop the manufacture and distribution of counterfeits with significant health or safety risks.
- Provide that its judicial authorities shall order the forfeiture and destruction of pirated and counterfeit goods, as well as the materials and implements predominantly used in their manufacture.
- Significantly increase the number of enforcement actions against pirated and counterfeit goods at physical markets in China and that are exported or in transit.
- Ensure, including through third party audits, that government agencies and SOEs only use licensed software.

Deterrent-Level Remedies and Penalties and Issues in the Judicial System

The levels of remedies and penalties have not been sufficient to deter the significant volume of IP theft in China. In addition, certain procedures or other aspects of China's judicial system have created barriers with respect to the ability of U.S. IP owners to effectively enforce their rights. To address these issues, the IP chapter includes obligations for China to:

- Provide deterrent-level civil remedies and criminal penalties for IP theft, including increasing the range of minimum and maximum pre-established damages, sentences of imprisonment, and monetary fines.
- Require the transfer of cases from administrative authorities to criminal authorities when there is a reasonable suspicion of a criminal violation.
- Ensure expeditious enforcement of judgments for violations of intellectual property rights.
- Provide legal presumptions of copyright ownership and waiving certain other requirements for bringing copyright infringement claims.
- Eliminate or streamline requirements for foreign litigants to authenticate evidence for use in Chinese courts.
- Provide a reasonable opportunity to present witnesses and to cross-examine opposing witnesses in civil proceedings.



ECONOMIC AND TRADE AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE PEOPLE'S REPUBLIC OF CHINA FACT SHEET

MACROECONOMIC POLICIES AND EXCHANGE RATE

The Phase One economic and trade agreement signed by the United States and China on January 15, 2020, includes a chapter on Macroeconomic Policies and Exchange Rate Matters and Transparency, including policy and transparency commitments on currency issues. The chapter addresses unfair currency practices by requiring high-standard commitments to refrain from competitive devaluations and targeting of exchange rates, while significantly increasing transparency and providing mechanisms for accountability and enforcement. This approach will help reinforce macroeconomic and exchange rate stability and ensure that China cannot use currency practices to unfairly compete against U.S. exporters.



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TECHNOLOGY TRANSFER

The Phase One economic and trade agreement signed by the United States and China on January 15, 2020, addresses certain acts, policies, and practices of China identified in the Section 301 investigation related to technology transfer, intellectual property, and innovation. For instance, the parties have agreed to:

- Prohibit the forcing or pressuring of foreign companies to transfer their technology as a condition for market access, administrative approvals, or receipt of any advantages.
- Require that any transfer or licensing of technology be based on market terms that are voluntary and reflect mutual agreement.
- Prohibit state-directed or supported outbound investment aimed at acquiring foreign technology in sectors and industries targeted by a party's industrial policies.
- Ensure that enforcement and administrative proceedings are impartial, fair, transparent, and non-discriminatory.

**ECONOMIC AND TRADE AGREEMENT BETWEEN
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THE PEOPLE'S REPUBLIC OF CHINA**

JANUARY 15, 2020

FACT SHEET

On January 15, 2020, the United States and China signed an historic and enforceable agreement on a Phase One trade deal that requires structural reforms and other changes to China's economic and trade regime in the areas of intellectual property, technology transfer, agriculture, financial services, and currency and foreign exchange. The Phase One agreement also includes a commitment by China that it will make substantial additional purchases of U.S. goods and services in the coming years. Importantly, the agreement establishes a strong dispute resolution system that ensures prompt and effective implementation and enforcement. The United States has agreed to modify its Section 301 tariff actions in a significant way.

Information on specific chapters of the Phase One agreement is provided below:

- **Intellectual Property:** The Intellectual Property (IP) chapter addresses numerous longstanding concerns in the areas of trade secrets, pharmaceutical-related intellectual property, geographical indications, trademarks, and enforcement against pirated and counterfeit goods.
- **Technology Transfer:** The Technology Transfer chapter sets out binding and enforceable obligations to address several of the unfair technology transfer practices of China that were identified in USTR's Section 301 investigation. For the first time in any trade agreement, China has agreed to end its long-standing practice of forcing or pressuring foreign companies to transfer their technology to Chinese companies as a condition for obtaining market access, administrative approvals, or receiving advantages from the government. China also commits to provide transparency, fairness, and due process in administrative proceedings and to have technology transfer and licensing take place on market terms. Separately, China further commits to refrain from directing or supporting outbound investments aimed at acquiring foreign technology pursuant to industrial plans that create distortion.
- **Agriculture:** The Agriculture chapter addresses structural barriers to trade and will support a dramatic expansion of U.S. food, agriculture and seafood product exports, increasing American farm and fishery income, generating more rural economic activity, and promoting job growth. A multitude of non-tariff barriers to U.S. agriculture and seafood products are addressed, including for meat, poultry, seafood, rice, dairy, infant formula, horticultural products, animal feed and feed additives, pet food, and products of agriculture biotechnology.
- **Financial Services:** The Financial Services chapter addresses a number of longstanding trade and investment barriers to U.S. providers of a wide range of financial services, including banking, insurance, securities, and credit rating services, among others. These barriers include foreign equity limitations and discriminatory regulatory requirements.

Removal of these barriers should allow U.S. financial service providers to compete on a more level playing field and expand their services export offerings in the Chinese market.

- **Currency:** The chapter on Macroeconomic Policies and Exchange Rate Matters includes policy and transparency commitments related to currency issues. The chapter addresses unfair currency practices by requiring high-standard commitments to refrain from competitive devaluations and targeting of exchange rates, while promoting transparency and providing mechanisms for accountability and enforcement. This approach will help reinforce macroeconomic and exchange rate stability and help ensure that China cannot use currency practices to unfairly compete against U.S. exporters.
- **Expanding Trade:** The Expanding Trade chapter includes commitments from China to import various U.S. goods and services over the next two years in a total amount that exceeds China's annual level of imports for those goods and services in 2017 by no less than \$200 billion. China's commitments cover a variety of U.S. manufactured goods, food, agricultural and seafood products, energy products, and services. China's increased imports of U.S. goods and services are expected to continue on this same trajectory for several years after 2021 and should contribute significantly to the rebalancing of the U.S.-China trade relationship.
- **Dispute Resolution:** The Dispute Resolution chapter sets forth an arrangement to ensure the effective implementation of the agreement and to allow the parties to resolve disputes in a fair and expeditious manner. This arrangement creates regular bilateral consultations at both the principal level and the working level. It also establishes strong procedures for addressing disputes related to the agreement and allows each party to take proportionate responsive actions that it deems appropriate. The United States will vigilantly monitor China's progress in eliminating its unfair trade practices and implementing these obligations.