

INDUSTRY LEADERSHIP IN THE U.S.-CHINA RELATIONSHIP

CEA POSITION: Over the last several years, China has become an increasing priority for CEA and the industry. Due to its entry into the WTO multi-lateral trading system, its phenomenal economic growth and a corresponding ability to compete globally, Chinese CE companies increasingly look to stand as equals along side industry stalwarts from Japan, Korea and U.S. based firms. At the same time, China represents an untapped opportunity for many companies as millions of Chinese consumers move towards the “middle class.” Managing the continuing emergence of the Chinese economy in a way that benefits America and the CE industry will pose challenges in the public policy realm.

BACKGROUND: In 2005 CE imports from China were \$14.7B. At writing (November 2006) 2006 CE imports from China are up 22% year to date over 2005. In 2005, CE exports to China were \$96M. At writing, 2006 CE exports to China are up 69% year to date over 2005. Although we have witnessed significant export growth, the loss of U.S. manufacturing jobs, Chinese labor practices, the trade imbalance, China’s currency situation, and a continuing lag in enforcement of intellectual property rights, means that the political climate in Washington remains challenging. With new leadership on Capitol Hill, it will be very important in 2007 to educate lawmakers of the importance of an open trading regime with China, one of the consumer electronics industry’s most critical trading partners.

CEA EVALUATION:

- **Advocacy to Achieve Constructive Approaches to Industrial Policy Issues with China**

Throughout the year, CEA has been engaged in efforts to push back legislation that could be detrimental to U.S.-China trade relations (such as the Schumer Bill) while contributing to public and private efforts to pursue positive Chinese engagement on international standards and conformity assessment matters, energy efficiency and intellectual property rights.

In addition, CEA has remained active in the information industry working group for the U.S.-China Joint Commission on Commerce and Trade (JCCT). The JCCT establishes a work plan for addressing issues concerning China’s compliance with its WTO obligations. Finally, CEA commissioned and released a study highlighting the relationship between the United States and China in the CE industry. CEA will continue to work in partnership with the Department of Commerce, USTR and Chinese officials to address industrial policy issues and consider forums to best educate policy makers to the priorities of our industry.

- **Educate Member Companies on Issues Concerning Intellectual Property Rights**

As part of our *International Insider Series* of whitepapers, CEA issued a report on *Opportunities in China*. As part of that report, CEA provided information to members about intellectual property rights infringement in China, strategic considerations when entering into joint ventures, and enforcement options available to U.S. firms in China as well as those companies that are importing products into the United States.

OUTLOOK: In the new Congress, we expect that striking a constructive balance in U.S. – China trade relations will continue to pose significant challenges for lawmakers and industry. CEA will continue as a leading industry voice with respect to U.S.-China relations. CEA’s sponsorship of the SINOCES in Qingdao provides an excellent platform for continued leadership in this crucial international relationship.

For more information, please contact CEA at publicpolicy@CE.org or visit www.CE.org/international.