

## **PRESIDENT DONALD J. TRUMP IS STANDING UP FOR AMERICAN INNOVATION**

*“Under my Administration, the theft of American prosperity will end. We’re going to defend our industry and create a level playing field for the American worker – finally.” – President Donald J. Trump*

### **PROTECTING AMERICAN COMPETITIVENESS: President Donald J. Trump is taking action to address Chinese policies and practices that are harming American innovation.**

- The President has directed his Administration to consider a range of actions to respond to China’s acts, policies, and practices involving the unfair and harmful acquisition of U.S. technology.
- President Trump’s Administration will propose for public comment adding 25 percent additional tariffs on certain products that are supported by China’s unfair industrial policy.
  - Sectors subject to the proposed tariffs will include aerospace, information communication technology, and machinery.
- USTR will confront China’s discriminatory technology licensing practices through a World Trade Organization (WTO) dispute proceeding.
- The Department of Treasury, in consultation with other agencies, will propose restrictions on investment by China in sensitive U.S. technology.

### **A THREAT TO AMERICAN INNOVATION: President Donald J. Trump based his actions in large part on the findings of the Section 301 investigation conducted by his Administration.**

- In August, President Trump’s Administration launched an investigation into Chinese acts, policies, and practices related to technology transfer, intellectual property, and innovation.
  - The U.S. Trade Representative (USTR) led the investigation under Section 301 of the Trade Act of 1974, which gives the USTR broad authority subject to Presidential direction to eliminate unfair trade practices or policies that burden U.S. commerce.
  - This was the first Section 301 investigation since 2013.
- USTR led an extensive investigation based on a thorough analysis of evidence and comments received from academics, think tanks, law firms, trade associations, and American companies and workers.
- The investigation concluded that China uses foreign ownership restrictions, such as joint venture requirements and administrative review and licensing processes to force or pressure U.S. companies to transfer technology to Chinese entities.
  - China requires foreign companies that access their New Energy Vehicles market to transfer core technologies to a joint venture and disclose development and manufacturing technology for the entire vehicle.
- The investigation concluded that China forces U.S. companies seeking to license technologies to Chinese entities to do so on non-market based terms.
  - China imposes contractual restrictions on the licensing of intellectual property and foreign technology into their country, but does not put the same restrictions on contracts between two Chinese enterprises.
- The investigation concluded that China directs and unfairly facilitates investments and acquisitions to generate large-scale technology transfer from U.S. companies to Chinese entities.

- A Chinese government-backed fund helped Apex Technology Co., a Chinese investment consortium, acquire a U.S. computer-printer maker which had previously sued Apex over patent infringement.
- The investigation concluded that China conducts and supports cyber intrusions into U.S. companies to access their sensitive commercial information, such as trade secrets.
  - In 2014, the U.S. charged five Chinese military hackers for cyber espionage committed against U.S. corporations and a labor organization for commercial advantage.
- An interagency analysis estimates that China's unfair acts, policies, and practices cause tens of billions in damages to the United States each year.

**CONFRONTING UNFAIR TRADE: President Trump has made clear that his Administration will confront unfair trade practices that harm American commerce.**

- Since taking office, President Trump has sought to confront unfair trade practices that have harmed American commerce for far too long.
- The President's Administration conducted 82 antidumping and countervailing duty investigations in 2017.
  - This was a 58 percent increase in investigations over 2016.
- In January, the President announced new safeguard tariffs on imported large residential washing machines and solar cells.
  - The President's decision to implement the tariffs was based on recommendations by the bi-partisan, independent International Trade Commission.
- President Trump's Administration has successfully litigated WTO disputes targeting unfair trade practices and upholding our right to enact fair trade laws.
  - In February 2018, USTR won a WTO compliance challenge against China's unfair antidumping and countervailing duties on U.S. poultry exports, and China announced the termination of those duties.
  - In November 2017, the United States won a WTO dispute regarding Indonesia's unfair import licensing regime restricting U.S. agricultural exports.
  - In October 2017, a WTO compliance panel found that U.S. tuna labeling rules designed to inform consumers about safe fishing practices were consistent with WTO standards.
  - In September 2017, the WTO rejected allegations by the European Union that Boeing was receiving prohibited subsidies.
  - In June 2017, a WTO compliance panel rejected almost all claims by the European Union that alleged U.S. subsidies to Boeing were causing serious prejudice to Airbus, instead finding that 28 of 29 challenged programs were consistent with WTO rules.