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Ambassador Jamieson Greer
The Office of the U.S. Trade Representative
600 17th St. NW
Washington DC, 20508

Re: Request for Comments Concerning the 2025 Report on China's Compliance with its WTO Commitments (Docket USTR-2025-0015)

Dear Ambassador Greer:

The Consumer Technology Association appreciates the opportunity to submit written comments regarding China's compliance with its World Trade Organization (WTO) commitments. This letter and its annex constitute CTA's written comment for the 2025 China WTO Compliance Report, in accordance with the requirements on the U.S. Trade Representative (USTR) under Section 421 of the U.S.-China Relations Act of 2000.¹ We welcome your notice of a public hearing on this topic as well and, by separate submission, also respectfully request to testify on October 7.

CTA represents over 1,300 companies from every facet of the consumer technology industry, which supports 18 million U.S. jobs and relies on broader supply chains for their streamlined movement of goods and services. We also own and produce CES®, the world's most powerful technology event which in 2025, attracted more than 142,000 people, including 57,000-plus international visitors. CTA promotes the Human Security For All (HS4A)² mandate of the United Nations, catalyzing technologies that can meet fundamental human securities. Throughout its 100-year existence, CTA has remained steadfast in its mission to promote American innovation and the adoption of new technologies that address significant global challenges.

A. The Current Environment for U.S.-China Trade

¹ Pub. L. 106-286, <https://www.govinfo.gov/link/plaw/106/public/286>.

² CES 2025, CTA, <https://www.ces.tech/topics/human-security-for-all.aspx>.

The consumer technology industry has historically used production locations in China for manufacturing many products for the U.S. market.³ But for more than a decade, and especially since USTR's imposition of tariffs under Section 301 of the Trade Act of 1974 in 2018 and 2019, consumer technology firms have begun to find sourcing opportunities in other markets.⁴ The deteriorating business and legal environment in China, the difficulties surrounding the COVID-19 pandemic, and increasing geopolitical risk have underpinned this shift. CTA's landmark study on "Building a Resilient Consumer Technology Supply Chain"⁵ underscores these points.

Currently, wide-ranging tariffs under the International Emergency Economic Powers Act (IEEPA) have targeted imports not only from China but also from all other U.S. trading partners, and this tariff landscape is yet again changing the calculus.⁶ Companies face uncertainty over where to produce, how much they'll pay in tariffs, and when to ship to the United States — leaving many to conclude that sourcing from China and paying tariffs is more predictable than rebuilding supply chains elsewhere. For example, a July 2025 U.S.-China Business Council survey found that roughly two-thirds of companies operating in China plan to maintain their investments there.⁷ Further, CTA's 2022 analysis⁸ similarly showed that the Section 301 tariffs simply raised costs and fueled inflation without boosting U.S. production or employment.

B. The Costs of Unilateral Action and Retaliation

USTR has long argued that tariffs would induce China to reform harmful practices such as intellectual property theft and forced technology transfer. Yet USTR's own necessity reviews

³ *China and the Future of Global Supply Chains*, Rhodium Group, Feb. 4, 2025, <https://rhg.com/research/china-and-the-future-of-global-supply-chains/>.

⁴ *Analysis of Section 301 Tariff Impacts on Imports of Consumer Technology Products*, CTA and WITA, July 2022, https://www.wita.org/wp-content/uploads/2022/08/CTA_Section-301-Tariff-Whitepaper.pdf.

⁵ Press Release, "Landmark Study Shows Bringing All Tech Manufacturing Back to U.S. Not Feasible," CTA (Oct. 4, 2023), <https://www.cta.tech/Resources/Newsroom/Media-Releases/2023/October/Landmark-Study-Shows-Bringing-All-Tech-Manufacturing>.

⁶ *Further Modifying Reciprocal Tariff Rates to Reflect Ongoing Discussions with the People's Republic of China*, White House, Aug. 11, 2025, <https://www.whitehouse.gov/presidential-actions/2025/08/further-modifying-reciprocal-tariff-rates-to-reflect-ongoing-discussions-with-the-peoples-republic-of-china/>.

⁷ Member Survey 2025, U.S.-China Business Council (July 2025), <https://www.uschina.org/articles/member-survey-2025/>

⁸ Report, *Analysis of Section 301 Tariff Impacts on Imports of Consumer Technology Products*, CTA and Trade Partnership Worldwide, LLC (July 2022), https://www.wita.org/wp-content/uploads/2022/08/CTA_Section-301-Tariff-Whitepaper.pdf

acknowledge that these practices remain largely unchanged.⁹ Worse, unilateral tariffs have triggered harmful retaliation from China in ways that extend well beyond tariffs. Beijing has responded with export restrictions on critical minerals,¹⁰ designations of U.S. firms on its Unreliable Entity List,¹¹ and antitrust investigations targeting U.S. technology companies.¹² These non-tariff retaliatory measures, combined with China's tariffs on U.S. goods, have compounded the harm to American workers, farmers, and manufacturers. By contrast, if the United States had pursued resolution of these important concerns in conjunction with allied trading partners within the framework of the WTO dispute settlement system instead of imposing unilateral tariffs, many of these retaliatory actions would likely have not occurred.

Moreover, the tariffs themselves have also burdened U.S. businesses and the broader economy. The Congressional Budget Office reports¹³ that new tariffs covering over 75 percent of imports will reduce U.S. economic output, raise costs for businesses, and temporarily increase inflation as higher prices are passed to consumers. By increasing the cost of imported capital goods and inputs, tariffs are expected to dampen investment, reduce productivity, and slow potential growth through 2027. Unilateral actions increase trade policy uncertainty, which will result in continued delays in business investments in the near term, amplifying these negative effects.

C. WTO Dispute Settlement: A Proven but Abandoned Tool

⁹ Four-Year Review of Actions Taken in the Section 301 Investigation: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation, Office of the U.S. Trade Representative (May 14, 2024) ("USTR Report"), at 10-15

¹⁰ China Expands Key Critical Mineral Export Controls After U.S. Imposes Tariffs, Reuters (February 2025), www.reuters.com/world/china/china-expands-critical-mineral-export-controls-after-us-imposes-tariffs-2025-02-04/

¹¹ China Slaps Restrictions on 18 U.S. Firms Over Trump Tariffs, Reuters (April 2025), [www.reuters.com/world/china-adds-us-companies-lists-export-control-unreliable-entities-2025-04-09/](https://www.reuters.com/world/china/adds-us-companies-lists-export-control-unreliable-entities-2025-04-09/)

¹² China Launches an Antitrust Probe into Google, Associated Press (February 2025), <https://apnews.com/article/google-china-antitrust-investigation-tariffs-ab02b906733666cb0d348d2b416b7fa5>

¹³ CBO's Current View of the Economy From 2025 to 2028, Congressional Budget Office (September 2025), https://www.cbo.gov/publication/61738#_idTextAnchor006

CTA's past comments to USTR, including our June 2024 comments regarding proposed tariff rate increases¹⁴ and our comments on the 2024 China WTO Compliance review,¹⁵ have consistently underscored that unilateral, tariff-only strategies are an insufficient tool to pressure China's compliance. The United States has proven in the past that offensive WTO dispute settlement cases can successfully compel China to change WTO-inconsistent practices. Prior to USTR's decision to disable the Appellate Body (AB) by blocking the appointment of new AB members, the U.S. government had a solid track record of using the dispute settlement system to address China's WTO-inconsistent practices. Most notably, in 2012, the United States, the European Union, and Japan together successfully prosecuted China's export restraints on rare earths and other critical minerals.¹⁶ China lost this case, did not appeal, and modified its measures that the dispute settlement panel found to be inconsistent with its WTO commitments, including those under the Protocol of China's Accession to the WTO.

USTR, unfortunately, never deployed this highly successful model again. During the first Trump Administration, USTR launched one pro forma case against China concerning the protection of intellectual property rights in March 2018 as part of the predicate for the Section 301 tariffs.¹⁷ However, after the composition of a dispute settlement panel in January 2019, USTR requested that the Dispute Settlement Body (DSB) suspend the panel's work in 2020. The DSB accepted this request and the authority for the panel's establishment lapsed in 2021. Since then, USTR has only been on the defensive against China at the WTO concerning offensive cases that China has taken against U.S. measures, including the Section 301 tariffs,¹⁸ the tariffs imposed on imports of steel and aluminum under Section 232 of the Trade Expansion Act of 1962,¹⁹ and more recently, the IEEPA-fentanyl tariffs²⁰ and reciprocal tariffs²¹ imposed by the United States in 2025.

¹⁴ Consumer Technology Association, Comments on USTR's Request for Comments on Proposed Modifications of Section 301 Tariffs (USTR-2024-0007), (June 28, 2024), <https://www.cta.tech/media/hzvix1ud/cta-final-comments-to-ustr-on-china-section-301-tariff-rate-increases-and-exclusion-process-20240628.pdf>

¹⁵ Consumer Technology Association, Re: Request for Comments and Notice of Public Hearing Concerning China's Compliance With WTO Commitments (USTR-2024-0012), (September 10, 2024), www.cta.tech/media/zmysvxj/final-cta-comment-to-ustr-on-china-s-compliance-with-its-wto-commitments-20240910.pdf

¹⁶ China — Rare Earths, https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds431_e.htm.

¹⁷ China — Intellectual Property Rights II, https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds542_e.htm.

¹⁸ US — Tariff Measures (China), https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds543_e.htm.

¹⁹ US — Steel and Aluminium Products

(China), https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds544_e.htm.

²⁰ *China – Fentanyl Tariffs*, www.wto.org/english/tratop_e/dispu_e/cases_e/ds633_e.htm

²¹ *China - Reciprocal Tariffs*, www.wto.org/english/news_e/news25_e/dsrfc_08apr25_e.htm

USTR's zeal for tariffs has hidden its failure to leverage other, more effective tools in its toolbox to address barriers to trade. Offensive dispute settlement cases at the WTO appear to have fallen out of USTR's toolbox entirely, not just with respect to China but also with respect to all other WTO Members. Since 2019, USTR has forgone critical opportunities to hold China and other WTO Members to account regarding their WTO commitments and increase U.S. leverage in negotiations to address barriers to trade through dispute settlement proceedings. Consequently, USTR is losing the vital skill of pursuing offensive cases at the WTO, and this loss will impair the agency's ability to achieve its mission in the future.

D. U.S. Paralysis at the WTO Enables China to Rewrite the Rules

CTA acknowledges that there are legitimate concerns about AB overreach on WTO jurisprudence. However, the United States' effective suspension of the dispute settlement system at the WTO weakens the ability of the United States to address China's abusive trade practices using the WTO as a platform. Further, without a fully functioning dispute settlement system, the United States loses the opportunity to collaborate with its allies and present a united front on China's compliance with its WTO commitments. Although such collaborative action may be more challenging and time-consuming than unilateral action by USTR, the agency should consider how other tools can be more effective at combating China's problematic trade practices.

USTR is overlooking the reality that offensive cases at the WTO, if pursued successfully, increase the likelihood that China will engage in meaningful negotiations, either with the United States alone but preferably with the United States and its allies and partners together. China purports to be a strong supporter of the rule of law and the multilateral trading system. Offensive cases at the WTO will increase pressure on China to supplement its rhetoric with changes in policy if China loses those cases. Significantly, if WTO Members do not hold China accountable for its WTO commitments, Beijing will assume that the global community does not champion rules-based international trade. In that scenario, as is already occurring, Beijing will seek to reshape the international trade landscape in its image with pervasive non-market economy practices and support for America's adversaries.

E. Conclusion

CTA urges USTR to reorient its approach to China's WTO compliance by reactivating the full range of tools available under the multilateral trading system. Tariffs alone have not delivered the intended reforms and have instead triggered costly retaliation, distorted supply chains, and undermined U.S. competitiveness. The WTO — despite its imperfections — remains a vital

mechanism for enforcing trade rules, compelling compliance, and building coalitions with like-minded partners.

The United States has a proven track record of winning offensive WTO cases against China and securing meaningful changes to Chinese policies. Abandoning the WTO as a pathway in favor of unilateralism not only weakens U.S. leverage against China, but also that of like-minded trading partners. U.S. failure to engage signals to China and other WTO Members that rules-based enforcement is no longer a priority. The United States cannot risk ceding leadership in shaping the future of global trade to actors who do not share our values of transparency, fairness, and market-based competition.

CTA respectfully calls on USTR to restore its commitment to multilateral enforcement, reengage in offensive WTO litigation, and work with allies to hold China accountable to its WTO obligations. Committing to using WTO tools will strengthen U.S. negotiating power, protect American workers and businesses, and reinforce the integrity of the global trading system.

Thank you again for the opportunity to submit these comments. CTA is happy to serve as a resource for USTR as it examines China's compliance with its WTO commitments. We look forward to testifying at the public hearing on October 7.

Sincerely,



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Vice President of International Trade
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Michael Petricone
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Annex - CTA comments on specific issues pertaining to China's compliance with its WTO commitments

A. Export Regulations.

China's government agencies have started to aggressively enforce its "Unreliable Entity List" (UEL), which prohibits companies and individuals in China from export, import, and related transactions with listed companies and imposes punitive measures for violations at any level of the supply chain for products to U.S. defense companies listed on the UEL.²² However, the enforcement process of the UEL in China has been highly opaque and lacks clear guidance and definition in the scope of compliance responsibility.

In addition, China has increasingly withheld approvals for export licensing applications, including rare earth elements and magnets.²³ U.S. companies report long delays, vague rejection rationales, and shifting regulatory requirements that make it difficult to secure necessary licenses for outbound shipments.¹⁷ These practices lack transparency and predictability, creating significant compliance risks and disrupting global supply chains. The selective and discretionary nature of China's export licensing regime raises serious concerns about its consistency with WTO obligations.

B. Internal Policies Affecting Trade

CTA members urge China's full implementation of the WTO Technical Barriers to Trade (TBT) Agreement.²⁴ China's regulatory-making process still lacks full transparency, and in some instances have seen decreased transparency where new requirements are released without advance notice, documentation, or adequate opportunity to comment. Chinese government agencies should develop better pre-ruling processes to provide clarifications, adopt feedback, and allow for a sufficient timeframe for public comments on proposed rules and regulations.

Specifically, the creation of unique Chinese standards continues to be a significant barrier in the IT sector. For example, a requirement that computer processors pass a security test, which many Western companies are not comfortable disclosing for intellectual property protection and

²² *China adjusts unreliable entity list measures on certain U.S. firms: ministry*, PRC State Council, Aug. 12, 2025, https://english.www.gov.cn/news/202508/12/content_WS689aad53c6d0868f4e8f4c67.html.

²³ *China is still choking exports of rare earths despite pact with U.S.*, Wall Street Journal, Jun. 26, 2025, <https://www.wsj.com/world/china/china-rare-earth-exports-2fd0dab4>.

²⁴ *Agreement on Technical Barriers to Trade*, WTO, https://www.wto.org/english/docs_e/legal_e/tbt_e.htm.

security reasons, means that only Chinese local processors can be sold into products for public procurement and is very likely to extend into broader sectors of the economy, including the consumer-sector.²⁵

As a WTO Member, China is bound by the principle of national treatment. However, Chinese authorities continue to use a variety of laws, regulations, and other policy tools to compel U.S. IT companies to license or otherwise transfer valuable U.S. technologies and know-how to Chinese entities at below-market rates, and to exclude U.S. companies from full and equal participation in the Chinese market.²⁶

CTA members are especially concerned by China's discriminatory market access measures targeting hardware and software procurement. For example, China's public procurement policies in the technology sector have increasingly afforded preferential treatment to national companies. The Made in China 2025 or "xinchuang" initiative is a technological indigenization campaign that promotes national tech champions, encourages domestic consumption, and likely substitutes out foreign players, including U.S. companies.²⁷ The policy is expected to expand to state-owned enterprises and "critical sectors" including a broad spectrum of the economy beyond government procurement - financial services, transportation, telecom, education, healthcare, aerospace, and energy.

It is expected that more "qualified suppliers" lists will be released by the Chinese authorities, continuing to effectively bar U.S. company participation. China requires that state-owned entities (SOEs), Critical Information Infrastructure Operators (CIIOs), and public sector entities procure Chinese-made IT infrastructure, basic software, applications, and information security products.²⁸ Over time, preferential public sector treatment of local Chinese technology companies could also be adopted by private Chinese firms through regulatory restrictions, perceived security concerns, or trickle-down branding and reputation impact.

²⁵ *Regulations on Network Data Security Management*, PRC State Council, Sept. 30, 2024,

https://english.www.gov.cn/policies/latestreleases/202409/30/content_WS66fab6c8c6d0868f4e8eb720.html.

²⁶ *Rethinking Technology Transfer Policy toward China*, Center for Strategic & International Studies, Nov. 17, 2023,

<https://www.csis.org/analysis/rethinking-technology-transfer-policy-toward-china>.

²⁷ *Understanding China's Xinchuang Initiative*, U.S.-China Business Council, Oct. 9, 2024,

<https://www.uschina.org/articles/understanding-chinas-xinchuang-initiative/>.

²⁸ *The Government Procurement Law of the People's Republic of China*, National People's Congress, Dec. 6, 2007,

http://www.npc.gov.cn/zgrdw/englishnpc/Law/2007-12/06/content_1382108.htm.

The "xinchuang" initiative and subsequent procurement directives, create market access barriers to U.S. technology companies that is inconsistent with China's WTO obligations. To that end, CTA members encourage the U.S. government to raise national treatment concerns to Chinese authorities.

C. Services.

Since 2017, China has been developing and implementing a comprehensive cyber and data regulatory framework, which has placed onerous but vague compliance requirements on U.S. technology companies. Moreover, the Chinese laws, regulations, policies and proposals making up this framework have introduced measures which erect substantial market access barriers counter to China's WTO commitments.

- China's 2017 Cybersecurity Law (CSL) is broadly written and imposes a complex and burdensome cybersecurity review on companies.²⁹ It also serves as China's legal justification behind certain regulations, such as the Multi-Level Protection Scheme 2.0, which restrict usage of foreign technology products.
- The Data Security Law (DSL) introduces stringent data localization requirements for CIIOs, as well as compliance requirements for overseas transfer of important data. The broad and vague definition of what constitutes CIIOs, as well as important data, means that U.S. technology companies continue to face high costs to comply with the law.³⁰
- The Personal Information Protection Law³¹ and the Outbound Data Transfer Security Assessment Measures³² build on the CSL and the DSL in imposing onerous measures on the cross-border transfer of data, while also containing — in many instances — opaque or incomplete guidance.
- The Cyberspace Administration of China's (CAC's) Measures on Data Exit Security Assessment, effective since September 2022, set forth requirements for cross-border transfers of important data and personal information by CIIOs and companies meeting

²⁹ *Translation: Cybersecurity Law of the People's Republic of China (Effective June 1, 2017)*, Stanford University, Jun. 29, 2018, <https://digichina.stanford.edu/work/translation-cybersecurity-law-of-the-peoples-republic-of-china-effective-june-1-2017/>.

³⁰ *Data Security Law of the People's Republic of China*, National People's Congress, Jun. 10, 2021, http://www.npc.gov.cn/englishnpc/c2759/c23934/202112/t20211209_385109.html .

³¹ *Personal Information Protection Law of the People's Republic of China*, National People's Congress, Dec. 29, 2021, http://en.npc.gov.cn.cdurl.cn/2021-12/29/c_694559.htm.

³² *Translation: Outbound Data Transfer Security Assessment Measures – Effective Sept. 1, 2022*, Stanford University, Jul. 8, 2022, <https://digichina.stanford.edu/work/translation-outbound-data-transfer-security-assessment-measures-effective-sept-1-2022/>.

certain thresholds, including mandatory self-evaluations and security assessments. This framework, combined with certification and standard contract rules, creates heavy compliance burdens and risks disclosure of trade secrets and IP for foreign companies.³³

These measures take a broad view of national and data security, place shifting goalposts on compliance and high costs on U.S. technology companies while contracting the spirit of China's WTO commitments. These mandates — which require data localization and pose restrictions to cross-border data transfer — impede free flow of trade, including for e-commerce. While China has recently clarified and loosened some aspects of its cross-border data transfer policies, China's overall restrictive and sovereignty-based approach to data flow continues to negatively impact companies that rely on the international flow of data to operate. Ultimately, China's indigenous technology requirements, its mandate of the use of "secure and controllable" technologies, and its definition of this term in ways that disadvantage or exclude foreign products and suppliers all generate substantial market access barriers.

CTA members recommend that USTR continue to pressure China to adopt laws and regulations consistent with international laws and rulemaking bodies and to suspend measures involving trade-restrictive technology standards and data-related requirements that have discriminatory impacts against U.S. technology companies. CTA further recommends that USTR do so through the WTO and the multilateral system, rather than relying solely on unilateral tariff actions or bilateral negotiations.

³³ *Measures for the Security Assessment of Data Outbound Transfer*, Cyberspace Administration of China, Jul. 7, 2022, https://www.cac.gov.cn/2022-07/07/c_1658811536396503.htm.