

# Insight

## Regulation of Business and Trade in China

### Investment and Competition

#### China Issues Draft Regulations on Implementation of Anti-Monopoly Law

On March 27, 2008, China's State Council released Draft Regulations on Pre-merger Notifications for public comments. The draft regulations specify mandatory filing thresholds and procedures for enterprises to notify the Chinese government of mergers and acquisitions (*i.e.*, "concentrations"). This is the first set of implementing regulations for the Anti-Monopoly Law (AML), which the State Council passed on August 30, 2007, and plans to implement on August 1, 2008. Pending the incorporation of public comments, which were due on April 11, 2008, the draft regulations will enter into force in concurrence with the AML. Regulations implementing other provisions of the AML are due by the end of the year.

### Government Reform

#### China Issues Plan to Reform the State Council Organization

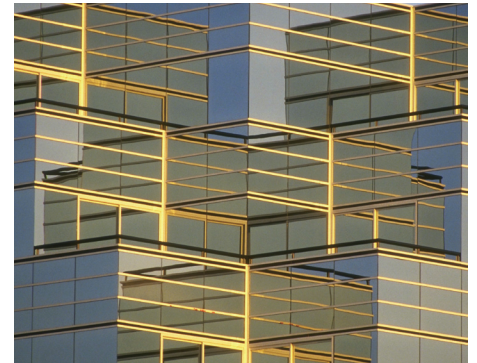
During the meeting of the 11th National People's Congress (NPC), the government unveiled and approved a long-expected draft plan to reorganize the State Council. Announced on March 11, 2008, the plan includes the establishment of six new ministries – for environmental protection, industry and information, transportation,

human resources and social security, and housing and urban-rural construction – and the creation of two new agencies to oversee national energy policy. The plan also contains measures to restructure administrative agencies that oversee health, and food and drug safety. This reform reflects the Chinese government's intention of formulating and implementing an effective national energy plan, and addressing social issues of environmental degradation and food and product safety.

### Intellectual Property

#### China Releases 2008 Action Plan on IPR Protection

On March 18, 2008, the Ministry of Commerce released an action plan on intellectual property rights (IPR) protection for 2008. According to the plan, the government will take a number of actions to strengthen IPR protection including: (i) promulgate and amend IPR-related laws and regulations; (ii) enhance enforcement and trials of laws and regulations; (iii) improve working mechanisms for IPR protection; and (iv) provide quality services for rights holders. The plan will provide guidance for the government to regulate the domestic market, support domestic enterprises that seek IPR protection overseas and reduce IPR-related trade conflicts. This is the third such comprehensive annual plan that the Chinese government has released to detail its IPR protection improvement efforts from 2006.



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## New Section 337 Case

Power Supplies: complaint filed on April 4, 2008, mainly against Taiwan companies.

## Customs

### China Issues Customs Bonded Verification Measures

On March 31, 2008, the General Administration of Customs (GAC) issued the Customs Bonded Verification Measures that specifically regulate Customs' verifications of bonded inward-processed goods and bonded logistics goods, and Customs' inspection and supervision on bonded business operations of bonded processing enterprises, bonded logistics enterprises, customs specially supervised areas, and bonded supervised areas. The Measures will take effect on June 1, 2008.

This is the first time that the GAC unifies and updates the administrative measures to strengthen its inspection and supervision on the fast growing inward processing trade and bonded business in China.

## Trade Remedy Cases Involving China

Product	Country of Origin	Petitioner Country	Announcement
Steel Threaded Rod	China	US	AD Case initiated on April 1, 2008
Circular Welded Carbon Quality Steel Line Pipe	China, Korea	US	Petitions 701 & 731 filed on April 3, 2008
Frontseating Services Valves	China	US	AD Case initiated on April 8, 2008
1-Hydroxyethylidene-1,1-diphosphonic acid (HEDP)	China, India	US	AD Case initiated on April 8, 2008
Citric Acid and Certain Citrate Salts	China, Canada	US	Petitions 701 & 731 filed on April 14, 2008
Steel Wire Garment Hangers	China	US	Preliminary AD determination amended on April 8, 2008
Sodium Nitrate	China	US	Preliminary CVD determination on April 8, 2008
Kraft Paper	China, Indonesia, US, Russia, Canada	Korea	Preliminary CVD determination on April 8, 2008
Couplings	China	Israel	AD investigation initiated on March 30, 2008
Dispersion Unshifted Single-Mode Optical Fiber	US, Japan, Korea	China	Mid-term review result issued on April 15, 2008

## Trade

### China and New Zealand Sign Bilateral FTA

On April 7, 2008, China and New Zealand signed a bilateral free trade agreement (FTA) after 15 rounds of negotiations during 2004-2007. This is China's first comprehensive FTA with a developed country, covering trade in goods, services and investment. The FTA will enter into force on October 1, 2008.

### China and Chile Expand Trade in Services

On April 13, 2008, China and Chile signed a supplementary agreement to the China-Chile FTA to expand trade in services. Under the agreement, China has committed to open 23 services sectors in areas such as mining, environmental industries and computing, while Chile has committed to open 37 sectors in areas such as law, real estate and engineering. The agreement will enter into force on January 1, 2009. Both countries also signed six agreements on quarantine processes for agricultural trade.

In China, White & Case has been helping clients do business for thirty years. We understand the Chinese market today because we understand its past. We know that to be an effective adviser we have to understand the background of the laws: what the authorities are trying to achieve and why things are framed the way they are.

Over the years, our ability to put modern China into context has earned us an outstanding reputation, particularly in the areas of foreign direct investment (including M&A and private equity), banking and financial services, energy, infrastructure and project finance, corporate restructurings, intellectual property, telecommunications and technology, real estate, trade, tax, capital markets, and dispute resolution.

The International Trade Group of White & Case helps clients manage the risks and maximize the opportunities associated with the increasing regulation of international trade in goods and services.