China’s Indigenous Innovation Policies and the World Trade Organization

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China’s indigenous innovation policies are a web of policies, regulations, and strategies that are designed to develop an indigenous capacity to create innovation and advanced technology as part of China’s larger strategy to ascend to the top ranks of the world’s industrialized nations. As part of these policies, China has implemented rules related to government procurement, i.e. the purchase by Chinese government entities of products from private vendors. China’s policies favor the purchase of products containing technology owned by Chinese business enterprises. U.S. companies claim that these policies are discriminatory and could preclude them from selling their products to the Chinese government, which has an annual government procurement budget estimated by some to be as high as $1 trillion. U.S. companies also claim that these policies are designed to force them to transfer their technology to China as a condition of selling products to the Chinese government. Critics of these policies argue that they are unfair, illegal, and violate China’s obligations under the World Trade Organization. Critics also argue that under its WTO obligations, the United States cannot discriminate against Chinese goods and services in government procurement so China is not reciprocating in its trading relationship with the United States.

Professor Daniel Chow’s talk will assess these arguments and whether China is within its legal rights in promulgating its government procurement policies favoring products containing indigenous technology.

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