



October 31, 2007

Gloria Blue
Office of the United States Trade Representative
Office of Policy Coordination
600 17th Street, N.W.
Washington, DC 20508

RE: Docket ID No. fr29au07-95, 72 FR 49745-49746 (August 29, 2007)
Request for Public Comment With Respect to the Annual National Trade
Estimate (NTE) Report on Foreign Trade Barriers

IPC-Association Connecting Electronics Industries is pleased to submit the following comments in response to the above referenced request for public comment on significant barriers to U.S. exports of goods and services for inclusion in the Annual National Trade Estimate Report on Foreign Trade Barriers. IPC would like to highlight two particular trade barriers erected by China that are adversely impacting IPC's supplier membership.

IPC is the global trade association for the electronics interconnection industry, and represents more than 2500 member companies. IPC is the only electronic interconnect organization that brings together all industry players, including designers, printed circuit board manufacturers, assembly companies, suppliers, and original equipment manufacturers. IPC's membership is responsible for a variety of electronic devices including computers, cell phones, pacemakers, and sophisticated missile defense systems. Although IPC members include electronic giants, sixty percent of IPC members meet the Small Business Administration's definition of "small business." The typical IPC member has 100 employees and has a profit margin of less than four percent.

China regulates the import and manufacture of chemicals through a notification and testing program for any chemical that is not on China's Inventory of Existing Chemical Substances (IECSC). Any chemical not on the IECSC is considered a new chemical and a notification package including safety information must be submitted to China's State

Environmental Protection Agency (SEPA) Chemical Registration Center (CRC) before introducing a new substance into the market. SEPA requires that at least one physicochemical, one toxicity and one ecotoxicity study accompany notification. The ecotoxicity study must be carried out in a SEPA-accredited Chinese lab. Our members concerns are three-fold. First, since China refuses to accept ecotoxicity testing information collected from other countries, companies are forced to spend money on labs within China to conduct the tests. Second, the Chinese labs cannot handle the volume of testing required therefore delaying approval and addition of new chemicals to the IECSC. Third, IPC members have found that if you manufacture in China, the response time is much faster, making it unfair for importers. Some members have indicated that they have been forced to move many materials to China manufacturing in order to expedite listings. The cost impact from this trade barrier is estimated at more than 5 million per year.

IPC members are also impacted by a significant delay for custom clearances of products shipped to China from the U.S. Our members report that while custom clearances in Taiwan may take 5 hours, China can take up to 5 days. This is a particular concern to IPC members who ship materials that have to be stored at refrigerated temperatures. Due to the extended time consumed by China's customs clearances, U.S. companies have to incur additional packaging and shipping costs. Companies are also disadvantaged by a slower speed to market of its products. Some members report that in order to bypass China's lengthy customs clearances, they have moved significant manufacturing to China. The cost impact from this trade barrier is estimated at over 25 million per year.

China's import barriers have created a significant disadvantage to IPC members. IPC looks forward to working with the USTR to remove these unfair barriers that disrupt free trade and significantly limit the sale of U.S. products. We hope that the USTR will continue to support and address our concerns through its Annual NTE Report on Foreign Trade Barriers. For additional information, please contact Sahar Osman-Sypher at 703-522-0225 or saharosman-sypher@ipc.org.

Sincerely,

Sahar Osman-Sypher
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