



East Meets West

facing challenges
making connections



Free Trade, Fair Trade, and WTO Compliance

Comments based on Eaton Electrical
Experience and **the Third U.S. – China
Standards and Conformity Assessment
Workshop (Beijing August 18-19, 2004)**

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Background

Statement made at the Third U.S. – China Standards and Conformity Assessment Workshop:

“A Workshop involving the World’s largest developed country and the World’s largest developing country.”

Background (continued)

From the standpoint of the largest developed country (and also for the E.U.):

Opportunities offered by the largest developing country (China) include:

- Manufacturing (for the Chinese Market)
- Manufacturing (for export from China)

Background (continued)

From the standpoint of the largest developing country:

Opportunities offered by the largest developed country (U.S.A.) include:

- Jobs
- Internal growth
- Export growth
- Process expertise (including, for example, codes for safe installations, standards & conformity assessment)

Background Experience

Eaton Electrical, in common with many U.S. companies, has positioned itself for opportunities with China via:

- Relationships with Chinese companies
- An Eaton Electrical manufacturing plant, with custom engineering capability for the Chinese market, within China (Suzhou).

Free Trade (within China)

Initial Eaton Electrical experience was with a former state-owned enterprise

- Residual “quota” culture rather than “Free-Market” culture.

The present Eaton Electrical experience is with a new plant, including engineering.

- “Competitive” culture

Fair Trade and WTO

For Eaton Electrical, business realities for the Chinese market are:

- **Distribution & Control products must be designed to GB standards—based on IEC (“International”) standards with added safety requirements as required.**
(reinforced at the Third U.S. – China Workshop)
- **Low Voltage products must bear the CCC Mark.**
- **Intellectual property rights must be honored**

Fair Trade and WTO - CCC Mark

Eaton Electrical first gained experience with the Great Wall Mark (imported product was treated differently from domestic product)

- Obtained Great Wall Mark via direct test within China.

Fair Trade and WTO - CCC Mark (continued)

Eaton Electrical now applies the CCC Mark (WTO change).

- Based on IECEE CB Reports submitted to China's conformity assessment authorities.
- Plant reviews are necessary to obtain certification
- For export from the U.S., plant reviews are necessary and are often impacted by visa problems)

Summary

- China represents a large, highly competitive, **(Free Trade)** market opportunity (the largest developing country).
- Internal markets for electrical distribution and control products are influenced by **WTO**.
 - IEC based standards including IEC 60364 “Electrical Installations for Buildings”
 - Enforced CCC Mark **(Fair Trade)**.