



East Meets West

facing challenges
making connections



Securing The Future of Wi-Fi: How China Made the Right Decision

Presented by
Ann Rollins

Director, Technology & Trade Policy
Information Technology Industry Council

WAPI: A Case Study

- THE STORY
- WHAT'S AT STAKE
- LESSONS LEARNED
- NEXT STEPS



WAPI: A Case Study

- May 2003 - China issued two WLAN security standards to become compulsory on Dec 1, 2003: GB15629.11 and GB15629.1102
- Summer 2003 - Industry engaged at technical level with Chinese
- Fall 2003 - Industry met with the Standardization Administration of China (SAC), the State Encryption Management Committee (SEMC), and the China Broadband Wireless IP Standard Group (BWIPS)
- November 2003 - Chinese government issued a delay of implementation until June 2004
- December 2003 - China released a list of Chinese companies designated as the obligatory production partners of any foreign manufacturers or exporters to China of WLAN technology
- Jan-Feb-March 2004 - Industry went to USG with request to raise this at whatever level necessary to seek resolution
- March 2004 - Unprecedented Joint State, Commerce and USTR letter to Vice Premiers Wu Yi and Zheng Piyan



Excerpted from Joint USG Letter to Chinese Vice Premier Zeng Peiyan

- “If this policy goes into effect, China would be the only country in the world mandating a specific encryption standard for general consumer use...implementation will impose a significant new burden on both foreign and Chinese domestic suppliers. Furthermore, implementation of this standard will make Chinese products incompatible with internationally-accepted standards, isolating China from the larger world market for these types of devices. We are particularly concerned that the new rules would require foreign suppliers to enter into joint ventures with Chinese companies and transfer technology to them. Such compelled investment and technology transfer would appear to be inconsistent with China's WTO commitments.”



WAPI: A Case Study

- April 2004 - Vice President Dick Cheney raised WAPI with Chinese officials
- April 21, 2004 - Vice Premier Wu Yi announced that China would indefinitely delay implementation of the WAPI standard



What is at stake:

- Industry's concern with WAPI was bigger than China. The precedent that may have been set by a government -- a signatory to the WTO agreement -- mandating a technology and forced domestic production would have had significant implications, resulting in incompatible technologies across the globe.
- Interoperable standards are key to the success of the global ICT industry. A unique technology standard in one economy isn't a good solution for consumers, industry or governments.
- Requiring companies which have invented, innovated, and developed the ideas for the technology to transfer that same technology to hand selected Chinese companies as a price of doing business amounts to a disinvestment to a competitor.



Lessons Learned

- Engage on an ongoing basis our government and other governments at the policy level, particularly in emerging markets, about how technology and standards can help grow their economy.
- More aggressively promote global, market-led, voluntary standards that support innovation.
- Encourage market access so that consumers, industry, and economies around the world can benefit from innovative technological advancements.
- Need to convince governments that forced technology transfer may look like a “short cut” to industrial modernization, but in a global market such short cuts are counter productive in the long run.



Next Steps

- Aggressively promote the value of global, market-led, voluntary standards that are compatible and interoperable
- Encourage greater appreciation for IPR and investments in R&D in China
- Increase effective Chinese participation in a broad range of standards development activity
- Build strategic alliances with Chinese industry and other (non-PRC) industry groups
- Educate key decision makers in Chinese and US government on standards issues
- Stay in front of future standards based actions that could have negative consequences for our companies



Thank You

Ann Rollins
Director, Technology & Trade Policy
Information Technology Industry Council
1250 Eye St., NW #200
Washington, DC 20009
202-626-5735
arollins@itic.org



Next Steps

Engage governments on critical technology and standards issues

Aggressively promote global, market-led standards that are compatible and interoperable

