RELEASE IN PART B4,B5

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From:	Sullivan, Jacob J <sullivanjj@state.gov></sullivanjj@state.gov>
Sent:	Friday, August 31, 2012 2:46 PM
To:	H 5
Subject:	Fw: call to S?
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.,.	
From: Sand, Maria W	
Sent: Friday, August 31	
To: Sullivan, Jacob J; Ma	acmanus, Joseph E (S)
Cc: S_SpecialAssistants	
Subject: FW:	call to S?
FYI, below is Embassy Be	eijing's readout of their meeting regarding U.S. express delivery providers.
From: Covington, Andre	ew K
Sent: Friday, August 31	, 2012 2:26 PM
To: Sand, Maria W	
Cc: Cardno, Gwendolyn	\cdot
Subject: RE:	call to S?
Maria,	
The summary from the	embassy is below.
We anticipate that the n	next step in this process is
	We would like the Chinese to have some time to respond to this message.
Andy .	
	M Robert Wang and Embassy staff met with State Postal Bureau (SPB) Administrator Ma
	liscuss outstanding issues related to express delivery. Wang reiterated key U.S. requests, namely
	y providers continue to have unrestricted access to the Chinese market through the use of
	ompanies be allowed to continue normal market practices, making decisions on pricing and
	arket conditions; and that agreements on these and other issues should be formalized in
	agents, Ma reiterated that the requirement for companies to have the appropriate licenses was
	t affected companies should apply for correct licenses, but so far have not done so. Ma said
	to apply for additional permits if they wished to operate or use agents beyond the cities for
which they have already	received permits or where their existing operations have been grandfathered. On normal
	ng the 3-year interim licensing period, Ma said will be allowed to conduct business as they
	on't create any disruptions in the industry,' but did not clarify what such disruptions might
	B would provide a roadmap/timetable for the issuance of permits applied for by U.S. companies
	ed. Ma rejected the assertion that the licensing requirement contradicted Chinese promises
	to the WTO to provide national treatment to foreign companies in this industry. END SUMMARY
(CDII) 3 Ma barra bir	omorko naknoviladnina Hadar Soaratari Harristal Asia at 22 km si sati sa sati sa sa
	emarks acknowledging Under Secretary Hormats' August 22 letter to Ministry of Finance Vice He suggested that, based on U/S Hormats' remarks in that letter, there appeared to have been
minister End Guangyau.	The supposed that, based on O/S Hormats Temarks in that letter, there appeared to have been

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a misunderstanding of the Chinese position, and maintained that SPB had consistently sought a mutually agreeable

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solution to the outstanding express delivery problems. He cited U.S.-China engagement on the issue over the last three months as evidence of China's willingness to resolve the issue. (SBU) 3. Ma then responded point by point to U.S. proposals he received from the DCM during their July 17th meeting. He said that SPB would begin issuing permits September 1, He said that 'there should be no difficulty with the proposal' to develop a roadmap or timetable for permit issuance. Concerning the request that U.S. companies be allowed to continue regular market operations during the three year interim period, Ma said that this was not a problem so long as 'their activities do not create any disruptions in the industry,' without elaborating what might constitute a 'disruption.' Finally, Ma said that SPB would help with and he did not fully understand their concerns. (SBU) 4. Regarding the use of agents, Ma said U.S. companies could continue to use them where permitted or grandfathered, and that in this regard they would be treated the same as domestic companies. If they want to contract with agents in new areas, they will be required to submit applications for new agents, he said. The DCM responded that it is critical U.S. companies be allowed to continue using agents nationwide, not just where they have permits, and that this stricture was likely to raise new problems because it would require the companies to apply for new permits outside of where they are already operating. He also noted that the condition that U.S. companies' business decisions 'not create any disruptions' during the three year interim period was likely to be problematic. (SBU) 5. Ma then recapped his position: 1) there was 'absolutely no problem' with developing a roadmap for issuing permits; 2) that the but SPB would help if it was able; and 3) that the requirement for agents to have appropriate licenses 'is firm in our laws and regulations' and that if a company wants to undertake activities beyond the scope of its present license then it must apply for a new license. Ma rejected the argument that requiring companies to acquire new licenses in any way violates its WTO accession promise to open the market. He said that if he concluded. SBU This email is UNCLASSIFIED. From: Sand, Maria W **Sent:** Friday, August 31, 2012 1:25 PM **To:** Covington, Andrew K Cc: Cardno, Gwendolyn J; S_SpecialAssistants B4 Subject: RE: call to S? Andy, and that we need a new approach, Would you please get a readout of the Beijing meeting for us from Bob Wang? Thanks. Best, Maria

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From: Sand, Maria W

Sent: Thursday, August 30, 2012 6:23 PM

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Fo: Covington, Andrew K Cc: Cardno, Gwendolvn J: S_SpecialAssistants Subject: Re: call to S?
Hi Andy,
They spoke this afternoon but we didn't monitor the call. We can ask if a readout is available.
Best,
Maria Company
From: Covington, Andrew K Sent: Thursday, August 30, 2012 06:18 PM To: Sand, Maria W Co: Cardno, Gwendolyn J Subject: call to S?
Dear Maria,
We spoke briefly this morning when you were looking for Gwen. We'd like to know if the call from may have come in and if any readout might be forthcoming – high or low side. Many thanks.
Andy Covington
EAP/CM – Econ Unit
k7-6798 Email: <u>CovingtonAK@state.gov</u>
SBU

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