

April 13, 2015

TO: Chinese Communist Party Central Leading Group for Cyberspace Affairs

By CC to: Office of the Central Leading Small Group for Cyberspace Affairs
225 Chaoyangmen Nei Dajie, Dongcheng District, Beijing 100010

To the Honorable Members of the Chinese Communist Party Central Leading Group for Cyberspace Affairs:

The undersigned 31 trade associations, representing leading segments of the global business community, are writing to express our continued strong concerns regarding the China Banking and Regulatory Commission (CBRC) guidelines and other related policies that discriminate against foreign providers of Internet and information and communications technology (ICT) products, solutions and services. Although security is cited as one reason for drafting these policies, specific provisions within the guidelines – and language calling for development of strategic emerging industries –mean that these policies would in practice likely limit the ability of Chinese companies to select technology solutions that best meet their security needs.

Our organizations understand Chinese banks are continuing to implement new procurement practices favoring domestic products and services consistent with the guidelines, creating urgent challenges for companies whose products and services are affected by them. We therefore urge the Chinese leadership to officially suspend implementation of the guidelines through a written public notice, publicize them as a proposal, and initiate a formal public consultation consistent with China’s international obligations. This would allow an opportunity for a transparent and open discussion and dialogue between interested global stakeholders and the government agencies responsible for this and other similar initiatives.

Some of our associations have initiated dialogues over the past few months with the CBRC and other Chinese government agencies regarding these guidelines, and appreciate the initial discussions to date. However, we remain concerned that stakeholder input has not been fully considered and basic steps to achieve transparency consistent with China’s international obligations have not been taken.

The CBRC guidelines in particular, which require use of “secure and controllable” or Chinese-developed and/or controlled Internet and ICT products, solutions, and services, will have far-reaching negative impacts not only on the ICT sector but also on financial institutions and their clients. Financial institutions have every incentive to build and maintain secure, interoperable, and resilient ICT infrastructures, and must be able to choose the technologies that best meet their unique needs. Although the banking guidelines are the most pressing, we also are concerned about emerging examples of these “secure and controllable” initiatives in other sectors, such as telecommunications, and more broadly the establishment of an overarching “Cybersecurity Review Regime” to assess Internet and ICT products and services for security risks through a testing and auditing process that emphasizes “security and controllability.” We also ask that these related initiatives do not proceed without robust and formal consultation with all stakeholders, including foreign companies, consistent with China’s international obligations.

Sovereign interest in a secure and development-friendly cyber economy is best served, in any country, by policies that encourage competition and customer choice, both of which necessitate openness to non-indigenous technologies, as well as an ongoing dialogue between industry and government. Approaches that keep out certain technologies would likely render China’s affected industries slower to innovate, more costly to operate, and less capable of managing dynamic security threats leaving Chinese networks less secure.

Thank you very much for your consideration. We stand ready to work with the Chinese government and China's domestic ICT, financial, and other sectors to discuss constructive, alternative approaches.

Signed,

Alliance for Network Security (ANS)
American Chamber of Commerce in China
American Chamber of Commerce to the EU
American Chamber of Commerce in Shanghai
BSA | The Software Alliance
Coalition of Services Industries (CSI)
Communications and Information Network Association of Japan (CIAJ)
Computer & Communications Industry Association (CCIA)
Consumer Electronics Association (CEA)
DIGITALEUROPE
European Services Forum (ESF)
Information Technology Industry Council (ITI)
International Chamber of Commerce Commission on the Digital Economy
Japan Business Machine and Information System Industries Association (JBMIA)
Japan Chamber of Commerce and Industry (JCCI)
Japanese Chamber of Commerce and Industry in China
Japan Electronics and Information Technology Industries Association (JEITA)
Japan Information Technology Services Industry Association (JISA)
National Association of Manufacturers (NAM)
National Foreign Trade Council (NFTC)
Semiconductor Industry Association (SIA)
Semiconductor Equipment & Materials International (SEMI)
Software and Information Industry Association (SIIA)
TechAmerica, powered by CompTIA
TechNet
Telecommunications Industry Association (TIA)
Transatlantic Business Council (TABC)
US-China Business Council (USCBC)
United States Chamber of Commerce
United States Council for International Business (USCIB)
United States Information Technology Office (USITO)