

China promises better anti-piracy enforcement

JOE McDONALD - AP Business Writer - Associated Press

China's commerce minister promised Friday in a meeting with dozens of global executives that its latest in a string of crackdowns on product piracy will deliver lasting results as Beijing tries to defuse tensions over rampant copying of software and other goods.

The meeting with U.S., European and Asian executives came just ahead of Chinese President Hu Jintao's visit to Washington next week. The latest six-month-long campaign was launched in October, and Beijing is trying to assure Washington and others that it will be effective after complaints the problem has worsened despite repeated earlier crackdowns.

"We take it very seriously," Commerce Minister Chen Deming told businesspeople and foreign diplomats at a government guesthouse. "The Chinese government will not allow such a campaign to disappear after the first six months."

Trade groups say illegal Chinese copying of music, designer clothing and other goods costs legitimate producers billions of dollars a year in lost potential sales. The American Chamber of Commerce in China says 70 percent of its member companies consider Chinese enforcement of intellectual property ineffective.

But businesspeople said they were optimistic about the latest effort because a top economic official and rising Communist Party star, Vice Premier Wang Qishan, has been put in charge and an enforcement office has been created in Chen's ministry.

In unusually candid language for such a senior official, Chen said, "I admit that in terms of enforcement we still have work to do," and appealed to companies to have faith that in Beijing's efforts.

But he added that Beijing is making progress in an effort to compel government offices to use only licensed software. Government inspectors have been sent to regions throughout the country to enforce the orders, he said.

This week, a police official said more than 4,000 people have been arrested since the start of the crackdown.

Executives at the four-hour meeting came from top companies including Microsoft Corp., Procter and Gamble Co., Nokia, Daimler AG and Sony Corp., as well the U.S. National Basketball Association and Hollywood's Motion Picture Association.

"The six-month campaign is a very good start," said Werner Geissler, P&G's vice chairman for global operations, who traveled from Cincinnati for the Beijing meeting. "But it should be an ongoing effort."

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Piracy is especially sensitive at a time when Washington and other Western governments are trying to create jobs by boosting exports. In 2009, the World Trade Organization upheld a U.S. complaint ago that Beijing was violating its trade commitments by failing to root out the problem.

Rampant copying also has hampered Beijing's efforts to attract technology industries because businesspeople say companies are reluctant to do high-level research in China or bring in advanced designs for fear of theft.

The commerce minister said such enforcement is also necessary for China to develop its own creative industries. That suggested Beijing might be more intent on delivering lasting change because Communist leaders' ambitions to transform China into a profitable creator of technology and brands might be at stake.

"We have a great determination to do this because it is very important to China's modernization," Chen said.

Executives at the meeting appealed to Chen to bring more criminal cases instead of fining violators and to crack down on what they said is growing use of the Internet to sell copied and phony goods.

Such public comments by individual companies are rare and can be risky in a system where Communist authorities react angrily to criticism. But Chen said he welcomed the feedback and would pass it on to top Chinese leaders.

"We need your confidence in us and our work," the minister said.

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Chinese Ministry of Commerce: www.mofcom.gov.cn

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