

# China eases home grown tech purchase rule

April 13 2010

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(AP) -- China has eased requirements for companies to qualify for government purchasing of technology after a plan to favor domestic technology was met with heavy criticism from other countries and business groups.

Beijing caused alarm among foreign companies with a November announcement that it would favor technology developed in China when buying computers and other goods on which the government spends billions of dollars each year. The government is the biggest customer for many types of computer and other technology.

The [Chinese government](#) says the "indigenous innovation" policy is meant to spur domestic innovation but foreign companies have expressed alarm they will be shut out of the government purchases. The United States, the European Union and foreign chambers of commerce have criticized the plan.

The Ministry of Science and Technology issued a draft set of rules for technology procurement for 2010 on its Web site for comments this week and an official said Monday in an interview carried by official media that all companies would be treated equally.

The proposed rules say companies may apply to qualify for government procurement as long as they have legal rights over the products' intellectual property and their products adhere to China's laws and its national industrial and technological policies.

The European Union ambassador to Beijing, Serge Abou, who earlier expressed concern about the purchasing rules, said the new version appears to be an improvement. But he said it will be important to hear from European companies once the new rules are applied.

"We have to analyse it. At first glance, it is better," he said.

The rules Beijing released last year had required companies to obtain patents and register trademarks in China before any other country, and to use local intellectual property and brands. Many global companies are reluctant to apply for patents in China first because its system is slow to respond and they fear technology might be leaked to local rivals.

"The national indigenous innovation recognition treats equally all companies legally established in China," an unidentified official from the Ministry of Science and [Technology](#) said in a report on the Web site of People's Daily, the Communist Party newspaper.

Earlier this month, the American Chamber of Commerce in [China](#) released a report that foreign companies were increasingly frustrated by China's efforts to reserve segments of its economy for domestic companies to try to build up Chinese global competitors.

The report from the chamber, which represents 1,200 companies, said American companies were "troubled by a mounting number of policy challenges ranging from the inconsistent enforcement of laws, to China's discriminatory domestic innovation policies and regulations that limit market access into sectors that had been increasingly open to foreign investment for the past 30 years."

The chamber said 28 percent of companies surveyed said they already are losing business due to "indigenous [innovation](#)" and 40 percent expected to be hurt once the policies were fully implemented.

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