

China denies forcing foreign firms to transfer technology

July 29 2010, by Allison Jackson

Beijing on Thursday denied charges by a US business group that its technology transfer rules for foreign firms constitute "theft" on a massive scale, and defended its policies as meeting global rules.

"Countries around the world have taken a lot of measures to encourage technology innovation," a commerce ministry official, who declined to be named, told AFP.

"The Chinese policies are in line with relevant WTO rules."

A US Chamber of Commerce report this week accused China of abusing the allure of its vast market to push foreign companies to transfer their latest technologies to Chinese competitors.

This was a "blueprint for technology theft on a scale the world has never seen before", the report said.

The chamber's report is the latest in a chorus of complaints by foreign businesses and governments over perceived unfair policies and market restrictions in the world's third-largest economy.

US Trade Representative Ron Kirk joined the fray on Wednesday, responding to the chamber's complaints by saying Washington planned to push Beijing on the issue.

"That is going to be one of the top items that we continue to engage

China on," Kirk told reporters in Washington.

China committed at high-level Sino-US talks in May that its innovation policies would be non-discriminatory, protect foreign intellectual property rights (IPR), and ensure open markets and trade, according to Washington.

Beijing also pledged to leave the terms and conditions of technology transfer and other proprietary information to individual enterprises, Kirk's deputy Demetrios Marantis said earlier this month.

China launched its "indigenous innovation" campaign in 2006, officially to encourage the development of domestic technology and reduce its reliance on foreign know-how.

The commerce ministry official said the push did not discriminate against foreign companies and pledged China would protect IPR.

"China will further strengthen IPR protection, including that of foreign companies, exactly because we encourage homegrown innovation," he said.

Tensions flared after Beijing issued rules late last year under the innovation campaign that were widely seen by foreign businesses as squeezing them out of the government's multi-billion-dollar procurement market.

Concerns over indigenous innovation extended to security encryption rules, domestic patent laws and preferential policies for domestic companies, the US Chamber of Commerce report said.

On Wednesday, a Chinese railway official rejected suggestions foreign companies participating in development of high-speed rail in the country

had been forced to transfer their technology.

China's high-speed trains were based on foreign technology but it had improved the technology to make the trains even faster, He Huawu, chief engineer of the railways ministry, told a news conference.

Foreign complaints about China's market policies, particularly the indigenous innovation campaign, have intensified in recent months.

EU Trade Commissioner Karel De Gucht said during a visit to China last week that European companies were increasingly worried about doing business in China, singling out the technology policy and IPR protections.

Recent surveys by both the European and American chambers of commerce in China expressed similar concerns, with members saying they were increasingly pessimistic about the future of doing business in the country.

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