

China announces new crackdown on product piracy

November 30 2010, By JOE McDONALD , AP Business Writer



In this April 17, 2006 file photo, visitors walk past a mannequin set up to show how individuals attempt to get past customs, smuggling counterfeit products in violation of intellectual property rights law during an exhibition in Beijing. China's government announced a new crackdown Tuesday, Nov. 30, 2010 on rampant illegal copying of products from software to music that is adding to tensions with Washington and other governments over trade and currency complaints. (AP Photo/Ng Han Guan, File)

(AP) -- China's government announced a new crackdown Tuesday on rampant illegal copying of products from software to music that is adding to tensions with Washington and other governments over trade and currency complaints.

Trade groups say Chinese piracy of [software](#) and some other goods is growing despite repeated promises to stamp it out. The World Trade Organization sided with Washington in January in a complaint that

Beijing was failing to enforce patents, copyrights and trademarks aggressively enough.

The latest six-month campaign will target illegally copied or phony goods as varied as software, Internet materials, medicines and corn that is falsely labeled as organic, a deputy commerce minister, Jiang Zengwei, said at a news conference. He promised closer cooperation with the United States, Japan and Europe.

Trade groups say illegal Chinese copying of music, designer clothes and other goods costs legitimate producers billions of dollars a year in lost sales. American officials say phony Chinese-made heart and anti-cancer drugs have been found as far away as Africa.

"There is still a lot of room for improvement," Jiang said.

The new crackdown will focus on encouraging companies to use more legitimate software and stamping out sales of fake drugs and mislabeled farm products, Jiang said.

Piracy losses are politically sensitive at a time when Washington and other governments want to boost exports and create jobs. Beijing also faces pressure to ease currency controls that critics say are swelling its trade surplus.

Beijing has increased penalties and launched repeated crackdowns, but foreign governments and trade groups say its enforcement is not strict or severe enough.

Washington's WTO complaint said thresholds in Chinese law allow pirates to avoid punishment by staying below the minimum level of 500 infringing copies. It accused Beijing of violating trade rules by turning a blind eye to piracy of CDs and DVDs that haven't been passed by state

censors.

January's WTO ruling took Washington a step closer to being allowed to claim compensation from China for product [piracy](#) and possibly impose trade sanctions.

In a move to curb demand for pirated software, Beijing has required operating systems to be preinstalled on personal computers sold in China since early this decade.

The share of PCs in China with legitimate operating systems rose from 87.7 percent in 2007 to 98 percent last year, said a deputy director of the National [Copyright](#) Administration, Yan Xiaohong, who appeared with Jiang at the news conference.

Still, some 79 percent of software used in China last year was illegally copied, according to the Business Software Alliance, an industry group. In a May report, it said the commercial value of such software sold in China last year rose \$900 million from 2008 to \$7.6 billion.

"Software theft will continue to grow significantly unless the Chinese government acts on the commitments it has made to address the issue," the report said.

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