

China piracy costs almost million jobs: US study

May 19 2011, by Shaun Tandon



File photo Chinese select latest pirated DVDs on sale at a subway in Beijing, 21 August 2007. The United States asked the World Trade Organization to mediate a copyright trade dispute with China, saying bilateral talks have failed to close loopholes that allow counterfeiters to flourish as Chinese-made counterfeit goods -- from software and DVDs to luxury leather goods and watches -- are widely available in the US market. AFP PHOTO/TEH ENG KOON

US firms could support nearly one million more jobs if China stopped

intellectual property violations, a study said, leading US lawmakers to call for a tough line with Beijing.

In a report requested by senators, the US International Trade Commission surveyed US businesses and estimated that they lost some \$48 billion in 2009 due to infringement of [intellectual property](#) rights by China.

If China raised its enforcement to US levels, the companies could increase employment at home by 923,000 jobs, the survey said. However, the figure includes hiring from other companies, not just new jobs in the sector.

The commission gave an even higher estimate when it relied on a [statistical model](#) rather than its survey. It said up to 2.1 million jobs could be supported if China cracked down on rampant piracy in areas such as software and movies.

Max Baucus, the chairman of the [Senate Finance Committee](#) that sought the study, said China's trade practices were costing the [United States](#) "billions of dollars and millions of jobs."

"We cannot pretend that there aren't real consequences to these violations when these numbers show that millions of American jobs are on the line," said Baucus, a member of President Barack Obama's Democratic Party.

Caseload against pirated goods

Investigations by the US International Trade Commission, for imported goods suspected of infringing intellectual property rights

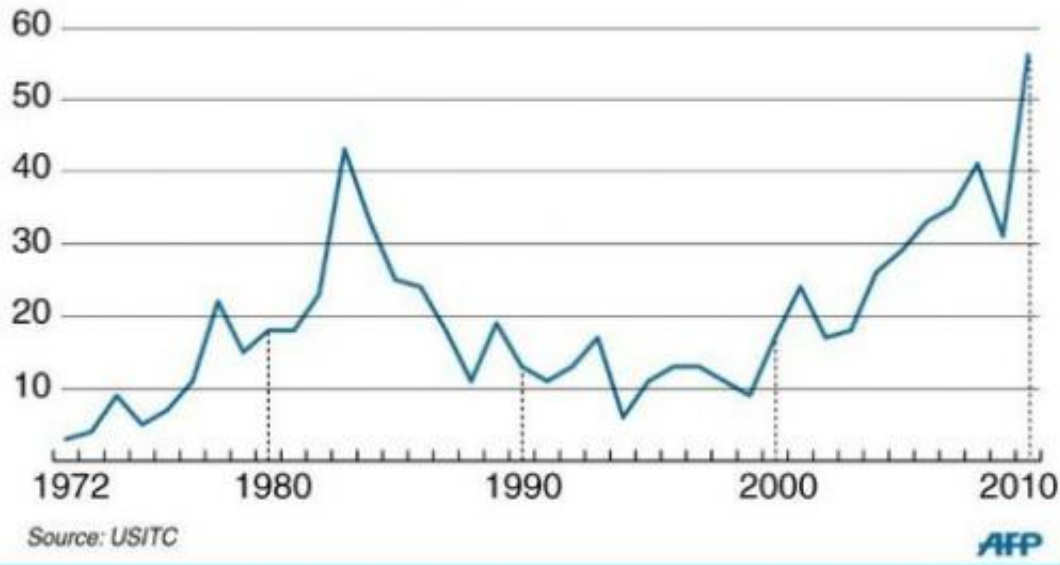


Chart showing the rising number of complaints lodged in the US against imported goods suspected of infringing intellectual property rights.

The report was released as trade officials from 21 Asia-Pacific economies met at the Big Sky ski resort in Montana, the home state of Baucus who pressed to host the session of the Asia-Pacific Economic Cooperation (APEC) forum.

Baucus hoped that the Big Sky meeting would help to "break down trade barriers and make it cheaper, faster and easier for US small businesses to export to these lucrative markets."

Senator Chuck Grassley, a member of the rival Republican Party, said the study showed the need to seek rigorous protections of [intellectual property](#) when negotiating trade deals.

"China wants the benefits of an economic relationship with the United States but won't hold up its end of the bargain," the Iowa senator said.

The United States and China, the world's two largest economies, have long sparred on trade with a number of US lawmakers accusing the emerging giant of unfairly supporting its industries to fuel exports.



File photo shows people choosing pirated movies at a park in Beijing. US firms could support nearly one million more jobs if China stopped intellectual property violations, a study said, leading US lawmakers to criticize Beijing's trade practices.

During talks earlier this month in Washington, Vice Premier Wang Qishan rejected suggestions that China's growth came through artificial measures such as a devalued currency and urged the United States not to

"politicize" economic relations.

During the talks, the United States said that China promised to improve protection of [intellectual property rights](#) and also avoid preferences for Chinese businesses in awarding contracts -- another key concern for US firms.

The Obama administration has sought to ease tensions with [China](#) on a number of fronts. The United States is this week welcoming the chief of China's military for the first time in seven years.

China's piracy is also a problem for other countries' companies. An official study in Beijing recently found that pirated software cost the domestic industry 130.9 billion yuan (\$20.1 billion) in 2010.

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