

China Piracy Costs Almost a Million Jobs

U.S. International Trade Commission surveyed U.S. businesses and estimated that they lost some \$48 billion in 2009 due to infringement of intellectual property rights by China.

By Shaun Tandon, Agence France-Presse

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U.S. firms could support nearly one million more jobs if China stopped intellectual property violations, a study said on May 18, leading U.S. lawmakers to call for a tough line with Beijing.

In a report requested by senators, the U.S. International Trade Commission surveyed U.S. 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 U.S. 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."

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 U.S. small businesses to export to these lucrative markets."

Senator Chuck Grassley, 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 United States and China have long sparred on trade with a number of U.S. lawmakers accusing the emerging giant of unfairly supporting its industries to fuel exports. 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 U.S. firms.

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 (US\$20.1 billion) in 2010.

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