



FOR IMMEDIATE RELEASE
May 18, 2011

Contact: Communications Office (Baucus) 202-224-4515
Antonia Ferrier/Julia Lawless (Hatch) 202-224-4515
Jill Gerber (Grassley) 202-224-6522

BAUCUS, HATCH, GRASSLEY DEMAND CHINA END INTELLECTUAL PROPERTY RIGHTS INFRINGEMENT, DISCRIMINATORY BUSINESS PRACTICES

International Trade Commission Report Shows China's Practices Cost U.S. Billions in Economic Activity, Millions of Jobs

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.), Ranking Member Orrin Hatch (R-Utah) and Senior Committee Member Chuck Grassley (R-Iowa) today demanded an end to China's violations of U.S. intellectual property rights (IPR) that cost the U.S. tens of billions of dollars in economic activity and millions of jobs. The Senators' comments follow their [release of a report](#) they requested last year from the U.S. International Trade Commission (ITC) quantifying the impact of China's unfair policies on the American economy and jobs.

"China's unfair practices cost the U.S. billions of dollars and millions of jobs," said Baucus. **"Time and time again, China has failed to protect and enforce American intellectual property rights, and it continues to discriminate unfairly against American businesses. 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."**

"American job creators and workers cannot afford to lose \$48 billion to Chinese intellectual property piracy. Our nation plays by the rules – so too must China," said Hatch. **"I hope the report's findings spur the Administration to deepen their efforts to meet this challenge."**

"China wants the benefits of an economic relationship with the United States but won't hold up its end of the bargain," Grassley said. **"Protecting a trading partner's intellectual property is Trade 101. When China looks the other way on intellectual property theft, or unfairly favors Chinese-owned firms, it damages its credibility as a trading partner. The effects on U.S. businesses and workers are real. This report quantifies how extensive the damage is on the American economy. It shows the importance of negotiating strong intellectual property protections in trade agreements and enforcing those rights once the agreements are in place."**

According to the ITC report, China's IPR infringement cost the U.S. economy approximately \$48 billion in 2009 alone. Of that total, more than \$26 billion came from the information and service sector and more than \$18 billion came from the high-tech and heavy manufacturing sector, in addition to billions more from other sectors. Although IPR infringement most commonly affects large firms, small and medium-sized firms are also affected.

The ITC report stated that if China complied with their current international obligations to protect and enforce IPR, 2.1 million jobs could be created in the U.S. The most direct jobs impact would come in high-tech, innovative industries.

China's discriminatory indigenous innovation policies, the report said, also give preferential support to Chinese companies in a manner that may lead to additional U.S. job losses. For example, the Chinese wind power market is skewed in favor of Chinese-owned firms to an extent that has dramatically reduced the market share belonging to foreign-owned companies. China places local-content requirements on new wind farm construction that effectively locks foreign firms out of new contracts. The Chinese government has not awarded a wind farm contract to a foreign-owned firm since 2005.

The report the Senators released today is the second in a pair they requested from the ITC. [The first report, released in December 2010](#), outlined the structural and institutional impediments that undermine IPR enforcement and described China's indigenous innovation policies that discriminate against American companies.

The Senate Finance Committee has exclusive jurisdiction over international trade. The full ITC report is [available here](#).

###