



12 July 2010

### **EU-CHINA BUSINESS SEMINAR ON LATEST DEVELOPMENTS IN CHINA'S IP SYSTEM AND LAW**

with the participation of TIAN Lipu, Commissioner, China State Intellectual Property Office (SIPO)

12 July 2010, (10h00-11h30), at BUSINESSEUROPE

Speaking notes for Philippe de Buck, Director General, BUSINESSEUROPE

#### **1. Introduction (10h00-10h10)**

Commissioner TIAN, Ladies and Gentlemen,

It is a great pleasure for us to welcome you today at BUSINESSEUROPE. With a membership of 40 central industrial and employers' federations from 34 countries, our organization is the representative voice of business in Europe. BUSINESSEUROPE represents small, medium and large companies, and we work together to achieve growth and competitiveness in Europe.

We highly appreciate that the Chinese authorities engage into an open dialogue with the European business community. With our guest today, Mr. TIAN Lipu, Commissioner of the Chinese State Intellectual Property Office, we are welcome, if I may say, the "man to meet" in China for all IP-related questions. Thank you very much for joining us today and for your willingness to engage into an open discussion with the European business community.

Close cooperation and a further rapprochement between the European Union and China are a top priority for BUSINESSEUROPE. EU-China trade has increased dramatically in recent years, with China being now the EU's 2<sup>nd</sup> trading partner behind the US, and the biggest source of imports. The EU is China's biggest trading partner. However, there is still a lot of room for improvement.

We also see an increasing sophistication of Chinese industry. In addition to steel, Chinese specializations include textiles, electronics and electrical equipment. These last three sectors on their own make up 40% of China's export surplus. And this brings me to the issue of today's seminar: you are of course very much aware that over the last years a lack of effective intellectual property rights protection has been and remains one of the major concerns of foreign businesses in China.

The Chinese economy moves up the value chain towards an innovation-oriented economy. China's own interest in protecting IPR becomes clearer. This is evident in the growing number of IP disputes between Chinese companies themselves.



China has made quite some progress in streamlining its intellectual property legislation. The National IP Strategy has set the path for the development of Chinese IP rights in that respect. However, effective enforcement of intellectual property rights remains highly problematic. This is notably the case at regional and local levels. 54% of all counterfeit goods seized at EU borders came from China in 2008. The scale of the production of counterfeit and pirated goods inside China remains at an alarmingly high level. What are the priority actions to be taken:

- strict enforcement of intellectual property rights in line with international standards;
- promotion of public awareness of the impact of IPR violations;
- reinforced customs controls and border management in the enforcement of IPR;
- China should join all international IPR treaties.

Recently, however, there has been a reverse trend that has fuelled some concerns. A number of recent policy initiatives have alarmed foreign businesses. They are not operating on a level playing field with their Chinese competitors. I just would like to highlight two of them:

- A series of policies establish preferential treatment for products containing “indigenous” intellectual property rights. We support and encourage innovation in China. But this trend deprives Chinese users of the technologies and products best adapted to the market’s needs. It also discriminates against foreign and foreign-invested Chinese companies and deters them from marketing innovative products in China. The challenge posed by such regulations is crystallized by explicitly connecting “indigenous innovation” to government procurement (like the proposed National Indigenous Innovation Product Accreditation Catalogue for Government Procurement of November 2009).
- Chinese mandatory certification schemes such as the China Compulsory Certification (CCC) are a very complex and harmful practice. It forces companies to provide highly confidential business information to certification bodies when they seek certification.

These two examples just illustrate the difficulties that of doing business in China. There is a growing concern about the leakage of confidential information to Chinese competitors.

With these remarks I would like pass on the floor to Commissioner TIAN. Following your presentation, the Chairman of BUSINESSEUROPE Patents working group, Mr. Thierry Sueur, will make a detailed presentation on our priorities in relation to China’s IP regime, before we will then engage into a certainly very interesting debate. Thank you for your attention.



## **2. Closing (11h25-11h30)**

Commissioner TIAN, Ladies and Gentlemen,

We are coming to an end of a very interesting seminar. I would like to thank Commissioner TIAN and Mr. Sueur for their very interesting presentations, and for the open exchange of views we have had afterwards.

Without wanting to repeat what has been said during the last 90 minutes, I think it has become clear that European and Chinese companies have a common interest in establishing stable and internationally agreed rules-based framework conditions to ensure legal certainty. This relates to a number of issues, with intellectual property rights certainly being a prime area.

BUSINESSEUROPE is happy to cooperate very closely with the European and Chinese authorities in order to help improving business conditions. There are already a number of bilateral initiatives which should be exploited to their full potential in order to achieve this objective. For example, the EU-China High-Level Economic Dialogue (HED) could better foster concrete improvements by identifying clear priorities – in the field of intellectual property and other areas. An EU-China Action Plan, setting objectives and milestones to be reached within clear established deadlines, would be helpful to reach this goal. Moreover, much could be achieved through close cooperation at international level, and I hope that the EU and China will use this opportunity and strengthen their cooperation in future.

I'm sure that the question of effective IP protection will remain very high on the agenda in future. Thank you again for your participation and the interesting discussion.

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