

(July 31, 2006) Manufacturers Urge Crackdown on Chinese

Manufacturers urge crackdown on Chinese counterfeits
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American manufacturers say they need more help from the U.S. government in fighting widespread counterfeiting of their products in China.

Under pressure from the United States and other countries, China has enacted laws protecting intellectual property, but enforcement is weak, manufacturers say.

Demands by U.S. officials that China beef up enforcement are "more rhetorical than real," says George Russell, corporate legal administrator for Auto Meter Products, a Sycamore, Ill.-based manufacturer of automotive instruments.

Auto Meter has spent \$2 million trying to enforce its patents and trademarks over the past three years. Russell showed members of the House Small Business Committee examples of cheaply made Chinese imitations of Auto Meter's products that copied the company's packaging.

Russell thinks the United States should enhance its customs inspections to catch more counterfeit products entering the country. Two-thirds of the products seized by customs officials because they infringe on U.S. copyrights come from China.

Counterfeiting is particularly hard on small businesses because they can least afford the lost sales and often lack the resources to fight it, says Brian Duggan, director of trade and commercial policy for the Motor & Equipment Manufacturers Association.

Brand destruction also is a problem, he says. When consumers have a problem with a poorly made counterfeit product that bears a U.S. company's name, they're less likely to buy that brand in the future.

Companies selling in international markets also are finding that Chinese counterfeits are being sold under their name, Duggan says.

"Even if the counterfeits are not sold in America, they have stolen these companies' market share elsewhere that took

years and large investments to create," says Tom Goodpasture, owner of Pride Manufacturing Co., a machining job shop in Liberty, Mo.

Counterfeiting and currency manipulations are just two examples of how China does not play fair when it comes to international trade, says Rep. Daniel Lipinski, D-III.

"It's time to stand up and do something about it," he says.

For more information, see
www.house.gov/smbiz/hearings/databaseDrivenHearingsSystem/hearingPage.asp?hearingIdDateFormat=060720