

China Urged To Stop Producing 'Tidal Wave' Of Fakes

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BEIJING (Kyodo) — European Union trade commissioner Peter Mandelson on Monday urged China to stop its manufacturers producing what he described as a "tidal wave" of counterfeit goods.

Mandelson told a forum on food safety in Beijing that eight out of 10 fake goods seized at Europe's borders last year were made in China and some were potentially dangerous, such as counterfeit medicines and fake aircraft and car parts.

He said it is in China's own interests to take much tougher action on counterfeiting and product safety to ensure its future economic growth.

"China's long-term success depends on its reputation," he said. "A reputation can only be built step by step, but it can be destroyed in a moment. That is what is at stake for China."

Mandelson's comments came as many top European officials are gathering in Beijing for an EU-China leaders summit Wednesday.

One of the European Union's main aims is to convince China to revalue its currency as European leaders, as well as the United States government, believe the artificially low value of the yuan is giving Chinese exporters an unfair advantage over their foreign competitors.

China's trade surplus with the European Union was 128 billion euros (\$190 billion) in 2006 and that increased by 50 percent in the first half of this year.

Mandelson said China has taken action to improve safety standards since a spate of product recalls and safety scares, particularly in the United States, this summer.

"After the events of this year, restoring and then maintaining consumer trust and confidence in Chinese products must be China's priority if it wants to maintain the export growth rates of recent years," he said.

Mandelson, who had a reputation for straight-talking while serving in the British government, rejected suggestions that Europe is using the product safety issue to protect its manufacturers from overseas competition.

"The EU has always been an advocate of open and fair trade, but we expect our own businesses to meet stringent and transparent rules on consumer health and safety and

we expect businesses that want to import to Europe, including those that are owned by Europeans, to meet them too," he said.

China's total trade surplus with the rest of the world had reached \$212.36 billion as of the end of October, an increase of 59 percent from the same period in 2006.

In later comments at a conference on intellectual property rights, Mandelson said Chinese businesses routinely stole music and films produced overseas, failed to pay royalties, and that government measures to protect intellectual property rights in China had yet to produce the effects required.

He also accused a Chinese court of unfairly fining the French firm Schneider Electric \$45 million over a spurious claim of breach of copyright, while offering European companies, including Schneider Electric itself, little or no protection from firms which are stealing their ideas.

"It's hard to see how long our patience can last if our treatment does not improve," he said.

Yu Guangzhou, China's vice commerce minister, told the conference that China has introduced dozens of measures this year to crack down on breaches of copyright and patents, but it could take time for them to fully take effect.

"We are continuing to make great efforts on this front," he said. "We should have a long-term vision instead of backing away from difficulties and wishing for immediate results."