



April 20, 2006

Dear Mr. President,

We write to express our shared concern over a profound threat to America's economic well being: the persistent violation of American intellectual property rights in Chinese markets. We urge you to continue to assure that the protection of American intellectual property from theft, piracy, and counterfeiting receives the attention it warrants. President Hu Jintao's visit is an opportunity for you to protect America's economic security by addressing these serious infringements.

Maintaining America's competitive advantage in the new economy must be a major focus of both Congress and this administration. America's ability to innovate is the vital center of our economic growth and has long been the hallmark of our global competitiveness. But it is intellectual property that propels the economy forward and stands as America's greatest asset in the globalized world, contributing nearly sixty percent to the growth of American exports.

While our trade relationship with China is invaluable to American growth, intellectual property theft is not an acceptable byproduct of this relationship, or economic development and market liberalization. American industries continually lose billions of dollars to the illegal piracy and reverse engineering of their products, with China leading the pack on product poaching. Counterfeiting in China has reached epidemic proportions – two-thirds of counterfeit products entering the U.S. are of Chinese origin, with exported counterfeit medicines, automotive parts, and other sophisticated goods posing public health and safety, as well as commercial challenges – even as Chinese use of our patent, trademark, and copyright laws has grown.

Despite China's promises to enact anti-piracy measures, it has failed to stop government agencies from using pirated products, and impose penalties significant enough to deter future acts of piracy. In fact, the situation is worsening, with underground economies continuing to grow and multiply. Although this administration has made initial efforts to monitor counterfeit markets in China and other regions where our intellectual property is systematically hijacked, it is clear that there is much more work to be done. While we must foster mutually advantageous trade relationships and maintain our open market policies, we must assert our American rights and enforce our trading partners' commitments.

Therefore, we urge you to use President Hu's visit as an opportunity to:

- Thoroughly address US concerns over the prevailing levels of intellectual property theft in China.
- Leverage both multilateral agreements and our own trade laws to hold China accountable for its violations. It should be made clear that countries participating in trade agreements must meet their legal obligations as well as reaping the corresponding benefits.
- Press China to deliver on its promises to address piracy and eliminate the use of pirated software in government offices and state-owned enterprises.

- **Explore ways for American and Chinese authorities to work in tandem to improve internal and border oversight and enforcement of intellectual property laws.**

Sincerely,

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[Third Way Press Release on China and Intellectual Property](#)