



U.S.-CHINA ECONOMIC AND SECURITY
REVIEW COMMISSION

Hearing on Intellectual Property Rights and Counterfeit Goods

**Opening Statement of
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Chairman**

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Good Morning. This is the fifth hearing in the US-China Economic and Security Review Commission's 2006 reporting cycle. In December, the Commission explored China's participation in the WTO negotiations process. In February, we assessed China's internal stability. In March, the Commission examined China's military strength. And in April, we evaluated China's industrial subsidies.

These hearings provide a background to how China interacts with the world community and how the communist party maintains its power. Today's topic, intellectual property rights issues and the import of counterfeit goods, is an examination of domestic governance in China and China's interactions with the global economy.

The central government makes commitments to the United States on a regular basis. China's government has passed laws that govern intellectual property rights. However, implementation and enforcement of those laws must improve. Local governments still condone or participation in counterfeiting unless the central government takes focused action. The fact that products with the Beijing Olympic logo have been well protected shows that China can enforce laws when the government sees it in its interest to do so.

I look forward to hearing from today's panelists. Today's co-chairs, Commissioners Dick D'Amato and Kerri Houston, will open following an introduction from Vice-Chairman Carolyn Bartholomew.