

## **For Immediate Release**

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# **China's Indigenous Innovation Product System Raises Deep Concerns for Protectionism & Innovation**

## ***Global Business and Tech Leaders Urge Chinese Government Not To Proceed with Policy***

WASHINGTON, D.C. (December 10, 2009) – SIIA President Ken Wasch joined a strong contingent of business and technology association leaders from Japan, Korea, India, Canada, Europe and the US in expressing deep concerns with China's Indigenous Innovation Product System in a letter delivered to the Chinese government today:

"We are deeply troubled by the actions of the Chinese government in November that would implement an Indigenous Innovation Product Accreditation system," Wasch stated. "Implementation of this system will restrict China's capacity for innovation, impose onerous and discriminatory requirements on companies seeking to sell into the Chinese government procurement market, and contravene multiple commitments of China's leadership to resist trade and investment protectionism and promote open government procurement policies."

"We strongly believe that implementation of this program will undermine the more positive relationship that our countries have been working so hard to achieve with China," Wasch and the other leaders wrote to the Chinese Ministers for Science and Technology (MOST), Finance and the National Development and Reform Commission (NDRC). "For all of these reasons, we strongly urge the Chinese government not to proceed with the requirements of the November joint circular."

"China has benefitted from access to the best products and services from around the world," added SIIA's General Counsel & SVP, Mark Bohannon. "This policy will make it virtually impossible for any non-Chinese company to sell to government customers in China. It is not only unworkable, it is restrictive and discriminatory. It diverges markedly from global practices and includes unique requirements that the product's intellectual property be developed and owned in China, and that any trademarks be originally registered in China."

Bohannon noted that last summer, Chinese and world leaders committed to pursue open trade and investment policies and avoid protectionism. "The policies announced in November would dilute, if not effectively nullify China's commitment at the July 2009 U.S.-China Strategic and Economic Dialogue in which China clarified that its procurement policies were open to foreign-invested enterprises (FIEs) and recognized the importance of non-discriminatory procurement policies."

A copy of the letter, which was delivered in Chinese and English, is available at:

[http://siiia.net/index.php?option=com\\_docman&task=doc\\_download&gid=2361&ItemId=318](http://siiia.net/index.php?option=com_docman&task=doc_download&gid=2361&ItemId=318)

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