



**THE SECRETARY OF COMMERCE**  
Washington, D.C. 20230

May 10, 2004

The Honorable Nathan Deal  
House of Representatives  
Washington, D.C. 20515

Dear Representative Deal:

Thank you for your letter expressing your concerns about carpet and rug counterfeiting problems in China and India. The Department of Commerce takes seriously any obstacles U.S. companies face in overseas markets.

Over the past two years, the Department has worked closely with the U.S. textile industry to address concerns about intellectual property rights (IPR) infringement. In February 2002, the International Trade Administration's (ITA) Assistant Secretary for Market Access and Compliance William Lash met with U.S. carpet industry representatives in Dalton, Georgia, and discussed their concerns over unauthorized copying of their designs, primarily in Asia. In a follow up to this meeting, Commerce Department staff worked with several carpet manufacturers to address their specific IPR concerns.

We have taken other steps to address IPR concerns in the textile and carpeting sectors. In the fall of 2002, ITA's Deputy Assistant Secretary for Textiles, Apparel, and Consumer Goods Industries James Leonard formed an interagency task force to find ways in which government and industry could work together to crack down on IPR violations. This interagency group includes specialists from the ITA, the U.S. Patent and Trademark Office, the Copyright Office, and U.S. Customs and Border Protection (CBP). In meetings with textile and carpeting industry representatives, the group discussed the possibility of a CBP enforcement training program for textiles. We look forward to pursuing this initiative, which will require the cooperation of industry to (1) record their copyrights with CBP, (2) provide intelligence information, and (3) provide appropriate information to train CBP port officials in identifying pirated textile designs.

We are particularly conscious of industry concerns regarding textile design piracy at trade shows. In 2003, Mr. Leonard pressed for an unprecedented campaign against IPR infringement at the world's largest home furnishings trade show, Heimtextil, in Frankfurt, Germany. During the show, information on IPR protection was distributed to exhibitors and visitors and Commerce staff formed an IPR "swat team," working closely with German intellectual property authorities to identify and shut down offenders. At all USA pavilions at overseas trade events, we place strong emphasis on IPR enforcement by working with show organizers and individual exhibitors to alert them of possible IPR infringement activities.

Through our work with industry we have become very aware of the difficulties many U.S. companies are facing due to rampant piracy and counterfeiting, primarily in China, and we are raising this issue at every available opportunity. During my October 2003 visit to China, I expressed the Bush Administration's concerns over China's trade practices that exploit our open markets and create an unfair advantage, undercutting American workers, including weak protection and enforcement of IPR.

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Though China has improved its legal framework and changed its IPR laws and regulations in an attempt to meet World Trade Organization (WTO) requirements, I agree with you that it has a long way to go toward ensuring that these laws are adequately, widely, and consistently enforced throughout the country. On April 21, United States Trade Representative Robert Zoellick and I met with China's Vice Premier Wu Yi and convened the 15th session of the U.S.-China Joint Commission on Commerce and Trade (JCCT). During our meetings, we discussed a number of U.S.-China trade issues and underscored the need for better IPR protection and enforcement in China. In response, the Chinese Government presented an "action plan" to significantly reduce piracy and counterfeiting levels in China. China agreed to issue a judicial interpretation to lower monetary thresholds for criminal prosecution of IPR violations by the end of the year. They also agreed to conduct nationwide enforcement actions against piracy and counterfeiting to stop the production, sale, and trade of infringing goods and to strengthen border enforcement. China and the United States will establish an IPR working group under the JCCT through which American and Chinese trade, judicial, and law enforcement authorities will cooperate on the full range of IPR issues.

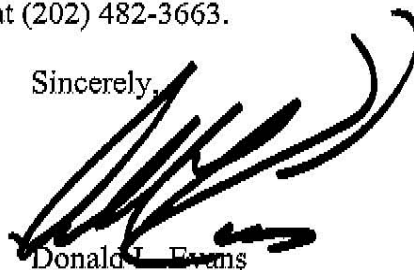
The Department is taking further new and proactive measures to strengthen the enforcement and compliance of our trade agreements. We are also creating a new Investigations and Compliance unit within the Department's Market Access and Compliance group to make sure our trading partners abide by their agreements and to combat violators of IPR around the world. In addition, we will soon be detailing an IPR enforcement attorney to China for an extended period to work with our existing Trade Facilitation Officers in Beijing to provide in-country support for IPR initiatives and to further our efforts to battle piracy and counterfeiting.

Department of Commerce officials also take every opportunity to raise IPR and other textile-related problems in India with the Indian Government and Indian business chambers. In June 2003, I met with India's Minister of Commerce and Industry Arun Jaitley and expressed to him concerns regarding outstanding problems with India's IPR regime and asked him to ensure that their IPR laws are WTO consistent and effectively enforced. Including his two missions to India, Mr. Lash has also advocated strongly for India to lower textile tariffs and import taxes and to take steps to open its highly protected textile market.

I assure you that when U.S. rights holders are denied the full measure of protection afforded by a country's laws, procedures, or international obligations, we will raise the issue through every possible bilateral or multilateral fora, including the WTO and free trade agreements, as your letter suggests.

If you have any further questions, please contact me or Brett Palmer, Acting Assistant Secretary for Legislative and Intergovernmental Affairs, at (202) 482-3663.

Sincerely,



Donald J. Evans