

sure that the United States Trade Representative work in the enforcement area as general counsel, because of the way the amendment was written. The degree of specificity and the desire to micromanage and control was the reason the amendment was rejected.

So once the attempt to micromanage failed, then a vote was requested. At any point any Member could have voted no. The vote was 33 to zero, and I think that indicates the true depth of support for this provision.

There truly is no real controversy; and, frankly, there should be no real opposition. I would ask Members to vote for H.R. 4418 with the intent and purpose of its content supported unanimously out of the Committee on Ways and Means.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,

Washington, DC, July 13, 2004.

Hon. F. JAMES SENSENBRENNER, JR.,
Chairman, Committee on the Judiciary, Rayburn House Office Building, Washington, DC.

DEAR CHAIRMAN SENSENBRENNER: Thank you for your letter regarding H.R. 4418, the "Customs Border Security and Trade Agencies Authorization Act of 2004." The Committee of Ways and Means ordered favorably reported, as amended, H.R. 4418 on Thursday, July 8, 2004 by a 33-0 vote. I appreciate your agreement to expedite the passage of this legislation although it contains several immigration provisions that are within your Committee's jurisdiction. I acknowledge your decision to forego further action on the bill is based on the understanding that it will not prejudice the Committee on the Judiciary with respect to its jurisdictional prerogatives on this or similar legislation.

Our committees have long collaborated on these important initiatives, and I am very pleased we are continuing that cooperation. Your leadership on immigration issues is critical to the success of this bill. I appreciate your helping us to move this legislation quickly to the floor.

Finally, I will include in both the Committee report and the Congressional Record a copy of our exchange of letters on this matter. Thank you for your assistance and cooperation. I look forward to working with you in the future.

Best regards,

BILL THOMAS,
Chairman.

HOUSE OF REPRESENTATIVES,
COMMITTEE OF THE JUDICIARY,
Washington, DC, July 13, 2004.

Hon. BILL THOMAS,
Chairman, Committee on Ways and Means,
House of Representatives, Washington, DC.

DEAR CHAIRMAN THOMAS: In recognition of the desire to expedite floor consideration of H.R. 4418, the "Customs Border Security Act of 12004," the Committee on the Judiciary hereby waives consideration of the bill.

Certain sections of H.R. 4418 contain matters within the Committee on the Judiciary's Rule X jurisdiction: Section 101 (insofar as it authorizes funding for immigration matters); Section 102 (insofar as it requires cost accounting systems for immigration matters); and Section 122 (insofar as the Integrated Border Inspection Areas include immigration matters). Because of the need to expedite this legislation, I will not seek to mark up the bill under the Committee on the Judiciary's secondary referral.

The Committee on the Judiciary takes this action with the understanding that the Com-

mittee's jurisdiction over these provisions is in no way diminished or altered. I would appreciate your including this letter in your Committee's report on H.R. 4418 and the Congressional Record during consideration of the legislation on the House Floor.

Sincerely,

F. JAMES SENSENBRENNER, JR.,
Chairman.

Mr. THOMAS. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. PUTNAM). The question is on the motion offered by the gentleman from California (Mr. THOMAS) that the House suspend the rules and pass the bill, H.R. 4418, as amended.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds of those present have voted in the affirmative.

Mr. THOMAS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Pursuant to clause 8, rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

The point of no quorum is considered withdrawn.

GENERAL LEAVE

Mr. THOMAS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 4418.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

URGING THE GOVERNMENT OF PEOPLE'S REPUBLIC OF CHINA TO IMPROVE ITS PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

Mr. BALLENGER. Mr. Speaker, I move to suspend the rules and agree to the resolution (H. Res. 576) urging the Government of the People's Republic of China to improve its protection of intellectual property rights, and for other purposes, as amended.

The Clerk read as follows:

H. RES. 576

Whereas in 2001, the People's Republic of China agreed to implement a set of sweeping reforms designed to protect intellectual property rights;

Whereas since 2001, China initiated a series of measures and a comprehensive review of its intellectual property rights laws to bring itself in compliance with international standards in patent, trademark, copyright, trade secret, and other intellectual property laws;

Whereas central and local Chinese Government officials continue to work with their counterparts in the United States to improve China's intellectual property rights enforcement through regular bilateral discussions, roundtable meetings, and numerous technical assistance programs;

Whereas China has initiated campaigns to seize illegal and pirated goods, closed or fined several assembly operations for illegal production lines, seized millions of illegal audio-visual products, and expanded training of law enforcement officials relating to intellectual property rights protection;

Whereas although China has made significant improvements to its framework of law, regulations, rules, and judicial interpretations regarding intellectual property rights, its intellectual property rights enforcement mechanisms still face major obstacles, which have resulted in continued widespread piracy and counterfeiting of film, recorded music, published products, software products, pharmaceuticals, chemical products, information technology products, consumer goods, electrical equipment, automobiles and automotive parts, industrial products, and research results throughout China;

Whereas such widespread piracy and counterfeiting in China harms not only the economic development of China but also the economic and legal interests of United States business enterprises that sell their products or services in China, whether or not these United States business enterprises have invested in China or ever will invest in China;

Whereas United States losses due to the piracy of copyrighted materials in China is estimated to exceed \$1,800,000,000 annually and counterfeited products to account for 15 to 20 percent of all products made in China, approximately 8 percent of the country's gross national product;

Whereas the market value of counterfeit goods in China is between \$19,000,000,000 and \$24,000,000,000 annually, causing enormous losses for intellectual property rights holders worldwide;

Whereas the export of pirated or counterfeit goods from China to third country markets causes economic losses to United States and other foreign producers of patented, trademarked, and copyrighted products competing for market share in those third country markets;

Whereas current criminal laws and enforcement mechanisms for intellectual property rights in China by administrative authorities, criminal prosecutions, and civil actions for monetary damages have not effectively addressed widespread counterfeiting and piracy;

Whereas administrative authorities in China rarely forward an administrative case relating to intellectual property rights violations to the appropriate criminal justice authorities for criminal investigation and prosecution;

Whereas China currently has high criminal liability thresholds for infringements of intellectual property rights, with an unreasonable proof-of-sale requirement totaling approximately \$24,100 for business enterprises and \$6,030 for individuals (according to current exchange rates) that makes criminal prosecution against those enterprises or individuals that violate intellectual property rights extremely difficult;

Whereas seizures and fines imposed by Chinese authorities for intellectual property rights violations are perceived by the violators to be a cost of doing business and such violators are usually able to resume their operations without much difficulty;

Whereas China has the second largest number of Internet users in the world, it still has not acceded to the 1996 World Intellectual Property Organization (WIPO) Internet-related treaties that reflect international norms for providing copyright protection over the Internet;

Whereas China's market access barriers for United States and other foreign cultural products such as movies, music, and books

stops or slows the legal entry of these legitimate products into China, in turn increasing the demand for pirated products; and

Whereas United States Trade Representative, Ambassador Zoellick, and Secretary of Commerce Evans co-chaired an expanded Joint Commission on Commerce and Trade Meeting during Chinese Vice Premier Wu Yi's visit to the United States in April 2004 that led to the Chinese Government's commitment to an action plan to address the piracy and counterfeiting of American ideas and innovations: Now, therefore, be it

Resolved, That the House of Representatives—

(1) commends the Government of the People's Republic of China for the steps it has taken to improve its legal framework for intellectual property rights protection and for efforts to bring itself toward compliance with international standards for intellectual property rights;

(2) recognizes Chinese Government's renewed commitment through an action plan presented at the 2004 United States-China Joint Commission on Commerce and Trade to significantly reduce intellectual property rights infringement levels by increasing penalties for intellectual property rights violations, cracking down on violators, improving protection of electronic data, and launching a national campaign to educate its citizens about the importance of intellectual property rights protection;

(3) further recognizes, despite the steps referred to in paragraph (1) and paragraph (2), the continued existence of widespread intellectual property rights violations in China;

(4) urges the Chinese Government to closely adhere to its action plan referred to in paragraph (2) in undertaking a coordinated nationwide intellectual property rights enforcement campaign, and to further eliminate the high criminal liability threshold and procedural obstacles that impede the effective use of criminal prosecution in addressing intellectual property rights violations, to increase the criminal penalties provided for in its laws and regulations, and to vigorously pursue counterfeiting and piracy cases;

(5) encourages the Chinese Government to fully and comprehensively implement a legal framework and effective enforcement mechanisms that would protect not only intellectual property rights held by United States and foreign business enterprises with or without investments in China, but also Chinese intellectual property rights holders, which is crucial to China's own economic development and technological advancement;

(6) urges the Chinese Government to give greater market access to the foreign producers of legitimate products such as films and other audio-visual products in order to reduce demand for and prevalence of pirated and counterfeit goods in their absence; and

(7) will continue to monitor closely China's commitment and adherence to its action plan on intellectual property protection presented during the 2004 United States-China Joint Commission on Commerce and Trade, and work with the Administration to further encourage China's efforts to bring its framework of laws, regulations, and implementing rules into compliance with international law and to create and maintain effective intellectual property rights enforcement mechanisms capable of deterring counterfeiting and piracy activities.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from North Carolina (Mr. BALLENGER) and the gentleman from California (Mr. LANTOS) each will control 20 minutes.

The Chair recognizes the gentleman from North Carolina (Mr. BALLENGER).

GENERAL LEAVE

Mr. BALLENGER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H. Res. 576.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. BALLENGER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of House Resolution 576, urging the government of the People's Republic of China to improve its protection of intellectual property rights, and I would like to thank the gentlewoman from California (Ms. WATSON) for introducing this resolution.

Mr. Speaker, the unprecedented scale and speed of China's ongoing modernization commands the world's attention. Given the immensity of that country, its transformation cannot but have a profound effect and impact well beyond its borders. All of those witnessing China's rebirth understand that its actions and ambitions will become increasingly central factors in determining the fortunes of the 21st century.

As China assumes an ever more prominent role in the international system, it remains uncertain if this will be matched by an acceptance of responsibilities commensurate with the increasing power it has. Of immediate importance is its willingness to abide by a network of agreements and rules that underlie the international trade system, which operates by consensus and relies heavily on voluntary compliance with its many provisions.

If this system is to work, cooperation cannot be restricted to selected areas of individual advantage but must extend across the whole. For that reason, China's entry into the World Trade Organization was a milestone in the country's development and signaled a welcome commitment to adopting and enforcing its comprehensive rules and agreements.

China's stake in the health of the global economic system is readily apparent. The country's transformation has been financed largely through direct investment from outside the country and by an ever-increasing deluge of exports above all to the United States.

Our annual trade deficit with China has grown every year and now exceeds \$100 billion, making the United States the indispensable source of capital for rapid economic development. Given this reality, it is a matter of great concern that the extent of China's commitment to upholding the rules underpinning the system remains ambiguous, especially in the area of intellectual property rights. The protection of these rights is of great and growing importance to many developed countries whose economies are increasingly composed of knowledge-based industries, with the U.S. leading the list.

The piracy of copyrighted materials is a global problem, including in our own country, but nowhere is the problem greater than in China. It is estimated that 60 percent of all goods imported into the United States that infringe on intellectual property rights originated in China. In that country, an estimated 20 percent of all manufactured products are counterfeits. Although the Chinese government has adopted increasingly comprehensive legislation and regulation to address this issue, these will remain largely empty gestures unless enforced.

Here the situation is far less positive. One can walk down virtually any street in Chinese cities and be assaulted by English offers of pirated videotapes and other illegal products in full view of police and other authorities. The blame for this open flouting of this law is often ascribed to laxity or even complicity by local governments over which the central authorities claim to have insufficient control, but this assertion is difficult to accept.

Few would point to China as an example of a country in which the government is too weak to enforce its own laws. We have witnessed repeated examples of energetic, even harsh measures taken against those who would defy the central authorities. It is impossible to believe that if China's leaders decided to rein in this open defiance of the law that it could not do so and do so quickly.

We are confident that, being rational, the Chinese authorities will eventually realize that a relentless pursuit of self-interest that does not accommodate the interests of others cannot be sustained. But until that acceptance occurs, it is incumbent upon us to maintain sufficient pressure on China and other countries harboring these illegal activities to ensure that their costs from tolerating violations are as tangible as many benefits that they now enjoy.

That is why this resolution is both timely and necessary. It recognizes the genuine progress that China has made in the area of protecting intellectual property rights but couples with this the several specific recommendations that the Chinese government must adopt if it is to demonstrate its genuine commitment to the protection of intellectual property rights.

It would be difficult to find a better or more precise issue by which to judge Chinese leadership, determination on their part to play by the rules of the game in the international trading system, and thereby discern the nature of its intended participation in the international system as a whole.

Mr. Speaker, I reserve the balance of my time.

Mr. LANTOS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of this resolution, and I urge my colleagues to support it as well.

At the outset, let me pay tribute to my dear friend, the gentlewoman from

California (Ms. WATSON), the author of this resolution, who has done so much to protect intellectual property rights across the globe.

Mr. Speaker, a new generation of policymakers have ascended to power in Beijing and with their growth of influence China has begun to play a more responsible and constructive role on the international stage. But as China has assumed its new global commitments, a yawning gap has emerged between Chinese government promises and the reality on the ground.

Mr. Speaker, the stark contrast between China's far-reaching international trade commitments and the harsh treatment afforded American companies trying to sell to China is just the latest example of this enormous credibility gap; and, unfortunately, Mr. Speaker, unless senior Chinese officials recognize that they must live up to their international trade commitments, hundreds of thousands of American workers will lose their jobs.

Mr. Speaker, the United States trade deficit with China continues to grow at an alarming rate. Last year, in 2003, we had a \$124 billion deficit with China, the largest ever posted with any country on the face of this planet. The deficit further widened this January to almost \$12 billion.

The matter before the House, sponsored by my good friend, the gentlewoman from California (Ms. WATSON), addresses one of the main reasons for this alarming deficit, the systematic and widespread piracy and counterfeiting of copyrighted U.S. materials in China. Fully 15 to 20 percent of all products made in China are counterfeited products. The market value of these goods in China is estimated to be at least \$24 billion.

This massive criminal enterprise makes it virtually impossible for U.S. patent holders to sell their goods in China and causes them further economic losses when China exports pirated goods to third countries.

The gentlewoman from California's (Ms. WATSON) measure demands that China undertake a coordinated nationwide intellectual property rights enforcement campaign as well as implement a legal framework to protect both American and Chinese intellectual property.

Mr. Speaker, I strongly urge the regime in Beijing to pay attention to this demand. The U.S. Congress will not tolerate the continued theft of American intellectual property on a massive scale by the Chinese, while the United States is exporting good manufacturing jobs to China by the millions. I urge all of my colleagues to vote for this important initiative.

Mr. Speaker, I reserve the balance of my time.

□ 1315

Mr. BALLENGER. Mr. Speaker, I yield 4 minutes to the gentleman from Indiana (Mr. SOUDER).

(Mr. SOUDER asked and was given permission to revise and extend his remarks.)

Mr. SOUDER. Mr. Speaker, I rise today on behalf of the manufacturers in my home State who already have not been run out of business by unfair Chinese competition. It is bad enough that China continues to abuse human rights, that they bully Taiwan, they deny workers' rights in China; but we have seen a regular manipulation of their currency that has resulted in unfair competition to the tune of up to 40 percent in the cost of many goods.

I have manufacturers in my district that cannot get the raw materials for the goods for the costs that the Chinese are selling it. That, by definition, is dumping. They are selling in the United States for under the cost of goods for even just the basic raw materials.

We need not just rhetoric out of this Congress. We need an actual law passed that says when they manipulate the currency that countervailing duties are immediately imposed. The administration has been working with dumping lawsuits, but they take up to 3 years. By that time our companies are long gone. Many of these manufacturers are very small; and by the time they steal the private intellectual property rights over the time that they dump illegally into our country, the manufacturers are gone. They are the little guys. They cannot afford attorneys that go for 3 years. They are laying off their employees, and even then they do not know how to fight or how to get big enough to fight.

We in Congress need to be more aggressive, or we will not have a manufacturing base left. We can talk about our national defense, and we will not have a national defense.

Now, intellectual property is important not only to movies, not only to music, but to manufacturers. I have a company in my district that makes the fasteners that go on our containers. We talk about the importance of international trade and security and how we are trying to push that security out to Singapore and into China so we have preclearance before it hits our harbors.

Our security is only as safe as the sealant on the containers. The American companies will give us the numbers of the seals so we can trace to see whether people are cheating, but the Chinese manufacturers will not; and the reason they will not is because they have stolen the intellectual property rights for, for example, this seal. These are four Chinese companies that have duplicated this seal even with "shinning fortune," they meant to say "shining fortune." They spelled it "shinning." They copied it and stole it. We now cannot track the containers because they have stolen intellectual property rights. They have put American companies and workers out of business, and that makes our national security more difficult.

We have to understand that unless we fight for intellectual property

rights, unless we fight for our manufacturers, we cannot talk about free trade if it is not fair; and it has to be fair, or it is just a false promise that when we say we are going to have international trade we are all going to be better by the international trade. Free trade must be fair. This resolution is a start, but we do not need this resolution. We need some laws.

Mr. LANTOS. Mr. Speaker, I am delighted to yield as much time as she might consume to the distinguished gentlewoman from California (Ms. WATSON), the author of this legislation.

(Ms. WATSON asked and was given permission to revise and extend her remarks, and include extraneous material.)

Ms. WATSON. Mr. Speaker, I want to thank the gentleman from California (Mr. LANTOS), the ranking member, my good friend and very distinguished Member of the House, and the gentleman from North Carolina (Mr. BALLENGER) for supporting H. Res. 576, a bipartisan resolution urging the government of the People's Republic of China to improve its protection of intellectual property rights, Mr. Speaker. I would also like to thank them for their leadership and their diligence in bringing the bill to the floor for consideration.

Mr. Speaker, H. Res. 576 is a balanced and responsible piece of legislation. It recognizes China's efforts to deal with the serious problems of intellectual property violations, as well as encourages China to redouble its efforts to rectify a serious problem that results in the loss of revenues, according to the USTR's most recent figures, in excess of \$2.5 billion yearly to U.S. companies and manufacturers.

The resolution recommends that the Chinese government implement more effective customs and border measures to prevent exportation of pirated goods into the United States and into other countries. It encourages the Chinese government to fully and comprehensively implement a legal framework to protect intellectual property rights; and it urges the Chinese government to give greater market access to foreign producers of legitimate products to reduce the demand for counterfeit goods.

In crafting H. Res. 576, my staff shared the text of the resolution with various Federal Departments and agencies, including the State and Commerce Departments, U.S. Customs, the U.S. Copyright Office, USTR, and the United States Patent and Trademark Offices. In many instances, changes suggested by these various entities have been incorporated into the final version of H. Res. 576.

Mr. Speaker, I will submit for the RECORD at this point letters that I have received from Marybeth Peters, register of copyrights from the United States Copyright Office; and Douglas Lowenstein, the president of Entertainment Software Association, in support of H. Res. 576.

U.S. COPYRIGHT OFFICE,
LIBRARY OF CONGRESS,
Washington, DC, March 30, 2004.

Hon. DIANE E. WATSON,
House of Representatives,
Washington, DC.

DEAR REPRESENTATIVE WATSON: I am pleased to have this opportunity to respond to your request for the Copyright Office's views regarding H. Res. 576. I wholeheartedly agree that consideration of the problem of copyright infringement in China is especially important and timely.

The Copyright Office has actively engaged our counterparts at the National Copyright Administration of China (NCAC) for over twenty years in an effort to foster better understanding and improve the protection of copyrighted works in China. Our most recent exchange was earlier this month, when we hosted a delegation led by Deputy Director General Wang Ziqiang of the NCAC for a one week symposium on the protection and enforcement of copyright. The delegation included officials from the central government in Beijing, officials from several of China's provinces with authority for the enforcement of copyright, and judges who hear copyright infringement cases.

The Copyright Office also plays a crucial role in the United States' bilateral trade relations with China. We advise the Congress, the U.S. Trade Representative's Office, and other federal agencies on copyright protection and enforcement and we participate in trade talks held both in the U.S. and in China.

Over the years, we have worked with China as it has transformed itself from a country that did not even have a copyright law into a WTO member. But we have also been dismayed by the persistent and overwhelming problem of copyright infringement in China. The U.S. copyright industries continue to report piracy rates of at least 90% across the board in China. This fact, combined with the size of the Chinese market and the growing problem of the export of pirated products from China, threatens, if gone unchecked, to deluge markets in the region and around the world with cheap, illegal copies of American products.

Despite these threats, many American companies continue to invest in the Chinese market. I believe that this is indicative of the business opportunities in China. Thus, I see both a crisis of piracy and great opportunity. H. Res. 576 eloquently captures a balanced and realistic assessment of the situation in China and the Copyright Office supports it and hopes that it will be adopted. It is important for the Chinese Government to understand that the United States recognizes that much has been done, but also that it sees how much remains to do and how important it is to finish the job.

Please feel free to contact me again on this or any other copyright matter.

Sincerely,

MARYBETH PETERS,
Register of Copyrights.

ENTERTAINMENT SOFTWARE
ASSOCIATION,
WASHINGTON, DC, JULY 12, 2004.

Hon. DIANE WATSON,
Hon. HENRY J. HYDE,
Hon. TOM LANTOS,
House of Representatives,
Washington, DC

DEAR REPRESENTATIVES, On behalf of the Entertainment Software Association (ESA), our member companies, and the thousands of individuals employed in our industry who are impacted by the scourge of worldwide intellectual property piracy, I would like to take this opportunity to voice our appreciation and to pledge our strong support for

your leadership on H. Res. 576, an important measure addressing the need for stronger intellectual property protection and market access in China.

Entertainment software—including video and computer games for video game consoles, personal computers, handheld devices, and the Internet—is a rapidly growing industry with \$7 billion in U.S. sales in 2003 and a \$20 billion global market for games. There is a large and growing demand for entertainment software in China. As an example, in China's more than 200,000 Internet cafes, where the vast majority of the Chinese people obtain online access, it is estimated that 60 percent of the activity involves game play. However, also China has a serious entertainment software piracy problem. We estimate that 97 percent of all personal computer entertainment software is pirated, while 75 percent of all console products, such as those for the Sony Playstation® and 99 percent of all handheld products, such as those for the Nintendo Gameboy® are also pirated. Piracy at these extreme levels makes it extraordinarily difficult to build legitimate distribution and sales.

Addressing these myriad piracy problems will require high-level leadership so that China can adhere to its responsibilities as a WTO member and depart from its past history of piracy problems. Criminal enforcement, including raids, must include fines and imprisonment severe enough to serve as a deterrent to copyright crimes. There must also be criminal enforcement against criminal associations engaging in elaborate enterprises in copyright crimes. China should adopt measures similar to Hong Kong's Organized and Serious Crime Ordinance (OSCO) and should treat copyright crimes similarly to other forms of criminal activity. Internet piracy issues should also be addressed, and China should adopt the WIPO treaties, including their effective prohibitions against the circumvention of technological protection measures (TPMs).

At the same time, entertainment software publishers who enter the market are hindered in their ability to compete with pirates. They face growing threats of import quotas and other market restrictions. Protracted censorship reviews, often requiring several months to complete, give pirates the opportunity to sell unapproved pirated product long before legitimate games are released. Policies such as these only fuel the demand for pirated product.

Again, we want to thank you for your leadership on this issue and we look forward to continuing to work with you and your staffs to shed further light on the I.P. piracy problem in China and on the need to improve the situation in that country.

Sincerely,

DOUGLAS LOWENSTEIN,
President.

Both letters have offered unqualified support for the resolution and for the resolution's recognition that much remains to be done with respect to addressing the need for stronger intellectual property protections and greater market access in China.

Mr. Speaker, I represent the 33rd Congressional District of Los Angeles and Culver City, which contains a number of major entertainment companies, including Sony Studios, Capitol Records, Raleigh Film and Television Studios, and the American Film Institute. Each one of these companies, as well as countless residents throughout the greater Los Angeles area, are directly impacted by the scourge of IPR infringement.

The protection of U.S. intellectual property rights abroad and at home is especially crucial to the health and the vitality of the U.S. entertainment sector, which brings in an estimated \$535 billion to the U.S. economy and remains one of the Nation's largest export sectors. The loss of revenues from IPR infringement affects the income levels and pocketbooks of not only my constituents but countless other Americans across our Nation.

In the case of China, U.S. companies continue to lose more than \$2.5 billion a year due to the piracy of copyrighted materials. Amazingly, counterfeit products account for 15 to 20 percent of all products made in China, approximately 8 percent of its GNP. Counterfeit and pirated items that originate in China include, but are not limited to, movies, recorded music, published products, software, pharmaceuticals, electrical equipment, industrial products, apparel, auto parts, and automobiles.

With respect to entertainment software, one of the most explosive sectors of growth, the Entertainment Software Association estimates that 97 percent of all personal computer entertainment software is pirated in China, while 75 percent of all console products, such as those for the Sony PlayStation, and 99 percent of all handheld products, such as those for the Nintendo Gameboy, are also pirated. That is 99 percent.

As the Entertainment Software Association knows, "Piracy at this extreme level makes it extraordinarily difficult to build legitimate distribution and sales."

Moreover, many of these counterfeit products end up reentering our domestic U.S. market in ever-increasing quantities. In fact, the Office of U.S. Immigration and Customs Enforcement estimates that over 60 percent of all pirated goods it seizes originate in China. This is a staggering and sobering statistic; and as anyone can see, IPR theft has reached epidemic levels in China, and its adverse impact is being directly felt by American producers, consumers, and workers in terms of loss of revenues and wages.

Mr. Speaker, in closing, I want to briefly note the recent commitments made by the government of China during the April meeting of the U.S.-China Joint Commission of Commerce and Trade. While the government of the People's Republic of China is to be commended for the steps it has committed to taking to reduce significantly the incidence of piracy by the end of this year, H. Res. 576 most importantly puts Congress on record that it will continue to monitor closely China's commitment and adherence to its action plan and IPR protection and enforcement and that it will work with the administration to further encourage China's efforts to bring its framework of laws, regulations and implementing rules into compliance with international law.

Mr. Speaker, I thank the gentleman for the time.

Mr. LANTOS. Mr. Speaker, I am delighted to yield 5 minutes to my good friend, the distinguished gentleman from Oregon (Mr. DEFAZIO).

Mr. DEFAZIO. Mr. Speaker, I thank the gentleman from California for his time and the gentlewoman from California for her excellent work on this legislation.

To echo the words of the gentleman from Indiana who preceded me in the well, this is a good step but it is not an adequate step. I would differ only in that he said we need more laws. We do not need more laws. We need to enforce the existing laws.

I was one who voted against Permanent Most Favored Nation status for China because I thought the only leverage we had over them to stop them from this piracy was the annual renewal of that trade status. The argument of the prevailing side was, well, now they will be in the WTO and they will have to follow the rules; and in fact, that has been pursued successfully once.

One time the administration has filed one complaint against the largest pirate of U.S. copyright patents and materials in the world, China, which was on a tax benefit extended to semiconductors; and, in fact, that worked. China backed off, although they are going to phase out this subsidy. I think they should have them immediately end it, but in any case that step did yield some results.

The administration is now raising concerns about Viagra, but it is not raising concerns about Videx. What is Videx? Videx is a little dream company in my district, started by a former Hewlett-Packard employee, started up in his garage, now employs directly more than 60 people and hundreds of other people in the production of his product, all done in the United States of America. Videx produces two different systems, a coding system that is not based on bar codes, but a different system, which is very successful, and now a new electronic locking system.

One day they got a call from their distributor in China. They had filed for Chinese patent protection, Chinese trademarks, had done everything according to Chinese law, and they got contacted by their distributor in China. They were very concerned and they did not understand why they had chosen to have another distributor. They thought they had exclusive rights. They said, what are you talking about? They found out that their entire company had been cloned in China, including the Web site. In fact, the Chinese went one better. They had little tiny American flags waving up on top of the building on the phony Videx Web site.

□ 1330

Everything. They used the U.S. copyright and even translated U.S. copyright patent into Chinese in stealing the software. And they made a crappy product.

So it not only cost them market share because of the counterfeiters, the counterfeiters also besmirched the name and quality of their product. And now the Chinese fakes are beginning to market this beyond China.

I have contacted everyone I can in the administration, including the Commerce Secretary and the Special Trade Representative. I have introduced legislation. I have raised this issue many times. It has been noted on the Lou Dobbs Report. We have gotten as much publicity as we can. And the only result is that Videx, in my district, has been contacted by dozens of other United States firms around the country saying exactly the same thing happened to us. Our company, our product was stolen by the Chinese. We had registered it, we had followed all the rules, and the administration will do nothing, nothing to help us.

And that is the current status we have here. Yes, they have stood up for the semiconductor giants and got some concessions from the Chinese. They are going to stand up for Pfizer and Viagra, but not for Videx, for the American dream, for small business, for dozens of companies like Videx around America who need the strong support of the United States Government to fight Chinese piracy.

This resolution is good. It will note the concern of Congress. But firmer steps are necessary.

I have introduced companion legislation to a bill in the Senate by Senator LAUTENBERG that would force the United States Trade Representative to file complaints against Chinese piracy. It is one thing that we are losing jobs because they have dirt-cheap labor, they do not follow environmental rules, and they should fix that, but it is another thing when they are outright stealing the intellectual property, the copyrights, and putting Americans out of business through theft. That has to stop.

This legislation is a start, but we need to take more action and the administration needs to take action in this area.

Mr. LANTOS. Mr. Speaker, I yield myself such time as I may consume, and in closing I urge all my colleagues to support this very important legislation.

Mr. Speaker, I yield back the balance of my time.

Mr. BALLENGER. Mr. Speaker, I yield myself such time as I may consume to close.

A great deal has been said about the inactivity of our Federal government with regard to Customs and the inspection of imports, so I would like to deliver a special knowledgeable story that I know about.

In my own hometown of Hickory, North Carolina, we have 47 hosiery mills, and they were being worked against substantially by imports from China and South Korea. We also have a little place called Catawba Valley Technical Institute, where we invested

money to train people as to how to take apart a pair of hose and find out what the makeup of that hosiery is; in other words, if it is 60 percent cotton and 40 percent wool, they can find out for sure.

We started checking the imports being brought into our hometown and found none of them matched what they said on the labels. So I called up a lady named Ms. LaBuda, who happened to be at that time the new Customs person in our Federal government, and told her about this.

Within several days, I got a panicked phone call from a person that I had known for years who happens to own a couple of hosiery mills in Hickory, North Carolina. He said, "Cass, you have to do something for me. I am in real trouble."

So I asked him what the problem was, and he said, "Well, Customs has seized two containers of my goods coming in." So I asked where they were coming from. He said, "Well, we buy a little bit from China, and we have hired other people." I think personally he hired one or two people just so he could say that. But, anyway, they had one or two containers held up and he said that they were making them wait until they could test the hosiery out.

So I asked him what the makeup of the hosiery was supposed to be. He said, "I'm not sure about that. But I wonder if you could check them and ask them what is the hosiery made of." Polyester in China is very cheap. So he said, "And find out what the makeup is, the percentages, and so forth, and we will change the labels." I said, well, unless I am mistaken, that is not quite legal.

So here we have the Customs agents actually doing something positive. This same lady, because of AGOA, went to Kenya, in Africa, and she trained the people in Kenya as to how to inspect goods coming through. Because AGOA was designed to help African people, not Chinese people, shipping goods through Africa. Well, these people were trained by her. She reported to me that they caught two container loads of goods coming from China going through Kenya. They stopped the goods, they checked the goods out, and they dumped them in the ocean.

What I am trying to say is that our government is doing things. It may take a little time, but if there were more people like Gladys LaBuda working for Customs, we would be in great shape.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. MILLER of Florida). The question is on the motion offered by the gentleman from North Carolina (Mr. BALLENGER) that the House suspend the rules and agree to the resolution, H. Res. 576, as amended.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds of those present have voted in the affirmative.

Mr. LANTOS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, proceedings will resume on questions previously postponed. Votes will be taken in the following order:

Adoption of H. Res. 712, by the yeas and nays;

motion to suspend the rules on H. Res. 705, by the yeas and nays;

motion to suspend the rules on H.R. 4418, de novo; and

motion to suspend the rules on H. Res. 576, by the yeas and nays.

The first electronic vote will be conducted as a 15-minute vote. Remaining electronic votes will be conducted as 5-minute votes.

PROVIDING FOR CONSIDERATION OF H.R. 4759, UNITED STATES-AUSTRALIA FREE TRADE AGREEMENT IMPLEMENTATION ACT

The SPEAKER pro tempore. The pending business is the question of agreeing to the resolution, House Resolution 712, on which the yeas and nays are ordered.

The Clerk read the title of the resolution.

The SPEAKER pro tempore. The question is on the resolution.

The vote was taken by electronic device, and there were—yeas 337, nays 89, not voting 7, as follows:

[Roll No. 371]

YEAS—337

Aderholt	Brown-Waite,	Cunningham
Akin	Ginny	Davis (AL)
Allen	Burgess	Davis (CA)
Bachus	Burns	Davis (FL)
Baker	Burr	Davis (TN)
Ballenger	Burton (IN)	Davis, Jo Ann
Barrett (SC)	Buyer	Davis, Tom
Bartlett (MD)	Calvert	Deal (GA)
Barton (TX)	Camp	DeGette
Bass	Cannon	DeLay
Beauprez	Cantor	DeMint
Bell	Capito	Diaz-Balart, L.
Bereuter	Capps	Diaz-Balart, M.
Berkley	Cardin	Dicks
Berman	Carter	Dingell
Biggert	Case	Doggett
Bilirakis	Castle	Dooley (CA)
Bishop (NY)	Chabot	Doolittle
Bishop (UT)	Chandler	Doyle
Blackburn	Chocola	Dreier
Blumenauer	Clay	Duncan
Blunt	Coble	Dunn
Boehkert	Cole	Edwards
Boehner	Collins	Ehlers
Bonilla	Conyers	Emanuel
Bonner	Cooper	Emerson
Bono	Cox	Engel
Boozman	Cramer	English
Boucher	Crane	Eshoo
Boyd	Crenshaw	Evans
Bradley (NH)	Crowley	Everett
Brady (TX)	Cubin	Fattah
Brown (SC)	Culberson	Feeney
Brown, Corrine	Cummings	Ferguson

Flake	Leach	Ros-Lehtinen
Foley	Levin	Ross
Forbes	Lewis (CA)	Roybal-Allard
Ford	Lewis (GA)	Royce
Fossella	Lewis (KY)	Ruppersberger
Franks (AZ)	Linder	Ryan (WI)
Frelinghuysen	LoBiondo	Ryun (KS)
Frost	Lofgren	Sanchez, Loretta
Gallegly	Lowey	Sandlin
Garrett (NJ)	Lucas (KY)	Saxton
Gephardt	Lucas (OK)	Schiff
Gerlach	Lynch	Schrock
Gibbons	Maloney	Scott (GA)
Gilchrest	Manzullo	Scott (VA)
Gillmor	Matheson	Sensenbrenner
Gingrey	Matsui	Serrano
Gonzalez	McCarthy (MO)	Sessions
Goode	McCarthy (NY)	Shadegg
Goodlatte	McCotter	Shaw
Gordon	McCrery	Shays
Goss	McHugh	Sherman
Granger	McInnis	Sherwood
Graves	McKeon	Shimkus
Green (WI)	Meeks (NY)	Shuster
Greenwood	Menendez	Simmons
Gutknecht	Mica	Simpson
Hall	Miller (FL)	Skelton
Harman	Miller (MI)	Smith (MI)
Harris	Miller (NC)	Smith (NJ)
Hart	Miller, Gary	Smith (TX)
Hastings (WA)	Moore	Smith (WA)
Hayes	Moran (KS)	Snyder
Hayworth	Moran (VA)	Souder
Hefley	Murphy	Spratt
Hensarling	Murtha	Stearns
Herger	Musgrave	Stenholm
Hill	Myrick	Sullivan
Hinojosa	Napolitano	Sweeney
Hobson	Nethercutt	Tancredo
Hoekstra	Neugebauer	Tanner
Holden	Ney	Tauscher
Honda	Northup	Tauzin
Hooley (OR)	Norwood	Taylor (NC)
Hostettler	Nunes	Terry
Houghton	Nussle	Thomas
Hoyer	Olver	Thompson (CA)
Hulshof	Ortiz	Thornberry
Hunter	Osborne	Tiahrt
Hyde	Ose	Tiberi
Inslee	Otter	Toomey
Israel	Oxley	Towns
Issa	Paul	Turner (OH)
Jackson-Lee	Pearce	Turner (TX)
(TX)	Pelosi	Udall (CO)
Jefferson	Pence	Udall (NM)
Jenkins	Peterson (PA)	Upton
John	Petri	Van Hollen
Johnson (CT)	Pickering	Visclosky
Johnson (IL)	Pitts	Vitter
Johnson, E. B.	Platts	Walden (OR)
Johnson, Sam	Pombo	Walsh
Jones (NC)	Porter	Wamp
Kanjorski	Portman	Waters
Keller	Price (NC)	Watson
Kelly	Pryce (OH)	Watt
Kennedy (MN)	Putnam	Waxman
King (IA)	Quinn	Weldon (FL)
King (NY)	Radanovich	Weldon (PA)
Kingston	Ramstad	Weller
Kirk	Regula	Whitfield
Kline	Rehberg	Wicker
Knollenberg	Renzi	Wilson (NM)
Kolbe	Reyes	Wilson (SC)
LaHood	Reynolds	Wolf
Lampson	Rodriguez	Woolsey
Langevin	Rogers (AL)	Wu
Larsen (WA)	Rogers (KY)	Wynn
Latham	Rogers (MI)	Young (AK)
LaTourette	Rohrabacher	Young (FL)

NAYS—89

Abercrombie	Davis (IL)	Kapture
Ackerman	DeFazio	Kennedy (RI)
Alexander	Delahunt	Kildee
Andrews	DeLauro	Kilpatrick
Baca	Deutsch	Klecza
Baird	Etheridge	Kucinich
Baldwin	Farr	Lantos
Becerra	Filner	Larson (CT)
Berry	Frank (MA)	Lee
Bishop (GA)	Green (TX)	Lipinski
Boswell	Grijalva	Markey
Brady (PA)	Gutierrez	Marshall
Brown (OH)	Hastings (FL)	McCollum
Capuano	Herse	McDermott
Cardoza	Hinchey	McGovern
Carson (OK)	Holt	McIntyre
Clyburn	Jackson (IL)	McNulty
Costello	Jones (OH)	Meehan

Meek (FL)	Pastor	Slaughter
Michaud	Payne	Solis
Millender-	Peterson (MN)	Stark
McDonald	Pomeroy	Strickland
Miller, George	Rahall	Stupak
Mollohan	Rothman	Taylor (MS)
Nadler	Rush	Thompson (MS)
Neal (MA)	Ryan (OH)	Tierney
Oberstar	Sabo	Velázquez
Obey	Sánchez, Linda	Weiner
Owens	T.	Wexler
Pallone	Sanders	
Pascarell	Schakowsky	

NOT VOTING—7

Carson (IN)	Istook	Rangel
Hoefel	Kind	
Isakson	Majette	

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. PUTNAM) (during the vote). Two minutes remain in this vote.

□ 1402

Mr. DEUTSCH, Ms. MCCOLLUM, and Messrs. OWENS, RUSH, PASCARELL, BISHOP of Georgia and BECERRA changed their vote from “yea” to “nay.”

Ms. HARMAN, Messrs. OTTER, SANDLIN, EMANUEL and FORD, and Ms. HOOLEY of Oregon changed their vote from “nay” to “yea.”

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the remainder of this series will be conducted as 5-minute votes.

URGING THE PRESIDENT TO RESOLVE THE DISPARATE TREATMENT OF TAXES PROVIDED BY THE WORLD TRADE ORGANIZATION

The SPEAKER pro tempore (Mr. PUTNAM). The pending business is the question of suspending the rules and agreeing to the resolution, H. Res. 705. The Clerk read the title of the resolution.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Pennsylvania (Mr. ENGLISH) that the House suspend the rules and agree to the resolution, H. Res. 705, on which the yeas and nays are ordered.

This will be a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 423, nays 1, not voting 9, as follows:

[Roll No. 372]

YEAS—423

Abercrombie	Baker	Bereuter
Ackerman	Baldwin	Berkley
Aderholt	Ballenger	Berman
Akin	Barrett (SC)	Berry
Alexander	Bartlett (MD)	Biggert
Allen	Barton (TX)	Bilirakis
Andrews	Bass	Bishop (GA)
Baca	Beauprez	Bishop (NY)
Bachus	Becerra	Bishop (UT)
Baird	Bell	Blackburn