

## '50-50 chance' of Sino-US row becoming trade war

TED PLAFKER in Beijing

China and the United States stand a "50-50" chance of averting a trade war over Chinese copyright piracy, a Western diplomat in Beijing says.

The Clinton administration has threatened far reaching trade sanctions against China unless Beijing can convince US negotiators that the production and export of illicit music, software, and movies will end.

Washington has set a June 17 deadline, and China has vowed to retaliate if the US sanctions are enforced.

"I think there is going to be an earnest effort at least on the part of the US negotiators to reach an agreement," the diplomat said.

"Whether or not that is possible is another question altogether. I would say at this point the chances of a resolution without sanctions stand at about 50-50."

Acting deputy US trade representative Lee Sands is scheduled to arrive in Beijing on June 6 for another round of talks with Chinese officials on Washington's allegations that China has so far failed to comply with last year's bilateral agreement on protection of intellectual property rights.

China has acknowledged that piracy is a problem, but maintains it has made great progress in eliminating the illegal trade and has blasted the US sanctions threat as wrong-headed and unfair.

US officials and industry leaders have long said that stopping production, rather than distribution, is the only way for China to solve the problem.

"I think what [the US negotiators] are driving at is to see as many plants closed as necessary to dramatically diminish the number of pirated goods that are presented," the diplomat said.

"I frankly do not think it is going to revolve around a magic number of plants that are closed, although they are going to have to close more than the six or seven that they indicate they have closed."

He said China's recent use of police, rather than administrative agencies, to enforce laws on intellectual property marked an important step forward in the anti-piracy campaign.

"That would certainly get my attention if I were manufacturing illegal compact discs and if the people's armed police could come in and carry me off," he said.

The diplomat said that the US would not be willing to revise the terms of last year's copyright accord as a shortcut to settling the present dispute.

"Our basic position is that we made an agreement in 1995, and we are looking to the Chinese authorities to enforce that agreement."