

U.S. returns China's Taobao shopping website to market blacklist

By [David Lawder](#) | WASHINGTON

The United States on Wednesday returned Taobao, China's most popular consumer-to-consumer shopping website, to its blacklist of "notorious marketplaces" known for the sale of counterfeit goods and violations of intellectual property rights.

The move by the U.S. Trade Representative's office against the online bazaar run by Alibaba Group Holding Ltd followed complaints from U.S. and international trade groups for apparel and luxury goods that Taobao was not doing enough to police sales of fakes and pirated products.

Inclusion on the blacklist does not carry any direct penalties but is a blow to Alibaba's efforts to shed perceptions its websites are riddled with fakes - a key to gaining a bigger international customer base and taking market share from global competitors such as eBay Inc and Amazon.com.

The company expressed disappointment with the move.

Taobao was put on the USTR blacklist in 2011 but removed in 2012 after it made efforts to address concerns of intellectual property rights holders and committed to cut the number of pirated and counterfeit goods on its website.

In unveiling its 2016 list, USTR acknowledged that Alibaba had taken steps to combat piracy, including addressing the misuse of brand keywords, blurred trademarks in product images and developing technology to prevent counterfeit sellers from reopening under new names.

USTR said, however, the current levels of reported counterfeiting and piracy were "unacceptably high," with such goods posing a "grave economic threat" to U.S. creative and innovative industries and posing public health threats in some cases.

"One large motor vehicle manufacturer reported that at least 95 percent of the merchandise bearing its company's brand names and trademarks found on Alibaba platforms is suspected to be counterfeit," USTR said.

Alibaba Group President Michael Evans said in a statement the company was "very disappointed" to be put back on the list as it was far more advanced in protecting intellectual property rights than it was four years ago. He added that the decision ignored Alibaba's work to remove more than twice the number of product listings this year than in 2015.

"We question whether the USTR acted based on the actual facts or was influenced by the current political climate," Evans said.

In Beijing, Chinese foreign ministry spokeswoman Hua Chunying said she did not know the details of the blacklisting, but that in principle China-U.S. trade and business relations should be mutually beneficial and win-win.

"If some specific problems arise, we hope that both sides can appropriately resolve them via friendly consultations," she told a daily news briefing.

Alibaba touts Taobao as China's largest online shopping destination by gross merchandise volume and among the top five websites in China and top 15 globally.

Alibaba shares fell 0.7 percent on the New York Stock Exchange to \$89.25.

(Reporting by David Lawder; Additional reporting by Ben Blanchard; Editing by Peter Cooney)