

Alibaba Warned by U.S. to Combat Sales of Counterfeit Products

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December 17, 2015 — 2:43 PM CST

- ▶ Government is 'increasingly concerned' about complaints
- ▶ Alibaba was removed from Notorious Markets list in 2012

Alibaba Holding Group Ltd. has to do a better job of fighting the sale of counterfeit goods and pirated materials on its e-commerce websites if it wishes to remain off the U.S. government's annual "Notorious Markets List," according to a [warning](#) Thursday from the U.S. Office of the Trade Representative.

While the federal agency stopped short of putting Alibaba on the registry, it issued a stern warning that the company's efforts to fight piracy and respond to complaints would be monitored in the coming year for signs of improvement.

After being removed from the list in 2012, a new mention would damage Alibaba's reputation in the U.S., where its shares trade on the New York Stock Exchange and where it's cultivating business relationships with retailers and entertainment companies as part of the company's global expansion.

The trade representative is "increasingly concerned by rights holders' reports that Alibaba Group's enforcement program is too slow, difficult to use, and lacks transparency," according to the report.

The office of the trade representative called for Alibaba to simplify the process for stakeholders to lodge complaints and request enforcement action, make procedures to remove counterfeit products readily available and reduce the timelines for removing counterfeit goods and levying fines against sellers.

Alibaba "is committed to the protection of intellectual property rights and the fight against counterfeiting," the company said in an e-mailed statement. "Counterfeiting is an issue all global e-commerce companies face, and we are doing all we can to address and fight it."

Alibaba has been at odds with the American Apparel & Footwear Association, which has been lobbying to have Alibaba's Taobao marketplace returned to the "notorious markets" lineup for failing to stop the sale of fakes.

“We feel very validated and vindicated today,” said Juanita Duggan, president and CEO of the trade group, in an interview. “It’s complete validation and it tells us that we should continue to fight the good fight until we have some results.”

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• Alibaba.com Ltd • Counterfeit Goods

What’s keeping the CEO of a company that just reported the most profitable quarter in history up at night?

For Apple Inc.'s Tim Cook, it’s the “economic challenges all over the world.”

“This is a huge accomplishment for our company especially given the turbulent world around us,” said Cook, immediately after running through the company’s quarterly financial highlights on a conference call.

Ever since the surprise devaluation of the Chinese yuan in August, the potential for a hard landing in the world’s second-largest economy has been front-of-mind for investors.

Cook did nothing to assuage those concerns. While pointing out that Apple had been performing quite well in China last summer—unlike some other firms—he suggested that the forward outlook was not nearly as bright.

“Notwithstanding these record results, we began to see some signs of economic softness in Greater China

earlier this month, most notably in Hong Kong,” he said.

Apple CFO Sees 'Softness' in Hong Kong

Meanwhile, other major markets for Apple, including Brazil, Russia, Japan, Canada, southeast Asia, Turkey, and the eurozone have been roiled by slow economic growth, the downturn in commodities prices, and weakening currencies.

“Our results are particularly impressive given the challenging global macroeconomic environment,” said Cook. “We’re seeing extreme conditions unlike anything we’ve experienced before just about everywhere we look.”

For Apple, which generates roughly two-thirds of its revenues outside the U.S., this is no small matter. The lofty U.S. greenback crimped revenues received abroad, with Cook specifically citing the adverse effect of weakness in the British pound, euro, Canadian dollar, Aussie dollar, Mexican peso, Turkish lira, Brazilian real, and Russian ruble.

According to Cook, these foreign exchange fluctuations shaved 15 percent off revenues the tech powerhouse earned abroad relative to its fiscal fourth quarter.

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