

## "Evaluation of emerging business opportunities for Indian Manufacturing sector in light of New IT Compliance Law in USA"

### **Background**

New Unfair Competition Act recently passed in USA generally termed as UCA prevents the usage of pirated versions of software or hardware by any overseas companies exporting any product to the US market. This would mean that if your company uses a pirated software or hardware, not only in any one step alone but anywhere in your business and sells the parts to a US company to become part of a larger product, in such a scenario (i) US company is liable for damages (ii) tripled if it was knowingly done and (iii) it can be blocked from selling the product in Washington State.

It has been witnessed that most of the competing countries had gained the competitive edge in the USA market by better price competition via in-depth technological interventions in the manufacturing processes. In such a scenario, wherein the piracy rates in these competing suppliers is much higher as compared to India, the new IT compliance law in USA brings forth new business opportunity for Indian exporters of manufactured goods since there is a huge possibility of the shift in the preferences of the US buyers from existing suppliers including China and other South East Asian countries to India. Therefore the sustainability of the competitive edge of these countries remains questionable under this law given the rising software piracy rates in these countries.

### **We need to strike fast.....**

Understanding that US companies will be sued in case the usage of non genuine IT is found anywhere in the value chain, Indian exporters of the final products should also be cautious enough during the procurement of raw material either domestically or from any of the importing countries where the software piracy rates are higher.

Growing awareness about the possible loss of business opportunity as a result of the new IT compliance law is witnessed by the efforts taken by many countries including China, Mexico, Costa Rica, India, Pakistan, Paraguay, Peru, Tajikistan, and Ukraine, Japan, Korea, Mexico, Morocco, New Zealand, Singapore, Switzerland. Some of these efforts include formulation of Special Campaign with leading coordinating office based in China's Ministry of Commerce. China State Council has also issued the "Notice on Further Strengthening the Management of Software Assets of Central Administrative Entities & Public Institutions in November 2010. Japan, Korea, Mexico, Morocco, New Zealand, Singapore, Switzerland – These trading partners, along with the United States, worked cooperatively to finalize the text of the Anti-Counterfeiting Trade Agreement – an important new tool to fight copyright piracy. Mexico enacted legislation granting ex officio authority to its law enforcement officials to initiate criminal investigations against copyright piracy without requiring the rights holder to first file a complaint.

Considering the fact that the total cost of switching over to the genuine IT is meager 1% of the total cost to an SME unit, therefore it's high time for Indian manufacturing exporters to take up IT compliance as a serious management activity and gain market share from other non compliant competitors before these efforts are strengthened in these countries. This would facilitate achieving the target of tripling exports by 2015.