

China Urges Role in EPC Standards

A member of China's Auto-ID Standards Working Group asks that EPCglobal let Chinese companies take part in the development of EPC technology.

By Jonathan Collins

Sept. 15, 2004—[EPCglobal](#), the nonprofit group of technology vendors and users charged with creating a global standard commercialize Electronic Product Code (EPC) RFID technology, is undermining its own chances of success by ignoring calls for inclusion from RFID vendors and users in China, according to Edward Zeng, CEO and founder of [Sparkice](#), a Beijing-based Internet and E-commerce company. Zeng is also a member of the Chinese National Auto-ID Standards Working Group, a body charged with helping decide which RFID technology standards China will adopt.

China's manufacturing industry now produces goods worth \$850 billion a year, according to Zeng, and that figure is growing every year. It is this manufacturing base that many U.S. retailers planning RFID supply chain deployments will turn to when it comes to tagging shipments of goods to their stores.

But, says Zeng, the huge potential of the Chinese market for RFID both as a manufacturing base and a consumer market is not being represented adequately within the global RFID community.

Speaking yesterday at the [Frontline Solutions Conference and Exposition](#) in Chicago, Zeng warned that without Chinese involvement in the development of the EPCglobal technology, there is the serious potential that China—along with its RFID UID Alliance partners, Japan and Korea—will develop and deploy its own UHF RFID technology.

Such action would mean competing RFID technologies in the global marketplace. But it would be the technology that has the backing of Asian manufacturers and markets that would prove to be the dominant standard, said Zeng.

To illustrate his point, Zeng referred to the recent experience of another RF industry, mobile phones, in China. In the early 1990s when the Chinese government was deciding which cellular technology to deploy, said Zeng, GSM phone vendors including Nokia and Ericsson were far more open in sharing the development and production of their technology than were rival technology vendors backing the U.S.-developed CDMA standard. "Now there are 192 million GSM subscribers in China and just 11 million using CDMA," said Zeng.

What is more important to realize is also the huge importance that China's market has worldwide. "Ten years ago, less than 5 percent of the world's mobile phone users were in China. Now China represents 24 percent the world market share with only 20 percent penetration," he said.

What is needed and quickly, Zeng urged, is for EPCglobal to begin acknowledging that China and its UID RFID alliance partners should be able to play in the development of the global RFID market.

Zeng maintained that EPCglobal has taken on too much, with the goal of delivering standards for the

technology, the tag's data structures (such as EPC itself, as well as structures related to other types of data that might be put on a tag, such as facility or the type of application), the performance and the applications that will be used in its global supply chain network.

While a technical hardware and communication standard has to be a single global standard, he acknowledged, different regions should have control over some areas of the technology, such the way tag data is handled.

Zeng points to the success of the mobile phone industry in China, as well as the benefits for the Western companies that opened their technology to China. "Both Nokia and Ericsson make a lot of money on royalties from GSM intellectual property rights they have in China," he said.

China's goals lie primarily with having its concerns considered and in issues like data content. "Content is a national security issue," he said. "There needs to be the ability to have common standards at the local and regional level."

Again turning to the mobile phone industry as an analogy, Zeng said: "No one minds using the same mobile phone technology and same mobile phones as everyone else to make their calls, but they do want to know that their conversations are private, all the same.

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