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New Economic Report by NBC Universal Shows Critical Importance of the Intellectual Property Industries to the U.S. Economy

IIPA applauds NBC Universal and Steve Siwek of Economists Inc. for building on prior IIPA studies

Washington, D.C. – NBC Universal CEO Bob Wright today unveiled a new economic study called *Engines of Growth: Economic Contributions of the U.S. Intellectual Property Industries*. This study was prepared for NBC Universal by noted economist Stephen E. Siwek of Economists Incorporated, and builds on prior work done since 1990 on behalf of the copyright-based industries that Siwek had done for the International Intellectual Property Alliance (IIPA). IIPA is a coalition of seven trade associations representing the copyright industries in law reform and anti-piracy activities globally. NBC Universal is a member of the Motion Picture Association of America, a founding IIPA member.

Eric H. Smith, IIPA President, in applauding the new report, stated: “By issuing this new report, NBC Universal and Steve Siwek have made an invaluable contribution to the literature on the importance of intellectual property protection to the revenue and job growth of the U.S. economy. By adding the contribution of other intellectual property-based industries to the studies done in the past to measure the contribution of the copyright industries to the U.S. economy, the study proves beyond any doubt that intellectual property-based industries are the engine of growth of this economy, create high paying, high quality jobs and generate a surplus balance of trade. These industries will keep the U.S. at the forefront of the knowledge economy in this century. This study demonstrates once again the importance of providing adequate intellectual property protection, through strong laws and enforcement on a global basis, if creativity and innovation are to continue to flourish, not only in our country but in all countries, regardless of their level of development.”

Smith added: “We also strongly support the efforts of WIPO to encourage developing countries to undertake these studies, particularly in the copyright area, following the guidelines approved by WIPO. Such studies have been completed in Hungary, Latvia and Singapore and are in process in a number of other countries, including in Russia. The results from these studies are remarkably consistent with those done in the U.S and in other developed countries.

This new study analyzes the industries that rely most heavily on copyright or patent protection to generate revenue, employ workers, and contribute to economic growth. **Key findings indicate that the U.S. IP industries are:**

- **the most important growth drivers in the current U.S. economy**, contributing nearly 40%

of the growth achieved by all U.S. private industry and nearly 60% of the growth of U.S. exportable products and services;

- **crucial to the future growth of the U.S. economy**; gross domestic product (GDP) 10-year growth estimates would be approximately 30% lower than current predictions without the contributions of these industries;
- **essential contributors to U.S. GDP**, responsible for 20% of the total U.S. private sector's contribution to GDP and 40% of the contribution of U.S. exportable products and services to GDP;
- **among the largest and highest-paying employers in the country**, representing 18 million workers who earn on average 40% more than all U.S. workers; and
- **increasingly contributing to the U.S. economy** -- in 2003 the "core" copyright industries contributed \$33 billion in reported net export revenues, and the patent-dependent aerospace industry reported 2004 net export revenues of \$32 billion; these two sectors are the largest positive contributors to U.S. balance of trade.

Since 1990, the IIPA, working with Steve Siwek, has issued ten reports on the economic importance of the copyright-based industries in the U.S. economy. IIPA's latest report was issued in October 2004, *Copyright Industries in the U.S. Economy: The 2004 Report*, includes data from 2002 on these industries' contribution to the U.S. gross domestic product, employment and foreign sales and exports. IIPA's 2004 report also reflected two new methodologies: (1) using U.S. government data from the new North American Industrial Classification Systems (NAICS), and (2) incorporating recommended economic and statistical standards developed by the World Intellectual Property Organization (WIPO) in 2003 which use the International Standard Industrial Classification system (ISIC). IIPA expects to work with Siwek to complete our 11th report on the impact of just the copyright-based industries sometime in 2006.

Visit the IIPA website, www.iipa.com, to access a copy of IIPA's 2004 Report and a link to the NBC Universal report, which can also be found at http://www.nbcumv.com/corporate/Engines_of_Growth.pdf. The NBC Universal report will also be on the IIPA website.

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The IIPA is a private-sector coalition formed in 1984 to represent the U.S. copyright-based industries in bilateral and multilateral efforts to improve international protection of copyrighted materials. IIPA is composed of seven member associations: the Association of American Publishers (AAP), the Business Software Alliance (BSA), the Entertainment Software Association (ESA), the Independent Film & Television Alliance (IFTA), the Motion Picture Association of America (MPAA), the National Music Publishers' Association (NMPA) and the Recording Industry Association of America (RIAA). These associations represent approximately 1,900 U.S. companies producing and distributing materials protected by copyright laws throughout the world – all types of computer software including business applications software and entertainment software (such as videogame CDs and cartridges, personal computer CD-ROMs and multimedia products); theatrical films, television programs, home videos and digital representations of audiovisual works; music, records, CDs, and audiocassettes; and textbooks, tradebooks, reference and professional publications and journals (in both electronic and print media).