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## **IIPA Statement on USTR's Decisions in its 2008 Special 301 Review on Intellectual Property Rights and Enforcement Around the World**

**IIPA supports elevation of Spain and Greece to the Watch List  
 and the shift of Turkey and Lebanon down to the Watch List**

**Washington**—Today the International Intellectual Property Alliance (IIPA), a coalition of seven trade associations representing the copyright-based industries, noted the decisions made by the Office of the U.S. Trade Representative (USTR) in its annual Special 301 report, covering 46 countries. IIPA's February 2008 Special 301 submission discussed copyright protection, enforcement, and market access problems in 51 countries/territories, and recommended that 43 be placed on an appropriate USTR watch list and identified problems in eight countries but did not recommend that these countries be placed on any formal list.

“**China** and **Russia** again remain the two countries that are of major concern to the copyright industries, as they were in 2007 and prior years,” said Eric H. Smith of the IIPA. “While there have been some positive developments in both these key markets over the year, enforcement efforts remain inadequate, and the copyright industries continue to await truly effective and deterrent enforcement (especially criminal enforcement) in both countries, enhanced legal reform, and greater market access for legitimate copyrighted materials.”

IIPA also highlighted the importance that the copyright industries attach to securing major legal and enforcement reforms in **Canada**. Smith stated, “As we noted in our February submission to USTR requesting a Priority Watch List identification of Canada, that country remains woefully behind the rest of the developed world (and most of the developing world as well), in adopting critical legislation that will facilitate the development of a healthy online marketplace for copyright materials. Indeed, more than a decade has passed since the global community agreed upon certain minimum basic standards for copyright in the digital age, and Canada has yet to reform its own legislation to conform its practices to these global standards. A succession of Canadian Governments has made public announcements about their intentions to move forward with legislation addressing the existing inadequacies of Canadian copyright law, but thus far, nothing has been forthcoming. We urge the Canadian Government to use the present Parliamentary spring session to finally advance legislation that will provide a more secure environment for the protection of copyright works, and simultaneously call upon the U.S. Government to redouble its engagement with the Government of Canada to secure the kinds of changes that will facilitate the development of a healthy North American digital marketplace.”

In commenting on the Special 301 process, Smith noted: “Special 301 is an important tool by which the U.S. government has been able to secure improved protection and enforcement in our key markets around the world. This success has been due to the hard work of U.S. government agencies, led by the USTR, to implement Congress' mandate to effect real improvement in copyright protection and enforcement and fair and equitable market access for the copyright industries. Special 301 must remain a credible trade tool. While it is important and appropriate to recognize progress made by countries, it is equally essential to identify cases where countries fail to make any tangible progress to strengthen their copyright law and enforcement mechanisms.”

**Priority Watch List:** USTR placed nine (9) countries on the Priority Watch List in 2008: **People's Republic of China, Russia, Argentina, Chile, India, Israel, Pakistan, Thailand** and **Venezuela**. In our 2008 301 recommendations, IIPA supported the continued placement of Thailand, Argentina, Chile, India, China and Russia on the Priority Watch List this year. USTR chose to move four countries off this list and down to the Watch List in recognition of positive progress made there (see below) and also elevated Pakistan to this list.

**Watch List:** IIPA is gratified that USTR chose to add both **Spain** and **Greece** to the Watch List this year. Spain has one of the worst internet piracy problems in all of Europe and hard goods piracy in Greece is rampant; weak legal infrastructures and inadequate enforcement undercut the possibility for effective copyright protection in these two important commercial markets. IIPA appreciates USTR's decision to remove **Turkey** and **Lebanon** from the Priority Watch List and place them on the Watch List this year; these shifts align with IIPA's February recommendations. USTR also downgraded **Egypt** and **Ukraine** to the Watch List. In total, USTR placed 36 countries on the Watch List this year.

**Out-of-Cycle Reviews:** USTR added out-of-cycle reviews this year for **Taiwan** and **Israel**. While we support these two OCRs, IIPA had requested that OCRs be added for Italy, Philippines, and Thailand; we hope that continued bilateral engagement with these nations continues this year.

**Continued Monitoring of Paraguay:** Although IIPA commended **Paraguay** for its enforcement efforts (including cooperation with industry, plus raids and seizures), few concrete and systemic results in combating high piracy levels have been achieved. IIPA supports USTR's decision to continue to monitor developments in Paraguay under Section 306 of the Trade Act of 1974.

Finally, IIPA's Eric H. Smith added, "We appreciate the hard work of Ambassador Schwab, Secretary of Commerce Gutierrez, Secretary of State Rice and their able staffs in Washington and abroad, for recognizing the importance of the creative industries to the future of the U.S. economy by working so closely with our companies to improve the global climate for intellectual property."

**IIPA's Country Reports and Chart of USTR's 2008 Decisions:** IIPA provides a table of USTR's 2008 Special 301 decisions, including estimated trade losses and copyright piracy levels for most industry sectors on a country-by-country and industry-by-industry basis (attached and posted on the IIPA website). Also, all the country reports in IIPA's 2008 Special 301 submission remain posted on the IIPA website, [www.iipa.com](http://www.iipa.com).

**About the IIPA:** The International Intellectual Property Alliance (IIPA) is a coalition of seven trade associations representing U.S. copyright-based industries in bilateral and multilateral efforts to open up foreign markets closed by piracy and other market access barriers. These member associations represent over 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 discs and cartridges, personal computer CD-ROMs, and multimedia products); theatrical films, television programs, DVDs and home video and digital representations of audiovisual works; music, records, CDs, and audiocassettes; and textbooks, trade books, reference and professional publications and journals (in both electronic and print media).

**The Impact of the U.S. Copyright Industries on the U.S. Economy and Foreign Trade:** On January 30, 2007, the IIPA released an economic report entitled *Copyright Industries in the U.S. Economy: The 2006 Report*, the eleventh study written by Stephen Siwek of Economists Inc. This report details the economic impact and contributions of U.S. copyright industries to U.S. Gross Domestic Product, employment, and trade. The latest data show that the "core" U.S. copyright industries accounted for an estimated \$819.06 billion or 6.56% of the U.S. gross domestic product (GDP) in 2005. These "core" industries were responsible for 12.96% of the growth achieved in 2005 for the U.S. economy as a whole (this means that the growth contributed by these core industries (12.96%) was almost double their current dollar share of GDP (6.56%)). In addition, the "core" copyright industries employed 5.38 million workers in 2005 (4.03% of U.S. workers) in 2005. And the report, for the first time, provides data on the estimated average annual compensation for a worker in the core copyright industries: \$69,839 in 2005, which represents a 40% premium over the compensation paid the average U.S. worker. Finally, estimated 2005 foreign sales and exports of the core copyright industries increased to at least \$110.8 billion, leading other major industry sectors. Those sectors include: chemicals and related products (not including medicinal and pharmaceutical products); motor vehicles, parts and accessories; aircraft and associated equipment; food and live animals; and medicinal and pharmaceutical products. *The 2006 Report* is posted on the IIPA website at [www.iipa.com](http://www.iipa.com).

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## 2008 "SPECIAL 301" USTR DECISIONS

IIPA's 2006 and 2007 ESTIMATED TRADE LOSSES DUE TO COPYRIGHT PIRACY

(in millions of U.S. dollars)

and 2006-2007 ESTIMATED LEVELS OF COPYRIGHT PIRACY

	Business Software <sup>1</sup>				Records & Music <sup>2</sup>				Motion Pictures <sup>3</sup>				Entertainment Software <sup>4</sup>				Books		Totals	
	Losses		Levels		Losses		Levels		Losses		Levels		Losses		Levels		Loss	Loss	Loss	Loss
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
<b>PRIORITY WATCH LIST</b>																				
Argentina	226.0	182.0	77%	75%	84.7	82.0	60%	60%	NA	NA	NA	NA	NA	NA	65%	NA	4.0	310.7	268.0	
Chile	98.0	82.0	67%	68%	29.6	29.6	44%	44%	NA	NA	NA	NA	NA	NA	NA	NA	1.0	127.6	112.6	
India	732.0	574.0	69%	71%	13.8	52.7	55%	55%	NA	NA	NA	NA	129.9	85.6	89%	86%	38.0	40.0	913.7	752.3
Israel (OCR)	52.0	47.0	32%	32%	NA	45.0	50%	50%	NA	NA	NA	NA	NA	11.4	NA	84%	NA	1.0	52.0	104.4
Pakistan	76.0	78.0	85%	86%	25.0	25.0	100%	100%	NA	NA	NA	NA	NA	NA	NA	NA	55.0	55.0	156.0	158.0
People's Republic of China	2472.0	2172.0	80%	82%	451.2	206.0	90%	85%	NA	NA	NA	NA	NA	NA	95%	NA	52.0	52.0	2975.2	2430.0
Russian Federation (GSP)	1075.0	1208.0	75%	80%	313.0	423.0	58%	65%	NA	NA	NA	NA	NA	282.1	79%	72%	42.0	42.0	1430.0	1955.1
Thailand	211.0	253.0	79%	80%	21.7	20.7	50%	50%	NA	NA	NA	NA	91.4	NA	77%	82%	37.0	35.0	361.1	308.7
Venezuela	NA	NA	NA	NA	NA	50.6	NA	80%	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.0	50.6
<b>WATCH LIST</b>																				
Algeria	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.0	0.0
Belarus	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.0	0.0
Bolivia	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.0	0.0
Brazil	680.0	574.0	59%	60%	151.6	176.5	48.0	40%	NA	NA	NA	NA	NA	159.3	91%	88%	18.0	18.0	849.6	927.8
Canada	511.0	494.0	33%	34%	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	511.0	494.0
Colombia	NA	NA	NA	NA	NA	62.5	NA	71.0	NA	NA	NA	NA	NA	NA	NA	NA	6.0	NA	6.0	62.5
Costa Rica	17.0	15.0	63%	64%	14.5	15.1	60%	60%	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	31.5	30.1
Czech Republic	NA	NA	NA	NA	NA	35.0	NA	60%	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.0	35.0
Dominican Republic	12.0	11.0	79%	79%	NA	9.9	NA	65%	NA	NA	NA	NA	NA	NA	NA	NA	NA	1.0	12.0	21.9
Ecuador	NA	NA	NA	NA	NA	33.0	NA	98%	NA	NA	NA	NA	NA	NA	NA	NA	2.0	2.5	2.0	35.5
Egypt	49.0	49.0	60%	63%	15.0	12.0	75%	70%	NA	NA	NA	NA	NA	NA	NA	NA	32.0	31.0	96.0	92.0
Greece	102.0	93.0	59%	61%	NA	30.0	NA	60%	NA	NA	NA	NA	NA	30.2	NA	68%	NA	NA	102.0	153.2
Guatemala	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.0	0.0
Hungary	71.0	58.0	42%	42%	20.0	20.0	35%	50%	NA	NA	NA	NA	15.9	NA	79%	40%	NA	NA	106.9	78.0
Indonesia	203.0	191.0	85%	85%	20.2	17.2	92%	91%	NA	NA	NA	NA	NA	NA	NA	NA	32.0	32.0	255.2	240.2
Italy	890.0	729.0	50%	51%	45.0	48.0	23%	27%	NA	NA	NA	NA	817.0	647.7	64%	40%	20.0	20.0	1772.0	1444.7
Jamaica	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.0	0.0
Kuwait	37.0	33.0	62%	64%	10.0	9.0	75%	70%	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.5	47.0	42.5
Lebanon (GSP)	24.0	23.0	73%	73%	2.8	2.6	60%	60%	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	26.8	25.6
Malaysia	149.0	159.0	60%	60%	16.0	22.0	45%	45%	NA	NA	NA	NA	NA	28.0	83%	90%	9.0	9.0	174.0	218.0
Mexico	425.0	374.0	61%	63%	527.0	486.6	71%	67%	NA	NA	NA	NA	273.0	182.0	88%	85%	41.0	41.0	1266.0	1083.6
Norway	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.0	0.0
Peru	40.0	32.0	73%	71%	58.5	53.5	98%	98%	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	98.5	85.5
Philippines	75.0	71.0	71%	71%	88.3	50.3	80%	62%	NA	NA	NA	NA	NA	NA	NA	NA	49.0	49.0	212.3	170.3
Poland <sup>†</sup>	337.0	251.0	57%	57%	28.0	24.0	36%	35%	NA	NA	NA	NA	76.0	NA	60%	75%	NA	NA	441.0	275.0
Romania	80.0	63.0	70%	69%	15.0	12.0	65%	60%	NA	NA	NA	NA	NA	NA	89%	77%	NA	NA	95.0	75.0
Saudi Arabia	120.0	115.0	51%	52%	25.0	20.0	60%	50%	NA	NA	NA	NA	NA	NA	NA	NA	NA	8.0	145.0	143.0
South Korea	247.0	220.0	44%	45%	NA	0.3	NA	7%	NA	NA	NA	NA	461.9	353.5	66%	68%	44.0	45.0	752.9	618.8
Spain	568.0	471.0	46%	46%	16.7	25.0	20%	22%	NA	NA	NA	NA	510.0	111.5	35%	48%	NA	NA	1094.7	607.5

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	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Taiwan (OCR)	104.0	91.0	40%	41%	4.9	16.2	21%	28%	NA	NA	NA	NA	202.9	NA	94%	NA	16.0	18.0	327.8	125.2
Tajikistan	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.0	0.0
Turkey	193.0	184.0	64%	64%	22.0	20.0	80%	80%	NA	NA	NA	NA	NA	NA	NA	NA	23.0	23.0	238.0	227.0
Turkmenistan	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.0	0.0
Ukraine	213.0	185.0	84%	84%	35.0	30.0	60%	60%	NA	NA	NA	NA	NA	NA	80%	NA	NA	NA	248.0	215.0
Uzbekistan (GSP)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.0	0.0
Vietnam	82.0	53.0	90%	88%	NA	NA	95%	95%	NA	NA	NA	NA	NA	NA	NA	NA	17.0	18.0	99.0	71.0
<b>SPECIAL 306 MONITORING</b>																				
Paraguay	6.0	6.0	81%	82%	128.0	128.0	99%	99%	NA	NA	NA	NA	NA	NA	NA	98%	NA	2.0	134.0	136.0
<b>TOTALS</b>	<b>10177.0</b>	<b>9141.0</b>			<b>2182.5</b>	<b>2293.3</b>			<b>NA</b>	<b>NA</b>			<b>2578.0</b>	<b>1891.3</b>			<b>533.0</b>	<b>548.0</b>	<b>15470.5</b>	<b>13873.6</b>

Endnotes:

<sup>1</sup> BSA's 2007 statistics are preliminary. They represent the U.S. software publishers' share of software piracy losses in the country, and follow the methodology compiled in the Fourth Annual BSA and IDC Global Software Piracy Study (May 2007), available at <http://w3.bsa.org/globalstudy/>. These figures cover, in addition to business applications software, computer applications such as operating systems, consumer applications such as PC gaming, personal finance, and reference software. BSA's 2006 piracy statistics were preliminary at the time of IIPA's February 12, 2007 Special 301 filing and were finalized in June 2007 (see <http://www.iipa.com/statistics.html>) as reflected above.

<sup>2</sup> Paraguay: RIAA reports that its estimated losses to the records and music industry include both domestic piracy in Paraguay and estimated losses caused by transshipment.

<sup>3</sup> MPAA's trade losses and piracy levels for 2006 and 2007 are not available. Details regarding MPAA's methodology for 2005 and prior years are found in Appendix B of this IIPA submission.

<sup>4</sup> ESA's reported dollar figures reflect the value of pirate product present in the marketplace as distinguished from definitive industry "losses." The value of pirate product in the market in Poland reflects only the value of pirate product for personal computers. ESA's methodology is described in Appendix B of IIPA's submission.

"GSP" means that the U.S. government is reviewing this country's IPR practices under the Generalized System of Preferences trade program.

"OCR" means out-of-cycle review to be conducted by USTR.