



FOR IMMEDIATE RELEASE
August 21, 2000

CONTACT:
 Maria Strong, IIPA
 (202) 833-4198

IIPA files petitions with the U.S. Government to review the inadequate copyright practices of Brazil, Russia, Guatemala, Costa Rica and Uruguay with respect to their compliance with the “adequate and effective” standards of the Generalized System of Preferences (GSP) trade program

Washington — The International Intellectual Property Alliance (IIPA) today filed five petitions with the Office of the U.S. Trade Representative (USTR), requesting that an interagency group review the intellectual property rights practices of five countries: Brazil, Russia, Guatemala, Costa Rica and Uruguay. These petitions were filed in response to USTR’s July 5 request for public comments in the 2000 Annual Country Eligibility Practices Review of the Generalized System of Preferences (GSP) trade program. The U.S. copyright industries estimate that they lost approximately \$1.8 billion in trade losses due to piracy in just these five countries during 1999.

“Countries participating in the GSP program must provide ‘adequate and effective’ copyright protection and enforcement. This statutory benchmark must be met in order for countries to be eligible to receive these preferential trade benefits. Our petitions today against five countries -- Brazil, Russia, Guatemala, Costa Rica and Uruguay – focus on the legal and enforcement deficiencies which result in our copyright-based companies’ inability to protect our rights in these markets. These countries must take the bargain of the GSP program seriously and provide adequate and effective copyright protection if they want to retain these trade benefits,” said IIPA President Eric H. Smith.

- Criminal copyright enforcement in Brazil is completely ineffective to deter piracy. As a result of inadequate criminal enforcement and high piracy levels, the U.S. copyright industries lost an estimated \$873 million in Brazil in 1999. Despite raids conducted by police, the total number of convictions in criminal copyright infringement cases decided last year by Brazilian courts numbered less than five. Optical media piracy is exploding in Brazil, adding to the already serious problem of piracy of traditional media, like pirate videos and audiocassettes. Products like CDs and CD-ROMs containing recordings, music, entertainment software, business software and literary publications are being stolen with impunity. The Brazilian government has taken little tangible action to fight piracy on a criminal basis over the years, even though the Brazilian and foreign copyright industries have been actively asking the government to address this issue. The copyright industries continue to conduct investigations and work with the police and other investigative authorities, yet there is no deterrence at the end of the day.
- Piracy of copyrighted materials remains rampant in the Russian Federation. The capacity for optical media production has grown significantly, and Russia is one of the largest destination points for pirate optical media product. Despite improvements in its copyright law several years ago, the Russian legal regime remains deficient and a number of amendments to the criminal, civil and administrative codes are needed. Importantly, enforcement efforts need to improve dramatically so



Association of American
Publishers, Inc.



Business Software
Alliance



Motion Picture Association
of America, Inc.



National Music Publishers'
Association, Inc.



Recording Industry
Association of America, Inc.

that deterrence is incorporated into the legal institutions and judicial frameworks. In 1999, the U.S. copyright industries suffered \$873 million in losses due to copyright piracy in Russia.

- Uruguay has been working on revising its 1937 copyright law for most of the last decade, yet has failed to adopt modern copyright legislation. While the latest version of the copyright bill (circulated this spring) represents a positive step forward toward this objective, the bill still remains under consideration. All that is needed are a few more revisions to strengthen several of its provisions, and then this bill should be adopted as soon as possible. Without this new law, difficulties in protecting copyrighted materials and enforcing the law will continue. In 1999, the U.S. copyright industries lost an estimated \$30.9 million due to piracy in Uruguay.
- The petitions against Guatemala and Costa Rica are based on the IPR criteria in both the GSP and the Caribbean Basin Initiative (CBI) trade programs. In Guatemala, both criminal code reform and copyright law reform are needed to improve the ability of both Guatemalan authorities and the private sector to enforce their rights. While there has been support to improve the copyright law and related criminal codes among some Guatemalan executive branch officials and legislators, the Congress has been resistant toward providing adequate and effective IPR protection. In Costa Rica, pending amendments to improve the criminal enforcement system are also pending, and this key legislation should be adopted in their original form. Very few criminal prosecutions for copyright infringement take place in Costa Rica because of significant delays. Because of widespread piracy and inadequate laws in these two countries, the U.S. copyright industries lost an estimated \$21.2 million in Guatemala and \$14.4 million in Costa Rica. These two countries should not be granted eligible-beneficiary country status under the U.S.-Caribbean Basin Trade Partnership Act (CBTPA), a new trade program which also contains IPR criteria.

The GSP program of the United States provides unilateral, non-reciprocal, preferential duty-free entry for over 4,650 articles from approximately 140 countries and territories designated beneficiary countries and territories for the purpose of aiding their economic development through preferential market access. The GSP program was instituted on January 1, 1976, and authorized under Title V of the Trade Act of 1974 (19 U.S.C. 2461 et seq.) for a 10-year period. Since 1997, an additional 1,770 items have become eligible for GSP treatment for specified least developing beneficiary developing countries. GSP has been renewed several times since 1974; Congress' most recent reauthorization has extended the GSP program through September 30, 2001. The texts of the five IIPA GSP petitions will be available soon on the IIPA website: www.iipa.com.

The IIPA is a coalition of seven trade associations that collectively represent the U.S. copyright-based industries -- the motion picture, music and recording, business and entertainment software, and book publishing industries -- in bilateral and multilateral efforts to improve copyright laws and enforcement around the world. IIPA's member associations are the Association of American Publishers (AAP), AFMA (formerly the American Film Marketing Association), the Business Software Alliance (BSA), the Interactive Digital Software Association (IDSA), the Motion Picture Association of America (MPAA), the National Music Publishers' Association (NMPA) and the Recording Industry Association of America (RIAA). According to Copyright Industries in the U.S. Economy: The 1999 Report, prepared for IIPA by Economists, Inc., the core copyright industries accounted for \$348.4 billion in value added to the U.S. economy, or approximately 4.3% of the Gross Domestic Product (GDP) in 1997 (the last year for which complete data is available). The core copyright industries' share of the GDP grew more than twice as fast as the remainder of the U.S. economy between 1977 and 1997 (6.3% vs. 2.7%). Employment in the core copyright industries grew three times the rate of national employment growth between 1977 and 1997 (4.8% vs. 1.6%). The core copyright industries generated an estimated \$66.85 billion in foreign sales and exports in 1997, with preliminary estimates for foreign sales and exports for 1998 is \$71.0 billion.

* * *