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January 10, 2001

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**Copyright Enforcement and Protection Practices  
of Brazil and Russia  
to be Examined by the U.S. Government in GSP Review**

**Washington** — The International Intellectual Property Alliance (IIPA) today applauded action taken by the U.S. government to initiate reviews of the intellectual property rights practices – and specifically copyright practices – of Brazil and the Russian Federation under the Generalized System of Preferences (GSP) trade program. The Office of the U.S. Trade Representative (USTR) made this announcement, along with other GSP-related news, in today's Federal Register (66 Fed. Reg. 2034).

“Brazil and Russia participate in the GSP program and therefore must provide ‘adequate and effective’ copyright protection and enforcement for U.S. copyright owners. This statutory benchmark must be met in order for these two countries to continue to be eligible to receive these preferential duty-free trade benefits,” said IIPA President Eric H. Smith. “The copyright-based industries have raised the serious problem of high piracy levels and ineffective enforcement with both these governments for many years. We have yet to see any lowering of piracy levels and the inclusion of effective deterrence in these countries’ enforcement systems.” The GSP Subcommittee of the Trade Policy Staff Committee (TPSC) will hold public hearings on these country reviews on March 9, here in Washington, D.C.

Criminal copyright enforcement efforts in Brazil have been ineffective to deter widespread piracy. Optical media piracy remains at unprecedented high rates in Brazil, adding to the already serious problem of piracy of traditional media, like pirate videos and audiocassettes. Pirate CDs and CD-ROMs containing recordings, music, entertainment software, business software and literary publications are being copied locally or imported and distributed with virtual impunity. While raids have been conducted by Brazilian police and other authorities, convictions and deterrent fines or imprisonment in criminal copyright infringement cases have been almost totally absent. As a result, the U.S. copyright industries lost an estimated \$873 million due to copyright piracy in Brazil in 1999 (the latest year-end statistics which are currently available). IIPA also notes that piracy in Brazil first and foremost affects Brazilian creators. We hope that today's announcement will serve as a wake-up call to the government of Brazil to attend to these issues that greatly impact its creative community.

Piracy of copyrighted materials also remains rampant in the Russian Federation. Russia's capacity for optical media production has grown significantly, and it is one of the largest global destination points for pirate optical media product. Despite improvements in Russia's copyright law several years ago, the Russian enforcement regime, in particular, remains woefully deficient. Not only are amendments to the criminal, civil and administrative codes needed, but enforcement efforts have lagged dramatically and there is little deterrence in the system. As a result, the U.S. copyright industries suffered \$873 million in estimated losses due to copyright piracy in Russia in 1999 (the latest year-end statistics which are available).

In response to USTR's July 5, 2000 request for public comments in the 2000 Annual Country Eligibility Practices Review of the Generalized System of Preferences (GSP) trade program, IIPA filed petitions on August 21, 2000, requesting that reviews be initiated against Brazil and the Russian Federation. The texts of IIPA's 2000 GSP petitions can be found on the IIPA website at [www.iipa.com](http://www.iipa.com). For the first 10 months of 2000, Brazil had \$1.76

billion in duty-free GSP imports to the U.S., an 11.8% increase over the 1999 year-to-date imports. For the same time period, Russia had \$446.1 million in duty-free GSP imports, a 25.6% increase over the same period in 1999.

IIPA also concurs with the decision announced today by the TPSC to conclude its 1999 investigation of the Republic of Moldova without terminating Moldova's GSP benefits. The investigation was undertaken by the TPSC after it accepted a petition filed by IIPA in June 1999. Last year, IIPA requested that its petition be withdrawn when the Moldovan government made significant improvements in its copyright legal regime after consultations with IIPA and the U.S. government on deficiencies identified by the copyright industries.

IIPA is disappointed that the TPSC did not accept IIPA's August 2000 petition to review Uruguay in this year's GSP process. Uruguay has been revising its inadequate 1937 copyright law for most of the last decade. Various versions of copyright legislation have been proposed over the years. The latest version we reviewed represented an improvement over earlier texts, but still needs a few more revisions before it should be adopted swiftly. Without this new law, difficulties in protecting copyrighted materials and providing effective enforcement in Uruguay will continue. In 1999, the U.S. copyright industries lost an estimated \$30.9 million due to piracy in Uruguay. IIPA and its member associations expect that the U.S. government will use all available trade tools to deal with the serious copyright deficiencies in Uruguay.

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 extended the GSP program through September 30, 2001. Each time, the "adequate and effective" standard for intellectual property protection has been confirmed as a criterion for eligibility for these benefits.

The IIPA is a coalition of seven associations representing the U.S. copyright-based 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). These associations represent almost 1,500 U.S. companies producing and distributing materials protected by copyright laws throughout the world – all types of computer software including business applications and entertainment software (such as videogame CDs and cartridges, personal home computer CDs and multimedia products); motion pictures, television programs and home videocassettes; music, records, CDs and audiocassettes; and textbooks, tradebooks, reference and professional publications and journals (in both electronic and print media).

In December 2000, the IIPA released an economic report entitled Copyright Industries in the U.S. Economy: The 2000 Report, the eighth such 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 (those industries that create copyright materials as their primary product) accounted for 4.9% of U.S. GDP, or \$457.2 billion in value-added in 1999. In the last 22 years (1977-1999), the core copyright industries' share of GDP grew more than twice as fast as the remainder of the economy (7.2% vs. 3.1%). During these 22 years, employment in the core copyright industries more than doubled to 4.3 million workers (3.2% of total U.S. employment) and grew nearly three times as fast as the annual rate of the economy as a whole (5.0% vs. 1.6%). In 1999, the U.S. copyright industries achieved foreign sales and exports of \$79.65 billion, a 15% gain from the prior year. The copyright industries' foreign sales and exports continue to be larger than exports of almost all other leading industry sectors, including automobiles and auto parts, aircraft and agriculture.