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**COPYRIGHT INDUSTRIES SUBMIT “SPECIAL 301” OUT-OF-CYCLE REVIEW
RECOMMENDATIONS TO USTR ON TAIWAN, MALAYSIA AND POLAND**

Washington — The International Intellectual Property Alliance (IIPA), a coalition of six trade associations representing 1,300 U.S.-based copyright companies, today submitted its recommendations to USTR regarding the out-of-cycle reviews of copyright protection and enforcement practices in Taiwan, Malaysia and Poland.

IIPA President Eric H. Smith noted the importance of this mid-term review process to securing improved protection for U.S. copyrighted products. “The out-of-cycle review process under Special 301 is designed to assess a country’s progress in improving its law or its enforcement practices between the two action-forcing events occurring at the end of April each year when USTR announces its decision on placement of countries on the Special 301 watch lists. The process provides a powerful incentive for countries to improve protection sooner in the hope of improving placement on these lists in mid year. For example, IIPA is recommending that USTR move Taiwan from the Priority Watch List to the Watch List in recognition of improvements made in both law reform and enforcement during the period from April to November. USTR will take this recommendation into account in determining whether to improve Taiwan’s status on the watch lists. Conversely, countries who fail to improve protection can also be downgraded on the lists as a result of the out-of-cycle review process.”

Taiwan

IIPA recommends that **Taiwan** be moved from the Priority Watch List (where it has remained since 2001) to the Watch List. In a special August session of its legislature, corrective amendments were adopted to repair the June 2003 amendments. Taiwan is to be applauded for making these changes during a difficult political time. In addition, significantly improved enforcement against pirate CD factories, CD and DVD “burning” labs, against distributors and night markets, off-campus photocopy shops and against piracy of business software by business enterprises continued at an effective rate. Among the concerns that remain, however, are that this stronger enforcement is maintained, and that the new copyright amendments are fully and properly implemented. IIPA noted in particular that failure to effectively address the continuing illegal activities of two internet services, Kuro and Ezpeer – now under indictment for operating commercial pirate internet services — could undermine the progress announced today, and urged the Government of Taiwan to take all available measures to ensure that these services stopped engaging in illicit conduct.

Malaysia

IIPA recommends that **Malaysia** remain on the Special 301 Watch List. While we are pleased that the Government of Malaysia has determined that the imposition of price controls on optical discs was not appropriate, more progress is needed in other issues identified as the basis of the OCR. This review, announced in May 2004, included an evaluation of Malaysia's progress in various areas, including "the continued high rate of production and export of pirated optical disc media, counterfeiting, ... and lax enforcement." While there has been a noted decline in piracy rates in the local market for DVDs and home video generally and a small decline for the record industry as well, and for the very first time the court system has imposed several deterrent sentences on copyright pirates, the Malaysian government failed to curb exports of pirated DVDs or entertainment software products. DVD exports actually increased and piracy of entertainment software remains severe and unabated, with continued large seizures of pirated product throughout the world. In addition, the publishing industry continues to experience unacceptable piracy of books and journals. Malaysian pirate exports are particularly disruptive of markets worldwide.

Poland

IIPA also recommends that **Poland** remain on the Special 301 Watch List. In May 2004, USTR announced it was reviewing four areas in its evaluation of Poland's copyright protection and enforcement practices: 1) strengthening anti-piracy and anti-counterfeiting measures at the Warsaw Stadium and continuing effective raids and prosecutions against piracy and counterfeiting activities across the country; 2) strengthening border enforcement; 3) signing into law and implementing new copyright amendments and optical disc regulations; and 4) taking concrete, effective steps to strengthen domestic enforcement of IPR. Poland has made significant progress in many areas, but IIPA believes that it would be premature to change its Special 301 status at this time—although we express our hope that this may be achieved. Continued greater effort is necessary to ensure that enforcement results in effective deterrence against piracy at all levels of the Polish enforcement system (including the judiciary).

About the IIPA: The International Intellectual Property Alliance (IIPA) is a coalition of six 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. In October 2004, the IIPA released its latest economic report entitled *Copyright Industries in the U.S. Economy: The 2004 Report*, which details the economic impact and contributions of U.S. copyright industries to U.S. Gross Domestic Product, employment, and trade. In 2002, the U.S. "core" copyright industries accounted for an estimated 6% of U.S. Gross Domestic Product (GDP), or \$626.6 billion, and employed 4% of U.S. workers in 2002 or 5.48 million persons. Also in 2002, the U.S. copyright industries achieved foreign sales and exports estimated at \$89.26 billion, leading other major industry sectors such as: chemicals and related products, motor vehicles, equipment and parts, and aircraft and aircraft parts. For more info on this report and the IIPA, visit www.iipa.com.

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