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**IIPA's New Economic Study Reveals the Copyright Industries
Continues to be a Driving Force in the U.S. Economy**

***U.S. Copyright Industries Continue to Lead the Economy in Job Growth,
Contribution to the GDP and Foreign Sales/Exports***

Washington, D.C. – The International Intellectual Property Alliance (IIPA) released today its latest economic study which indicates that the U.S. copyright industries continue to lead the U.S. economy in their contributions to job growth, gross domestic product (GDP), and foreign sales/exports.

Copyright Industries in the U.S. Economy: The 2004 Report, written by Stephen Siwek of Economists Incorporated, was completed for the International Intellectual Property Alliance (IIPA) and updates nine previous studies detailing the economic impact and contributions of U.S. copyright industries – including theatrical films, TV programs, home video, DVDs, business software, entertainment software, books, music and sound recordings – on the U.S. economy. This new report also reflects 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's 2004 report is the first full economic study in the world to reflect these new WIPO standards.

“Once again, the 2004 edition of this study (covering data through 2002) shows how significantly the U.S. copyright industries contribute to U.S. job and revenue growth and to U.S. international trade,” said Eric H. Smith, IIPA President. The facts speak for themselves:

- **In 2002, the U.S. “core” copyright industries accounted for an estimated 6% of the U.S. gross domestic product (\$626.6 billion).** The “core” industries are those industries whose primary purpose is to produce or distribute copyright materials. These industries include newspapers, book publishing, recording, music, and periodicals, motion pictures, radio and television broadcasting, and computer software (including business application and entertainment software).
- **In 2002, the U.S. “total” copyright industries accounted for an estimated 12% of the U.S. gross domestic product (\$1.25 trillion).** The “total” industries are composed of four groups called the core, partial, non-dedicated support, and interdependent sectors.
- **The “core” copyright industries employed 4% of U.S. workers in 2002 (5.48 million workers).**

- **The “total” copyright industries employed 8.41% of U.S. workers in 2002 (11.47 million workers).** This level approaches the total employment levels of the entire health care and social assistance sector (15.3 million) and the entire U.S. manufacturing sector (14.5 million workers in 21 manufacturing industries).
- **Between 1997-2002, the core copyright industries added workers at an annual rate of 1.33%, exceeding that of the U.S. economy as a whole (1.05%) by 27%.** Factoring out the difficult economic year of 2002, between 1997-2001, employment in the core copyright industries grew at an annual growth rate of 3.19% per year, a rate more than double the annual employment rate achieved by the U.S. economy as a whole (1.39%).
- **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, food and live animals, motor vehicles, parts, and accessories, and aircraft and associated equipment sectors.

“These 2002 statistics demonstrate once again that the U.S. copyright industries continue to have a major impact on growth and productivity in a time of otherwise uncertain global growth,” Smith said. “Today, as we look at the great potential of a world of e-commerce – the legal and secure transmission of increasingly demanded and valuable copyrighted content over the Internet will be at the center of continued growth and productivity in the U.S. economy.”

“This report highlights the good news that growth of the ‘core’ copyright industries – those that produce copyrighted materials – continues. For example, employment in the ‘total’ copyright industries in 2002 rose to almost 11.5 million people, or 8.41 percent of all U.S. employment. The contribution to our economy’s GDP rose to \$1.25 trillion, or 12 percent of GDP. Robust copyright protection and enforcement, in traditional markets and in the world of the Internet, have become even more indispensable to strong economic growth, both here and abroad,” Smith added. “Yet this continued growth is in danger. We should not forget that unchecked piracy of copyrighted materials, both here and abroad, threatens the U.S. workforce at large,” Smith said.

AAP President and CEO Pat Schroeder added, “At a time when the jobs picture in much of the U.S. economy is bleak, the copyright industries—our creative sector—are providing American workers with more good jobs and bright futures. This sector employs 4 percent of the U.S. workforce in its core alone, and its growth is far outpacing the economy as a whole. The IIPA study shows that the copyright industries deserve the staunchest protection against piracy at home and abroad. Obviously, when we talk about America’s creative industries, we’re talking about American jobs!”

Dan Glickman, President and CEO of the Motion Picture Association of America (MPAA) said, “This study confirms the American copyright industries are a dominant force in the expansion of the U.S. economy. The copyright industries continue to lead the country in creating jobs, contributing to the gross domestic product and achieving foreign sales. There is no doubt that the copyright industries are among this nation’s most valuable assets.” He added, “In the same manner, we as a nation must commit our energy and resources to protect our creative works from all forms of theft here and abroad to ensure that the U.S. copyright industries continue on the path of growth and prosperity. Thievery can have a devastating impact on the growth of the U.S. economy if copyright protection is not strictly enforced.”

“The Report clearly shows that the copyright industries continue to be a leading force in the U.S. economy, both in terms of job creation and their impact on the balance of trade,” said Jean M. Prewitt, President and CEO of the Independent Film & Television Alliance (I.F.T.A), the trade association of independent film and television producers and distributors. “Sales made outside of the U.S. will continue to make a significant contribution to our GDP as developing countries become active and important participants in the world economy. The over \$89 billion in foreign sales/exports achieved in 2002 is a testament to both the quality of the products created by the copyright industries and to the entrepreneurial spirit that infuses them. However, we must pay even greater attention to the growing problem of international piracy, a threat to both our own economy and that of the entire world.”

Robert Holleyman II, President and CEO of the Business Software Alliance (BSA) remarked, “The contributions of the copyright industries to the U.S. economy are clearly demonstrated through this landmark study. Collectively, our contributions help create jobs, tax revenues and expand overall growth to our nation’s economy. Yet, the creative industries lose billions of dollars each year due to piracy. Globally, the software industry alone lost nearly \$29 billion last year. Unfortunately, piracy will hinder our continued growth and the ability to create more innovative products.”

Mitch Bainwol, Chairman and CEO of the Recording Industry Association of American observed: “The report notes that after many years of strong growth, 2001 and 2002 were tough years for copyright-based industries.” He continued: “This was partly caused by the general economic downturn. But a significant reason was the scale of piracy, internationally and domestically, affecting our industries. We and the other copyright based industries continue to face mounting problems associated with large scale production and distribution of pirated optical discs and other materials. In addition, we are confronting an enormous wave of internet piracy--particularly through illegal file sharing. The impact of the revenue crash on our industries has been profound, in human and creative terms.”

Stephen E. Siwek of Economists Incorporated authored this 2004 study, which updates nine prior reports issued by the IIPA in 1990, 1992, 1993, 1995, 1996, 1998, 1999, 2000, and 2002. To view a full version of this 2004 report, please visit IIPA’s web site at www.iipa.com.

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About the IIPA: The International Intellectual Property Alliance is a private sector coalition representing the U.S. copyright-based industries in bilateral and multilateral efforts to improve international protection of copyrighted materials. This year IIPA celebrates the 20th anniversary of its founding. IIPA is composed of six trade associations (Association of American Publishers, Business Software Alliance, Entertainment Software Association, Independent Film & Television Alliance, Motion Picture Association of America and Recording Industry Association of America), each representing a significant segment of the U.S. copyright community. These member associations represent 1,300 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).

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