



FOR RELEASE
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**IIPA Applauds USTR's Decision to Accept
Six IIPA Copyright Petitions in the 1999 Annual GSP Review**

*GSP reviews into the copyright protection practices of
Armenia, the Dominican Republic, Kazakhstan, Moldova, Ukraine,
and Uzbekistan to commence*

Washington, D.C. – On February 14, 2000, the U.S. Trade Representative, through a decision made by the Interagency Trade Policy Staff Committee (TPSC), accepted six petitions of the International Intellectual Property Alliance (IIPA) to review the copyright protection practices of Armenia, the Dominican Republic, Kazakhstan, Moldova, Ukraine, and Uzbekistan under the Generalized System of Preferences (GSP) trade program.

On June 16, 1999, IIPA filed petitions against these countries with the USTR-chaired interagency GSP Subcommittee. IIPA alleged that these countries failed to meet the eligibility criteria for receiving duty-free trading privileges on over 4000 products and requested USTR to begin an investigation of copyright protection practices in each country. If the eligibility criteria are found not to be met, USTR can suspend or withdraw these benefits. A key criteria for eligibility is the country's adequate and effective protection for intellectual property.

Congress established this IPR criteria in the law to ensure that countries could not benefit to the tune of millions of dollars in unilaterally-granted trade benefits at the same time that the U.S. economy was losing millions of dollars through piracy resulting from the lack of good copyright protection and enforcement. Each of these countries has a long history with the U.S. on IPR protection.

IIPA President Eric H. Smith said, "We are pleased that USTR has accepted six of our petitions to review these countries' copyright protection and enforcement practices. These countries need a wake up call that they cannot continue to receive nearly a quarter of a billion dollars in total trade benefits when they are doing little to protect U.S. copyright products from piracy. Copyright protection and enforcement are part of the GSP deal. These countries cannot simply ignore that bargain, as they have for years, and expect to retain these benefits."

Problems in these countries include:

- Dominican Republic: the current copyright law falls short of this countries WTO/TRIPS obligations as does its enforcement regime. Efforts over the last two

years to pass amendments to this law have met with little progress, and enforcement measures are sporadic. The GSP review mechanism is not new to the Dominican Republic, which underwent such a review from 1992 to 1994.

- C.I.S. countries -- Armenia, Kazakhstan, Moldova, Ukraine, and Uzbekistan – have for years failed to meet their obligations on copyright protection as promised in each Bilateral Trade Agreement that they made with the U.S. as a condition to receiving “most favored nation” trade status (now called “permanent normal trade relations” or “PNTR”). These countries have been in breach of their obligations to pass adequate laws and enforce them since 1993.

Another petition filed against Peru was withdrawn by IIPA on February 7, 2000, after the Peruvian government provided USTR with a plan of action on copyright enforcement matters, including criminal, administrative, and border enforcement. If specific progress is not made in the areas outlined in that plan by this fall, it is IIPA's expectation that USTR will self-initiate a Section 301 investigation against Peru.

Public comments on these six new GSP copyright investigations are due on March 9. Public hearings will be held on April 3 and 4 in Washington, DC. Rebuttal comments are due on April 21.

The U.S. copyright-based companies constitute the leading edge of the world's high technology, entertainment, and publishing industries. 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 total copyright industries accounted in 1997 for \$529.3 billion in value added, or approximately 6.53% of GDP. The U.S. copyright industries are also among the nation's most dynamic and fast-growing economic sectors. 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%). More than 6.9 million workers were employed by the total copyright industries, about 5.3% of the total U.S. work force, in 1997. The core copyright industries generated an estimated \$66.85 billion in foreign sales and exports in 1997, an 11.1% gain over 1996 and larger than the foreign sales and exports of the food, tobacco, apparel, textile, and aircraft industries combined. Preliminary estimates for foreign sales and exports for 1998 is \$71.0 billion.

IIPA is a coalition of 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. 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 over 1,450 U.S. companies producing and distributing materials protected by copyright laws throughout the world – all types of computer software including business 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, trade books, reference and professional publications and journals (in both electronic and print media).

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